

Yellow Brick Road Holdings Limited

ABN 44 119 436 083

Interim Financial Statements - 31 December 2023

Yellow Brick Road Holdings Limited

Contents

31 December 2023

Directors' report	2
Auditor's independence declaration	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	20
Independent auditor's review report to the members of Yellow Brick Road Holdings Limited	21

Yellow Brick Road Holdings Limited

Directors' report

31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Yellow Brick Road Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Yellow Brick Road Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mark Bouris - Chairman
Adrian Bouris
John George
Frank Ganis (appointed on 15 January 2024)

Principal activities

During the financial half-year, the principal continuing activities of the consolidated entity consisted of mortgage broking, aggregation and management services.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The statutory loss for the consolidated entity after providing for income tax amounted to \$340,000 (31 December 2022: \$1,832,000). The profit before tax (excluding movement in net present value of trail commissions) for the consolidated entity was \$704,000 (31 December 2022: loss of \$311,000).

The 1H FY24 result has been influenced by several factors including:

- A \$1,169,000 reduction in operating expenses following a cost review exercise instigated in FY23. The cost savings would be greater if not for incurring \$389,000 in one-off costs to delist the consolidated entities' shares from Australian Stock Exchange effective 27 November 2023.
- A subdued home loan market with volumes flat versus the previous corresponding period (as measured by the ABS and published via its Lending Indicators releases).
- The extent of refinancing activity remained high; however, moderated from the record levels in Q1 FY24 by the end of the calendar year. Whilst this trend has flowed through a small reduction in run-off rates, these remain high versus what was experienced pre-covid.
- The level of concentration of volumes to ADI's away from non-bank lenders including the consolidated entities' Resi product suite.

A net loss of \$1,242,000 (31 December 2022: \$2,122,000) related to the net present value of trail commissions. As mentioned above, whilst run-off rates have moderated during 1H FY24, levels remain at historically high levels. The effect of this is shown in the table below:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Loss before tax	(538)	(2,433)
Add: Loss on revaluation of net present value of trail commissions	653	2,742
Add: Loss/(gain) on other movements in net present value of trail commissions	589	(620)
Net loss related to the net present value of trail commissions	1,242	2,122
Profit/(loss) before tax (excluding movement in net present value of trail commissions)	704	(311)

Yellow Brick Road Holdings Limited
Directors' report
31 December 2023

The directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the consolidated entity. Underlying EBITDA is not a financial measure prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The consolidated entity's reconciliation of its statutory net loss after tax for the current and previous half-year to Underlying EBITDA is as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Loss after income tax	(340)	(1,832)
Add: Depreciation and amortisation*	92	80
Add: Interest expense**	148	161
Less: Income tax benefit	(198)	(601)
	<hr/>	<hr/>
EBITDA	(298)	(2,192)
Add: Loss on revaluation of underlying loan book	653	2,742
Add: Expenses in relation to the delisting and group restructure	389	78
Add: Legacy and discontinued business legal/settlement expenses	17	292
Less: Service charges (equity-accounted) for Resi Wholesale Funding	(200)	(200)
Add: Share of net loss from joint venture	-	385
	<hr/>	<hr/>
Underlying EBITDA	<u>561</u>	<u>1,105</u>

* Excludes depreciation on right-of-use assets

** Excludes discount unwind on trail commission payments and interest on lease liabilities

Key features of the consolidated entity's result were:

- Statutory revenue (after net present value movements) increased by 11.2% to \$132,092,000 (31 December 2022: \$118,835,000). The revenue (before net present value movements) increased by 3.5% to \$115,327,000 (31 December 2022: \$111,420,000).
- Receipts from customers (inclusive of GST) increased by 1.6% to \$136,313,000 (31 December 2022: \$134,230,000).
- As stated in 30 June 2023 annual report, the consolidated entity undertook a significant cost savings exercise. As a result, operating expenses decreased by \$1,169,000 to \$11,980,000 (31 December 2022: \$13,149,000).
- Cash balances decreased by \$2,153,000 to \$5,906,000 (30 June 2023: \$8,059,000). This includes \$602,000 for share buy-back, \$124,000 for development of software and the net cash outflow from operating activities of \$664,000 (31 December 2022: \$683,000). The net cash outflow from operating activities was impacted by payment of \$600,000 in prior year marketing commitments and \$389,000 for delisting costs.
- Net cash after borrowings decreased by \$2,178,000 to \$4,693,000 (30 June 2023: \$6,871,000).
- Borrowings increased by \$25,000 to \$1,213,000 (30 June 2023: \$1,188,000). With the loan repayment of \$475,000 offset by \$500,000 draw down of the facility. The additional funds have been used to provide finance to the broker network at an incremental interest margin.
- Net tangible assets per ordinary share decreased by 0.70 cents to 11.08 cents (31 December 2022: 11.78 cents). When incorporating the consolidated entity's 50% interest in the Resi Wholesale Funding joint venture, the net tangible assets per ordinary share becomes 12.94 cents (31 December 2022: 13.86 cents).
- Settlements increased by 1.5% to \$10,496 million (31 December 2022: \$10,343 million).
- Underlying loan book size increased by 5.2% to \$63,900 million (31 December 2022: \$60,740 million).
- Net present value of underlying loan book decreased by 2.8% to \$30,943,000 (30 June 2023: \$31,844,000).
- Net present value of underlying loan book per ordinary share is 9.7 cents (30 June 2023: 9.8 cents).

Significant changes in the state of affairs

On 24 October 2023, the consolidated entity passed a special resolution to delist its shares from the Australian Stock Exchange. On 27 November 2023, the quotation for consolidated entity shares were removed from the Australian Stock Exchange.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Yellow Brick Road Holdings Limited
Directors' report
31 December 2023

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report and forms part of this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Bouris
Executive Chairman

29 February 2024
Sydney

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Yellow Brick Road Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Yellow Brick Road Holdings Limited for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton.

Grant Thornton Australia Limited
Chartered Accountants

Tari Makanda.

T Makanda
Partner – Audit & Assurance

Sydney, 29 February 2024

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Yellow Brick Road Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
Revenue			
Revenue from contracts with customers (excluding trail PV movements)		115,327	111,420
Revenue from contracts with customers (trail PV movements)		17,418	10,157
Loss on revaluation of net present value of trail commissions		(653)	(2,742)
Total revenue from contracts with customers	3	<u>132,092</u>	<u>118,835</u>
Other income		228	168
Interest income		202	337
Discount unwind on trail commission		10,059	10,852
Total revenue and other gains		<u>142,581</u>	<u>130,192</u>
Expenses			
Commissions expenses (excluding trail PV movements)		(103,238)	(98,980)
Commissions expenses (trail PV movements)		(18,007)	(9,537)
Employee benefits expense		(6,361)	(6,890)
Depreciation and amortisation expense	4	(495)	(474)
Recovery/(impairment) of receivables		37	(1)
Share of losses of joint ventures accounted for using the equity method		-	(385)
Other expenses		(5,656)	(6,258)
Finance costs	4	(9,399)	(10,100)
Total expenses		<u>(143,119)</u>	<u>(132,625)</u>
Loss before income tax benefit		(538)	(2,433)
Income tax benefit		198	601
Loss after income tax benefit for the half-year attributable to the owners of Yellow Brick Road Holdings Limited		(340)	(1,832)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Yellow Brick Road Holdings Limited		<u>(340)</u>	<u>(1,832)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Yellow Brick Road Holdings Limited
Statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		5,906	8,059
Trade and other receivables	5	23,280	21,423
Contract assets - trail commissions	6	85,000	81,205
Financial assets at fair value through profit or loss	7	1,500	-
Deposits		425	425
Prepayments		918	1,789
Total current assets		<u>117,029</u>	<u>112,901</u>
Non-current assets			
Trade and other receivables	5	893	135
Contract assets - trail commissions	6	294,873	281,902
Financial assets at fair value through profit or loss	7	-	1,500
Right-of-use assets	9	1,946	2,347
Plant and equipment		106	105
Intangibles		1,749	1,686
Prepayments		1,473	1,514
Deferred tax		1,426	1,228
Total non-current assets		<u>302,466</u>	<u>290,417</u>
Total assets		<u>419,495</u>	<u>403,318</u>
Liabilities			
Current liabilities			
Trade and other payables	10	102,830	100,774
Contract liabilities		1,926	1,534
Borrowings	11	1,213	950
Lease liabilities		818	793
Provisions		1,109	1,069
Total current liabilities		<u>107,896</u>	<u>105,120</u>
Non-current liabilities			
Trade and other payables	10	272,963	257,976
Contract liabilities		200	400
Borrowings	11	-	238
Lease liabilities		1,330	1,747
Provisions		145	128
Total non-current liabilities		<u>274,638</u>	<u>260,489</u>
Total liabilities		<u>382,534</u>	<u>365,609</u>
Net assets		<u>36,961</u>	<u>37,709</u>
Equity			
Issued capital	12	112,222	112,630
Reserves		2,215	2,215
Accumulated losses		<u>(77,476)</u>	<u>(77,136)</u>
Total equity		<u>36,961</u>	<u>37,709</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Yellow Brick Road Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	112,470	2,214	(73,606)	41,078
Loss after income tax benefit for the half-year	-	-	(1,832)	(1,832)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,832)	(1,832)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	160	-	-	160
Share-based payments	-	1	-	1
Balance at 31 December 2022	<u>112,630</u>	<u>2,215</u>	<u>(75,438)</u>	<u>39,407</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	112,630	2,215	(77,136)	37,709
Loss after income tax benefit for the half-year	-	-	(340)	(340)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(340)	(340)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 12)	194	-	-	194
Share buy-back (note 12)	(602)	-	-	(602)
Balance at 31 December 2023	<u>112,222</u>	<u>2,215</u>	<u>(77,476)</u>	<u>36,961</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Yellow Brick Road Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
Note	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	136,313	134,230
Payments to suppliers and employees (inclusive of GST)	(137,103)	(134,734)
	(790)	(504)
Interest received	321	40
Interest and other finance costs paid	(195)	(219)
Net cash used in operating activities	(664)	(683)
Cash flows from investing activities		
Payments for plant and equipment	(32)	(36)
Payments for intangibles	(124)	(792)
Loan advanced to Resi Wholesale Funding Pty Ltd	7	(1,500)
Loans to franchisees and licensees	(558)	-
Net cash used in investing activities	(714)	(2,328)
Cash flows from financing activities		
Proceeds from issue of shares	194	-
Payments for share buy-backs	(602)	-
Net proceeds from/(repayment of) borrowings	25	(475)
Repayment of lease liabilities	(392)	(358)
Net cash used in financing activities	(775)	(833)
Net decrease in cash and cash equivalents	(2,153)	(3,844)
Cash and cash equivalents at the beginning of the financial half-year	8,059	10,088
Cash and cash equivalents at the end of the financial half-year	<u>5,906</u>	<u>6,244</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 1. General information

The financial statements cover Yellow Brick Road Holdings Limited as a consolidated entity consisting of Yellow Brick Road Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Yellow Brick Road Holdings Limited's functional and presentation currency.

Yellow Brick Road Holdings Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 11
1 Chifley Square
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2023 and are not expected to have a significant impact for the full financial year ending 30 June 2024.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Revenue from contracts with customers

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Mortgage broking services and mortgage aggregation services	<u>132,092</u>	<u>118,835</u>

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 3. Revenue from contracts with customers (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
<i>Major product lines</i>		
Mortgage broking services - origination commissions	61,337	61,073
Mortgage broking services - trail commissions	46,815	42,966
Mortgage broking services - trail PV commissions *	16,765	7,415
Mortgage broking services - professional services	5,410	5,512
Sponsorship revenue	1,399	1,403
Mortgage management fees	166	266
Service charges for Resi Wholesale Funding	200	200
	<u>132,092</u>	<u>118,835</u>
<i>Geographical regions</i>		
Australia	<u>132,092</u>	<u>118,835</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	131,726	118,369
Services transferred over time	366	466
	<u>132,092</u>	<u>118,835</u>

* This is a combination of revenue from trail PV commissions and loss on revaluation of trail PV commissions.

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 4. Expenses

Consolidated
31 Dec 2023 31 Dec 2022
\$'000 \$'000

Loss before income tax includes the following specific expenses:

Depreciation

Leasehold improvements	-	3
Office equipment	31	35
Right-of-use assets	403	394
	434	432

Total depreciation

Amortisation

Software	61	42
	495	474

Total depreciation and amortisation

Finance costs

Interest and finance charges paid/payable on borrowings	148	161
Interest and finance charges paid/payable on lease liabilities	47	58
Discount unwind on trail commission payments	9,204	9,881
	9,399	10,100

Finance costs expensed

Marketing expenses	1,328	1,795
Consultancy expenses	725	712
Defined contribution superannuation expense	523	561
	23,280	21,423

Note 5. Trade and other receivables

Consolidated
31 Dec 2023 30 Jun 2023
\$'000 \$'000

Current assets

Trade receivables	1,294	859
Revenue accrual	21,401	19,983
Less: Allowance for expected credit losses	(260)	(317)
	22,435	20,525

Other receivables

	845	898
	23,280	21,423

Non-current assets

Other receivables	893	135
	24,173	21,558

24,173 21,558

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 6. Contract assets - trail commissions

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Current assets</i>		
Contract assets	<u>85,000</u>	<u>81,205</u>
<i>Non-current assets</i>		
Contract assets	<u>294,873</u>	<u>281,902</u>
	<u><u>379,873</u></u>	<u><u>363,107</u></u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current half-year and previous financial year ended as at 30 June 2023 are set out below:

Opening balance	363,107	413,665
Additions - new settlements	62,770	138,588
Run-off and impact due to changes in other PV assumptions	<u>(46,004)</u>	<u>(189,146)</u>
Closing balance	<u><u>379,873</u></u>	<u><u>363,107</u></u>

Note 7. Financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Current assets</i>		
Financial asset in Resi Wholesale Funding Pty Ltd	<u>1,500</u>	<u>-</u>
<i>Non-current assets</i>		
Financial asset in Resi Wholesale Funding Pty Ltd	<u>-</u>	<u>1,500</u>
	<u><u>1,500</u></u>	<u><u>1,500</u></u>

On 14 October 2022, the consolidated entity provided Resi Wholesale Funding Pty Ltd ('RWF') an interest free loan of \$1,500,000. The loan is not repayable until at least 22 months from drawdown or earlier if certain triggers occur. At the option of the consolidated entity, the loan may be converted into shares in RWF at a fixed price of \$1 per share ('conversion option').

On inception, the loan was measured at fair value. At the reporting date, the financial asset was subsequently remeasured at fair value of \$1,500,000. Refer to note 14 for further information.

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 9. Right-of-use assets

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Non-current assets</i>		
Right-of-use assets	3,800	3,920
Less: Accumulated depreciation	<u>(1,854)</u>	<u>(1,573)</u>
	<u>1,946</u>	<u>2,347</u>

The consolidated entity leases land and buildings for its offices under agreements expiring between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year and for the year ended as at 30 June 2023 are set out below:

Consolidated	Office premises \$'000	Others \$'000	Total \$'000
Balance at 1 July 2022	2,932	42	2,974
Additions	189	-	189
Depreciation expense	<u>(793)</u>	<u>(23)</u>	<u>(816)</u>
Balance at 30 June 2023	2,328	19	2,347
Additions	2	-	2
Depreciation expense	<u>(392)</u>	<u>(11)</u>	<u>(403)</u>
Balance at 31 December 2023	<u>1,938</u>	<u>8</u>	<u>1,946</u>

Note 10. Trade and other payables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	1,255	2,965
Trail commission payables	77,598	73,719
Accrued branch commissions	21,559	20,256
Accrued expenses	934	1,059
Clawback payables	220	226
Other payables	<u>1,264</u>	<u>2,549</u>
	<u>102,830</u>	<u>100,774</u>
<i>Non-current liabilities</i>		
Trade payables	1,269	69
Trail commission payables	271,331	257,544
Clawback payables	<u>363</u>	<u>363</u>
	<u>272,963</u>	<u>257,976</u>
	<u>375,793</u>	<u>358,750</u>

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 10. Trade and other payables (continued)

Reconciliation of trail commission payables

Reconciliation of the written down values at the beginning and end of the current half-year and previous financial year ended as at 30 June 2023 are set out below:

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Opening balance	331,263	376,554
Additions - new settlements	59,228	137,858
Run-off and impact due to changes in other PV assumptions	<u>(41,562)</u>	<u>(183,149)</u>
Closing balance	<u><u>348,929</u></u>	<u><u>331,263</u></u>

Note 11. Borrowings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Bank loans	<u>1,213</u>	<u>950</u>
<i>Non-current liabilities</i>		
Bank loans	<u>-</u>	<u>238</u>
	<u><u>1,213</u></u>	<u><u>1,188</u></u>

Bank borrowings are secured over assets owned by the consolidated entity. Interest payable on the loan is 4.0% p.a. fixed rate on the finance facility limits plus variable rate of 4.3% p.a. on amounts drawn.

Furthermore, the contractual terms of the loan include covenants that require repayment on demand of the loan if any of the below conditions are not met:

- EBITDA to Debt Service Ratio of the consolidated entity for 1H FY24 should not be less than 1.20:1.
- Cash held by the consolidated entity at all times during 1H FY24 should not be less than \$1,200,000.
- Net Value of Future Trail Commission Receivable to Total Debt of the consolidated entity for 1H FY24 should not be less than 3:1.
- In case, budgeted EBITDA is more than 90% of actual EBITDA, then the minimum cash held by the consolidated entity should not be less than \$2,000,000 at all times during 1H FY24.

The consolidated entity has passed the covenants requirements throughout the financial half-year ending on 31 December 2023.

Total secured facilities

The total secured facilities are as follows:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Bank loans	<u><u>2,713</u></u>	<u><u>3,188</u></u>

Assets pledged as security

Bank loan facilities are financed by the Commonwealth Bank of Australia which are secured by a first ranking charge over all present and future acquired property of the consolidated entity.

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 11. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Total facilities		
Bank loans	2,713	3,188
Used at the reporting date		
Bank loans	1,213	1,188
Unused at the reporting date		
Bank loans	1,500	2,000

Note 12. Issued capital

	Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	319,484,867	326,381,450	112,222	112,630

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2023	326,381,450		112,630
Shares issued	October 2023	3,529,079	\$0.055	194
Share buy-back	October 2023	(3,596,979)	\$0.058	(206)
Share buy-back	November 2023	(6,828,683)	\$0.058	(396)
Balance	31 December 2023	319,484,867		112,222

Note 13. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 14. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
<i>Current-assets</i>				
Financial assets at fair value through profit or loss (note 7)	-	-	1,500	1,500
Total assets	-	-	1,500	1,500

Consolidated - 30 Jun 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
<i>Non-current-assets</i>				
Financial assets at fair value through profit or loss (note 7)	-	-	1,500	1,500
Total assets	-	-	1,500	1,500

The fair value of a financial asset is based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including credit risk.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 3

The consolidated entity performs the valuations of convertible loan required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO and Audit and Risk committee. The main level 3 inputs used by the consolidated entity are derived and evaluated to be the discount rate for the financial asset using the 1 year bond yield.

Sensitivity analysis

The following table summarises the impact in profit/(loss) after tax from changes in significant unobservable inputs used in level 3 fair value measurements:

	Changes in assumptions	
	%	\$
Discount rate	+ 1%	2,581
	- 1%	(2,557)

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2023

Note 15. Contingent liabilities

The consolidated entity has provided bank guarantees as at 31 December 2023 of \$761,000 (30 June 2023: \$1,085,000).

Other than the above, no material claims have been received by the consolidated entity at the date of this report, and the Directors are of the opinion that no material losses will be incurred in respect of any contingent liabilities.

Note 16. Events after the reporting period

On 15 January 2024, Frank Ganis has been appointed as a non-executive director of the consolidated entity.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.


Yellow Brick Road Holdings Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Bouris
Executive Chairman

29 February 2024
Sydney

Independent Auditor's Review Report

To the Members of Yellow Brick Road Holdings Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Yellow Brick Road Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Yellow Brick Road Holdings Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T Makanda
Partner – Audit & Assurance
Sydney, 29 February 2024