

# **Yellow Brick Road Holdings Limited**

**ABN 44 119 436 083**

**Interim Financial Statements - 31 December 2024**

## **Yellow Brick Road Holdings Limited**

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**31 December 2024**

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## Yellow Brick Road Holdings Limited

### Directors' report

31 December 2024

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 2024.

#### 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  
Frank Ganis  
John George (resigned on 31 December 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 profit for the consolidated entity after providing for income tax amounted to \$525,000 (31 December 2023: loss of \$340,000). The profit before tax (excluding movement in net present value of trail commissions) for the consolidated entity was \$2,041,000 (31 December 2023: \$527,000).

The 1H FY25 result has been influenced by several factors including:

- A \$1,764,000 reduction in operation expenses, driven by a cost review initiated in FY24 along with savings due to restructuring of Resi Wholesale Funding agreement. However, the cost savings would be greater if not for incurring \$206,000 in one-time costs related to Resi Wholesale Funding restructuring, as well as payroll tax-related legal costs of \$77,000.
- The extent of refinancing activity remained high, which contributed to high settlements volume. However, this also led to elevated run-off rates compared to pre-covid levels.

The reduction in net present value losses from trail commission were driven by higher settlement and lower run off rates compared to previous year.

The effect of this is shown in the table below:

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Profit/(loss) before tax	1,087	(538)
Add: Loss on revaluation of net present value of trail commissions	578	653
Add: Loss on other movements in net present value of trail commissions	376	412
Net loss related to the net present value of trail commissions	954	1,065
Profit before tax (excluding movement in net present value of trail commissions)	2,041	527

**Yellow Brick Road Holdings Limited**  
**Directors' report**  
**31 December 2024**

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 profit/(loss) after tax for the current and previous half-year to Underlying EBITDA is as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) after income tax	525	(340)
Add: Depreciation and amortisation*	286	92
Less: Interest income	(212)	(202)
Add: Interest expense**	105	148
Add/(less): Income tax expense/(benefit)	562	(198)
<b>EBITDA</b>	<b>1,266</b>	<b>(500)</b>
Add: Expenses in relation to the delisting and group restructure	229	389
Add: Legal expenses in relation to payroll tax advice	77	-
Add: Legacy and discontinued business legal/settlement expenses	-	17
Less: Service charges (equity-accounted) for Resi Wholesale Funding	(400)	(200)
Add: Share of net loss from joint venture	909	-
<b>Normalised EBITDA</b>	<b>2,081</b>	<b>(294)</b>
Add: Net loss related to the net present value of trail commissions	954	1,065
<b>Cash based normalised EBITDA</b>	<b>3,035</b>	<b>771</b>

\* 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:

- Total revenue from contracts with customers (after net present value movements) increased by 13% to \$149,430,000 (31 December 2023: \$132,269,000). This growth was primarily driven by 12.8% increase in settlements to \$11,836 million (31 December 2023: \$10,496 million). The revenue (before net present value movements) increased by 8.9% to \$125,578,000 (31 December 2023: \$115,327,000).
- Receipts from customers (inclusive of GST) increased by 8.8% to \$148,306,000 (31 December 2023: \$136,313,000).
- Operating expenses decreased by \$1,793,000 to \$10,187,000 (31 December 2023: \$11,980,000). These savings resulted from significant cost-saving initiatives implemented by the company, as stated in 30 June 2024 annual report, along with Resi Wholesale Funding restructure agreement.
- Cash balances increased by \$1,155,000 to \$7,909,000 (30 June 2024: \$6,754,000). This includes \$2,062,000 from net proceeds of finance facility, offset by \$2,100,000 for investment to Resi Wholesale Funding joint venture, and the net cash inflow from operating activities of \$1,696,000 (31 December 2023: outflow of \$664,000). The net cash flow from operating activities was impacted by termination payments of \$412,000 due to group restructuring and \$227,000 legal/consulting expenses in relation to Resi Wholesale Funding Pty Ltd restructuring.
- Net cash after borrowings decreased by \$907,000 to \$5,109,000 (30 June 2024: \$6,016,000).
- Borrowings increased by \$2,062,000 to \$2,800,000 (30 June 2024: \$738,000).
- Net tangible assets per ordinary share increased by 0.43 cents to 11.51 cents (31 December 2023: 11.08 cents). When incorporating the consolidated entity's 50% interest in the Resi Wholesale Funding joint venture, the net tangible assets per ordinary share becomes 14.15 cents (31 December 2023: 12.94 cents).
- Settlements increased by 12.8% to \$11,836 million (31 December 2023: \$10,496 million).
- Underlying loan book size increased by 8.4% to \$69,256 million (31 December 2023: \$63,900 million).
- Net present value of underlying loan book decreased by 3.1% to \$30,298,000 (30 June 2024: \$31,258,000).
- Net present value of underlying loan book per ordinary share is 9.5 cents (30 June 2024: 9.8 cents).

**Yellow Brick Road Holdings Limited**  
**Directors' report**  
**31 December 2024**

**Significant changes in the state of affairs**

On 14 October 2024, Yellow Brick Road Group Pty Ltd (100% owned by the consolidated entity) entered into a restructure agreement with Resi Wholesale Funding Pty Ltd ('RWF') to undertake a reorganisation of RWF. The parties agreed that the effective date is 1 October 2024. The key terms of the agreement include:

- (1) The consolidated entity agreed to subscribe for 2.1 million Class A shares at \$1 each in RWF;
- (2) \$1.5 million shareholder loan made to RWF, funded by the consolidated entity, was converted into Class A shares issued by RWF at \$1 each; and
- (3) RWF agreed to assume responsibility for its allocated share of the operational costs of the corporate services provided by the consolidated entity. The consolidated entity's staff who were previously engaged in providing origination and loan services to RWF were transferred into RWF to continue to provide those services as direct employees of RWF.

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

**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



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Mark Bouris  
Executive Chairman

19 February 2025  
Sydney

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**Grant Thornton Audit Pty Ltd**  
Grosvenor Place  
Level 26, 225 George Street  
Sydney NSW 2000  
Australia  
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 2024, 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*

Tari Makanda  
Partner – Audit & Assurance

Sydney, 19 February 2025

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**Yellow Brick Road Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2024**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Revenue from contracts with customers (excluding trail PV movements)		125,578	115,327
Revenue from contracts with customers (trail PV movements)		24,430	17,595
Loss on revaluation of net present value of trail commissions		(578)	(653)
Total revenue from contracts with customers	3	<u>149,430</u>	<u>132,269</u>
Other income		27	51
Interest income		212	202
Discount unwind on trail commission		11,838	10,059
Total revenue and other gains		<u>161,507</u>	<u>142,581</u>
<b>Expenses</b>			
Commissions expenses (excluding trail PV movements)		(112,797)	(103,238)
Commissions expenses (trail PV movements)		(24,805)	(18,007)
Employee benefits expense		(5,026)	(6,361)
Depreciation and amortisation expense	4	(689)	(495)
Share of losses of joint ventures accounted for using the equity method		(909)	-
Other expenses		(5,161)	(5,619)
Finance costs	4	(11,033)	(9,399)
Total expenses		<u>(160,420)</u>	<u>(143,119)</u>
<b>Profit/(loss) before income tax (expense)/benefit</b>		1,087	(538)
Income tax (expense)/benefit		<u>(562)</u>	198
<b>Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Yellow Brick Road Holdings Limited</b>		525	(340)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss) for the half-year attributable to the owners of Yellow Brick Road Holdings Limited</b>		<u><u>525</u></u>	<u><u>(340)</u></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 2024**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,909	6,754
Trade and other receivables	5	24,929	22,523
Contract assets - trail commissions	6	90,270	85,611
Financial assets at fair value through profit or loss	7	-	1,500
Deposits		400	426
Prepayments		908	1,820
<b>Total current assets</b>		<u>124,416</u>	<u>118,634</u>
<b>Non-current assets</b>			
Trade and other receivables	5	927	888
Contract assets - trail commissions	6	334,247	315,074
Financial assets at fair value through profit or loss	7	50	50
Investments accounted for using the equity method	8	2,691	-
Right-of-use assets	9	1,215	1,616
Plant and equipment		121	112
Intangibles		1,378	1,636
Prepayments		1,393	1,433
Deferred tax		815	1,377
<b>Total non-current assets</b>		<u>342,837</u>	<u>322,186</u>
<b>Total assets</b>		<u>467,253</u>	<u>440,820</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	109,691	105,700
Contract liabilities		1,744	1,456
Borrowings	11	700	738
Lease liabilities		850	1,404
Provisions		1,114	1,212
<b>Total current liabilities</b>		<u>114,099</u>	<u>110,510</u>
<b>Non-current liabilities</b>			
Trade and other payables	10	312,405	292,541
Borrowings	11	2,100	-
Lease liabilities		543	413
Provisions		141	133
<b>Total non-current liabilities</b>		<u>315,189</u>	<u>293,087</u>
<b>Total liabilities</b>		<u>429,288</u>	<u>403,597</u>
<b>Net assets</b>		<u>37,965</u>	<u>37,223</u>
<b>Equity</b>			
Issued capital	12	112,222	112,222
Reserves		2,215	2,215
Accumulated losses		<u>(76,472)</u>	<u>(77,214)</u>
<b>Total equity</b>		<u>37,965</u>	<u>37,223</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 2024**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
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	194	-	-	194
Share buy-back	(602)	-	-	(602)
Balance at 31 December 2023	<u>112,222</u>	<u>2,215</u>	<u>(77,476)</u>	<u>36,961</u>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2024	112,222	2,215	(77,214)	37,223
Profit after income tax expense for the half-year	-	-	525	525
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	525	525
<i>Transactions with owners in their capacity as owners:</i>				
Reclassification of accumulated losses (note 8)	-	-	217	217
Balance at 31 December 2024	<u>112,222</u>	<u>2,215</u>	<u>(76,472)</u>	<u>37,965</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 2024**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	148,306	136,313
Payments to suppliers and employees (inclusive of GST)	<u>(146,787)</u>	<u>(137,103)</u>
	1,519	(790)
Interest received	314	321
Interest and other finance costs paid	<u>(137)</u>	<u>(195)</u>
Net cash from/(used in) operating activities	<u>1,696</u>	<u>(664)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(34)	(32)
Payments for intangibles	-	(124)
Payments for investments accounted for using equity method	(2,100)	-
Loans to franchisees and licensees	<u>(43)</u>	<u>(558)</u>
Net cash used in investing activities	<u>(2,177)</u>	<u>(714)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	194
Payments for share buy-backs	-	(602)
Net proceeds from borrowings	2,062	25
Repayment of lease liabilities	<u>(426)</u>	<u>(392)</u>
Net cash from/(used in) financing activities	<u>1,636</u>	<u>(775)</u>
Net increase/(decrease) in cash and cash equivalents	1,155	(2,153)
Cash and cash equivalents at the beginning of the financial half-year	<u>6,754</u>	<u>8,059</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>7,909</u></u>	<u><u>5,906</u></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 2024**

**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 19 February 2025. 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 2024 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 2024.

The principal 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 material impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

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

The amended Accounting Standards that are mandatory for the current reporting period and are relevant to the consolidated entity are set out below.

*AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*

**Note 3. Revenue from contracts with customers**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Mortgage broking services and mortgage aggregation services	<u>149,430</u>	<u>132,269</u>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**

**Note 3. Revenue from contracts with customers (continued)**

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Major product lines</i>		
Mortgage broking services - origination commissions	68,725	61,337
Mortgage broking services - trail commissions	48,964	46,815
Mortgage broking services - trail PV commissions *	23,852	16,942
Mortgage broking services - professional services	5,837	5,410
Sponsorship revenue	1,512	1,399
Mortgage management fees	140	166
Service charges for Resi Wholesale Funding	400	200
	<u>149,430</u>	<u>132,269</u>
<i>Geographical regions</i>		
Australia	<u>149,430</u>	<u>132,269</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	148,890	131,903
Services transferred over time	540	366
	<u>149,430</u>	<u>132,269</u>

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

**Note 4. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before income tax includes the following specific expenses:		
<i>Disaggregation of commission expenses</i>		
The disaggregation of expenses paid to branches and brokers is as follows:		
<i>Major product lines</i>		
Mortgage broking services - origination commissions	66,402	59,223
Mortgage broking services - trail commissions	45,232	42,887
Mortgage broking services - trail PV commissions	24,805	18,007
Mortgage broking services - professional services	1,163	1,128
Total commission expenses	<u>137,602</u>	<u>121,245</u>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**

**Note 4. Expenses (continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Office equipment	28	31
Right-of-use assets	403	403
	<u>431</u>	<u>434</u>
Total depreciation		
<i>Amortisation</i>		
Software	258	61
	<u>689</u>	<u>495</u>
Total depreciation and amortisation		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	105	148
Interest and finance charges paid/payable on lease liabilities	32	47
Discount unwind on trail commission payments	10,896	9,204
	<u>11,033</u>	<u>9,399</u>
Finance costs expensed		
Marketing expenses	1,231	1,328
Consultancy expenses	702	725
Defined contribution superannuation expense	433	523

**Note 5. Trade and other receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Trade receivables	1,782	527
Revenue accrual	22,874	21,734
Less: Allowance for expected credit losses	(275)	(263)
	<u>24,381</u>	<u>21,998</u>
Other receivables	548	525
	<u>24,929</u>	<u>22,523</u>
<i>Non-current assets</i>		
Other receivables	927	888
	<u>25,856</u>	<u>23,411</u>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**

**Note 6. Contract assets - trail commissions**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Contract assets	<u>90,270</u>	<u>85,611</u>
<i>Non-current assets</i>		
Contract assets	<u>334,247</u>	<u>315,074</u>
	<u><u>424,517</u></u>	<u><u>400,685</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 2024 are set out below:

Opening balance	400,685	363,107
Additions - new settlements	71,874	130,030
Run-off and impact due to changes in other PV assumptions	<u>(48,042)</u>	<u>(92,452)</u>
Closing balance	<u><u>424,517</u></u>	<u><u>400,685</u></u>

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

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Financial asset in Resi Wholesale Funding Pty Ltd *	<u>-</u>	<u>1,500</u>
<i>Non-current assets</i>		
Investments at fair value through profit or loss	<u>50</u>	<u>50</u>
	<u><u>50</u></u>	<u><u>1,550</u></u>

\* On 14 October 2024, YBR entered an Equity subscription agreement with Resi Wholesale Funding Pty Ltd ('RWF') where YBR agreed to convert the \$1.5 million shareholder loan made to RWF into Class A shares issued by RWF. As a result, YBR subscribed for 1.5 million Class A shares at \$1. Refer to note 8 'Investments accounted for using the equity method' for further details on the transaction.

**Note 8. Investments accounted for using the equity method**

On 14 October 2024, Yellow Brick Road Group Pty Ltd (100% owned by the consolidated entity) entered into a restructure agreement with RWF to undertake a reorganisation of RWF. The parties agreed that the effective date is 1 October 2024. The key terms of the agreement include:

- (1) The consolidated entity agreed to subscribe for 2.1 million Class A shares at \$1 each in RWF;
- (2) \$1.5 million shareholder loan made to RWF, funded by the consolidated entity, was converted into Class A shares issued by RWF at \$1 each; and
- (3) RWF agreed to assume responsibility for its allocated share of the operational costs of the corporate services provided by the consolidated entity. The consolidated entity's staff who were previously engaged in providing origination and loan services to RWF were transferred into RWF to continue to provide those services as direct employees of RWF. A reclassification adjustment was made between the consolidated entity's provisions and accumulated losses to reverse the leave expense associated with the employees that were required to be transferred under the agreement.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**

**Note 8. Investments accounted for using the equity method (continued)**

As a result of the above agreement a new investment of \$3.6 million has been added to the RWF joint venture. \$2.1 million was funded by cash (reflected in the cash flow statement), \$1.5 million was converted from the shareholder loan (reflected in note 7 'Financial assets at fair value through profit or loss').

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Investments accounted for using the equity method	2,691	-
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current half-year and previous financial year as at 30 June 2024 are set out below:		
Opening carrying amount	-	-
Additional investment	3,600	-
Share of loss after income tax	(909)	-
Closing carrying amount	2,691	-

No dividends were distributed during the half-year by the joint venture (31 December 2023: \$Nil). There is no quoted price for the investments in the joint venture.

*Impairment testing*

In the last financial year, there was an indicator of impairment in the Resi Wholesale Funding joint venture given the joint venture was in a loss position. Since the investments in the joint venture have been reduced to \$Nil, no impairment testing was required to be performed. Accordingly, management determined to reduce the company's investment in the joint venture to \$Nil at 30 June 2024.

For the current financial period, the joint venture's loss position continued to be an indicator of impairment. As a result of the increased investment in the joint venture during the period, management has determined that it is appropriate to calculate the recoverable amount in order to determine whether there is an impairment loss. The recoverable amount of the company's investment in joint venture has been determined by a value-in-use calculation using a discounted cash flow model, based on a five year projection period. The recoverable amount was greater than the carrying value and no impairment was required for the current financial period.

**Interests in joint ventures**

Interests in joint ventures is accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
		<b>%</b>	<b>%</b>
Resi Wholesale Funding Pty Limited	Australia	50.00%	50.00%

Resi Wholesale Funding Pty Ltd fully owns the residual income and capital units in Resi Wholesale Funding Warehouse Trust No.1. The below table contains information for Resi Wholesale Funding Pty Ltd and its fully consolidated interests of Resi Wholesale Funding Warehouse Trust No.1.

The consolidated entity's 50% share of the net assets of the joint venture not reflected in the carrying value above, is as follows:

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**

**Note 8. Investments accounted for using the equity method (continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
50% share of net assets	8,450	5,665
Less: carrying amount	<u>(2,691)</u>	<u>-</u>
Net assets not recognised	<u><u>5,759</u></u>	<u><u>5,665</u></u>

*Contingent liabilities*

Contingent liabilities as at 31 December 2024 \$Nil (30 June 2024: \$Nil).

*Commitments*

Share of commitments but not recognised as liability as at 31 December 2024 \$Nil (30 June 2024: \$Nil).

**Note 9. Right-of-use assets**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Right-of-use assets	3,822	3,873
Less: Accumulated depreciation	<u>(2,607)</u>	<u>(2,257)</u>
	<u><u>1,215</u></u>	<u><u>1,616</u></u>

The consolidated entity leases land and buildings for its offices under agreements expiring between 3 months to 2 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 2024 are set out below:

<b>Consolidated</b>	Office premises \$'000	Others \$'000	Total \$'000
Balance at 1 July 2023	2,328	19	2,347
Additions	5	70	75
Depreciation expense	<u>(784)</u>	<u>(22)</u>	<u>(806)</u>
Balance at 30 June 2024	1,549	67	1,616
Additions	-	2	2
Depreciation expense	<u>(392)</u>	<u>(11)</u>	<u>(403)</u>
Balance at 31 December 2024	<u><u>1,157</u></u>	<u><u>58</u></u>	<u><u>1,215</u></u>



**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**

**Note 10. Trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	1,029	1,277
Trail commission payables	83,424	78,479
Accrued branch commissions	23,241	21,936
Accrued expenses	1,008	1,012
Clawback payables	209	185
Other payables	780	2,811
	109,691	105,700
<i>Non-current liabilities</i>		
Trade payables	1,269	1,269
Trail commission payables	310,795	290,948
Clawback payables	341	324
	312,405	292,541
	422,096	398,241

*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 2024 are set out below:

	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	369,427	331,263
Additions - new settlements	68,387	122,080
Run-off and impact due to changes in other PV assumptions	(43,595)	(83,916)
	394,219	369,427
	394,219	369,427

**Note 11. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Bank loans	700	738
<i>Non-current liabilities</i>		
Bank loans	2,100	-
	2,800	738
	2,800	738

Bank borrowings are secured over assets owned by the consolidated entity. The original bank loan matured on 30 September 2024. The consolidated entity renewed the finance facility, effective from 12 November 2024. Interest payable on the loan is 3.75% p.a. fixed rate plus variable rate of 4.4% p.a. on loan amounts.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**

**Note 11. Borrowings (continued)**

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 FY25 should not be less than 1.20:1.
- Cash held by the consolidated entity at all times during 1H FY25 should not be less than \$1,200,000.
- Net Value of Future Trail Commission Receivable to Total Debt of the consolidated entity for 1H FY25 should not be less than 3:1.
- Total debt to EBITDA Ratio of the consolidated entity for 1H FY25 should be less than 3:1.

The consolidated entity has passed the covenants requirements throughout the financial half-year ending on 31 December 2024.

*Total secured facilities*

The total secured facilities are as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank loans	2,800	2,238

*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.

*Financing arrangements*

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

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Total facilities		
Bank loans	2,800	2,238
Used at the reporting date		
Bank loans	2,800	738
Unused at the reporting date		
Bank loans	-	1,500

**Note 12. Issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	319,484,867	319,484,867	112,222	112,222

**Note 13. Dividends**

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

**Note 14. Contingent liabilities**

The consolidated entity has provided bank guarantees as at 31 December 2024 of \$761,000 (30 June 2024: \$761,000).

**Note 14. Contingent liabilities (continued)**

On 12 April 2024, the Supreme Court of New South Wales ruled on a case concerning the imposition of payroll tax on commissions paid to mortgage brokers. The court determined that payroll tax is applicable under specific conditions, with liability reduced by particular exemptions, including for those active broker businesses employing two or more persons or utilising external service providers relating to mortgage broking processes. Subsequent to this ruling, another related case produced an opposing judgement for the taxpayer. There is considerable uncertainty arising from detail within the judgments, relating to payroll tax liability, assessment of exemptions and the liability period.

In response to the legal uncertainty, the NSW Legislative Council has announced plans to establish a committee to review the applicability of payroll tax in similar cases, considering the recent judgments.

The consolidated entity is pursuing legal advice regarding the applicability of payroll tax legislation to its broker and branch contractual relationships. Pending receipt of that advice and in light of the uncertainty created by recent judgments the consolidated entity is unable to assess payroll tax liability or definitively confirm that liability exists, for the purposes of inclusion in its accounts. Accordingly, management assessed the payroll tax as a contingent liability in accordance with AASB 137 until further clarity is obtained on the applicability of payroll tax in similar cases.

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 15. Events after the reporting period**

On 18 February 2025, the consolidated entity subscribed to 290,741 Class AA shares in Resi Wholesale Funding Pty Ltd at \$1 per share, pursuant to the Capitalisation Deed. The consideration for these shares was fully settled by offsetting an outstanding interest receivable from Resi Wholesale Funding Warehouse Trust No. 1.

No other matter or circumstance has arisen since 31 December 2024 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 2024**

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 2024 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



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Mark Bouris  
Executive Chairman

19 February 2025  
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 2024, 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 2024 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 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 2024 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



Tari Makanda  
Partner – Audit & Assurance  
Sydney, 19 February 2025