

Yellow Brick Road Holdings Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Yellow Brick Road Holdings Limited
ABN:	44 119 436 083
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	down	15.3%	to	130,024
Revenues from contracts with customers	down	17.8%	to	118,835
Underlying EBITDA	down	30.9%	to	1,308
Loss before tax (excluding net present value of trail commissions)	down	129.4%	to	(311)
Loss from ordinary activities after tax attributable to the owners of Yellow Brick Road Holdings Limited	up	385.9%	to	(1,832)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The statutory loss for the consolidated entity after providing for income tax amounted to \$1,832,000 (31 December 2021: loss of \$377,000).

The loss before tax (excluding net present value of trail commissions) for the consolidated entity was \$311,000 (31 December 2021: profit was \$1,057,000).

The 1H FY23 result was impacted by 2 areas:

- Firstly, the level of operating expenses was \$2,255,000 higher than last year due to increased spend on strategic initiatives such as the Resi Wholesale Funding joint venture, distribution growth, loan book retention and cyber security. In addition, \$767,000 was incurred in broker events costs, compared to \$144,000 last year due to timing differences associated with COVID-19 restrictions. It is noted that the spend in a normal pre-covid period of 1H FY20 was \$789,000 and that such expenditure is more than offset by sponsorship receipts from lenders. Further, \$292,000 was incurred in one-off costs relating to legal matters and attending to the administration of discontinued businesses.
- Secondly, a net loss of \$2,122,000 (31 December 2021: \$1,509,000) related to the net present value of trail commissions. The above historical level of run-off rates experienced in the underlying loan books adversely impact the carrying value of the trail commissions net present value. Refinance activity is at record highs driven by aggressive pricing in the home loan sector, including cash backs. The effect of this is shown in the table below:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Loss before tax	(2,433)	(452)
Loss on revaluation of net present value of trail commissions	2,742	1,626
Gain on other movements in net present value of trail commissions	(620)	(117)
Net loss related to the net present value of trail commissions	2,122	1,509
(Loss)/profit before tax (excluding net present value of trail commissions)	<u>(311)</u>	<u>1,057</u>

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The directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the Group. 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 Group's reconciliation of its statutory net profit after tax for the current and previous half-year period to Underlying EBITDA is as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Loss after income tax	(1,832)	(377)
Add: Depreciation and amortisation*	80	133
Add: Interest expense**	161	120
Add: Income tax benefit	(601)	(75)
EBITDA	(2,192)	(199)
Add: Loss on revaluation of underlying loan book	2,742	1,626
Add: Non-recurring legal/settlement expenses	292	232
Add: Expenses in relation to the group restructure	78	-
Add: Expenses for branch network expansion	203	-
Less: Service charges (equity-accounted) for Resi Wholesale Funding	(200)	(200)
Add: Share of net loss from joint venture	385	434
Underlying EBITDA	1,308	1,893

* 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 decreased by 17.8% to \$118,835,000 (31 December 2021: \$144,557,000). The revenue (excluding the impact of present value of trail commission) is relatively stable at \$111,420,000 (31 December 2021: \$111,494,000).
- Receipts from customers (inclusive of GST) increased by 3.0% to \$134,230,000 (31 December 2021: \$130,342,000).
- Operating expenses increased by \$2,255,000 to \$13,132,000 (31 December 2021: \$10,877,000). The increased operating expenses were impacted by marketing spend, increased staff costs and legacy litigation disputes.
- Cash balances decreased by \$3,844,000 to \$6,244,000 (30 June 2022: \$10,088,000). The decrease includes a \$1,500,000 loan to Resi Wholesale Funding ('RWF') Pty Ltd and \$792,000 for the acquisition of intangible assets. Subsequent to the end of the half-year (refer to note 8), an agreement has been reached with a partner for the provision of mezzanine finance for the Resi Wholesale Funding Warehouse Trust No.1. This will result in the imminent redemption of \$4,500,000 in cash of the Class G notes to the consolidated entity.
- Net cash after borrowings decreased by \$3,369,000 to \$4,581,000 (30 June 2022: \$7,950,000).
- Borrowings reduced by \$475,000 to \$1,663,000 (30 June 2022: \$2,138,000).
- Net tangible assets per ordinary share decreased by 1.12 cents to 11.78 cents (31 December 2021: 12.90 cents). When incorporating the consolidated entity's 50% interest in the Resi Wholesale Funding joint venture, the net tangible assets per ordinary share becomes 13.86 cents (31 December 2021: 15.43 cents).
- Settlements reduced by 4.1% to \$10,343 million (31 December 2021: \$10,780 million).
- Underlying loan book size increased by 4.9% to \$60,740 million (30 June 2022: \$57,896 million).
- Net present value of underlying loan book decreased by 4.7% to \$35,355,000 (30 June 2022: \$37,110,000).
- Net present value of underlying loan book per ordinary share is 10.8 cents (30 June 2022: 11.4 cents).

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3. Net tangible assets

Net tangible assets per ordinary security has been calculated by excluding the net right-of-use assets and leases liabilities of (\$148,000) (31 December 2021: (\$58,000)).

In addition, the consolidated entity's 50% interest in the Resi Wholesale Funding joint venture (carrying value as at 31 December 2022 of \$Nil (31 December 2021: \$1,120,000) in the consolidated entity's financial statements) is excluded from the above calculation. As at 31 December 2022, the consolidated entity's share of net tangible assets of Resi Wholesale Funding is \$6,785,000 (31 December 2021: \$8,204,000). The 50% share of the net tangible assets equates to 2.08 cents (31 December 2021: 2.53 cents) per share for the consolidated entity. This does not factor into account the future value of the current net interest margin (NIM) of Resi Wholesale Funding.

	Consolidated Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	11.78	12.90
50% interest in Resi Wholesale Funding Joint Venture	2.08	2.53
Total net tangible assets per ordinary security including Resi Wholesale Funding Joint Venture	<u>13.86</u>	<u>15.43</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to loss (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Resi Wholesale Funding Pty Limited*	50.00%	50.00%	(385)	(434)
<i>Group's aggregate share of associates and joint venture entities' loss (where material)</i>				
Loss from ordinary activities before income tax			(385)	(434)

* The consolidated entity's share of net tangible assets of Resi Wholesale Funding as at 31 December 2022 is \$6,785,000 (31 December 2021: \$8,204,000).

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the unqualified report is attached as part of the Interim Financial Statements.

10. Attachments

Details of attachments (if any):

The Interim Financial Statements of Yellow Brick Road Holdings Limited for the half-year ended 31 December 2022 is attached.

11. Signed

As authorised by the Board of Directors



Signed _____

Date: 27 February 2023

Mark Bouris
Executive Chairman
Sydney

Yellow Brick Road Holdings Limited

ABN 44 119 436 083

Interim Financial Statements - 31 December 2022

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Yellow Brick Road Holdings Limited

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Yellow Brick Road Holdings Limited
Directors' report
31 December 2022

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 2022.

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

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 \$1,832,000 (31 December 2021: loss of \$377,000).

The loss before tax (excluding net present value of trail commissions) for the consolidated entity was \$311,000 (31 December 2021: profit was \$1,057,000).

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Yellow Brick Road Holdings Limited
Directors' report
31 December 2022

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- Net present value of underlying loan book decreased by 4.7% to \$35,355,000 (30 June 2022: \$37,110,000).
- Net present value of underlying loan book per ordinary share is 10.8 cents (30 June 2022: 11.4 cents).

Significant changes in the state of affairs

There were no 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.

Yellow Brick Road Holdings Limited
Directors' report
31 December 2022

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

27 February 2023
Sydney

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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 2022, 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 Audit Pty Ltd
Chartered Accountants



M A Adam-Smith
Partner – Audit & Assurance

Sydney, 27 February 2023

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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 2022

		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$'000	\$'000
Revenue			
Revenue from contracts with customers		121,577	146,183
Loss on revaluation of underlying loan book		(2,742)	(1,626)
Total revenue from contracts with customers	4	<u>118,835</u>	<u>144,557</u>
Share of losses of joint ventures accounted for using the equity method	9	(385)	(434)
Other income		151	28
Interest income		337	156
Discount unwind on trail commission		10,852	8,825
Total revenue and other gains		<u>129,790</u>	<u>153,132</u>
Expenses			
Commissions and consultancy expenses		(108,517)	(134,230)
Employee benefits expense		(6,890)	(6,115)
Depreciation and amortisation expense	5	(474)	(526)
Impairment of receivables		(1)	(44)
Other expenses		(6,241)	(4,719)
Finance costs	5	(10,100)	(7,950)
Total expenses		<u>(132,223)</u>	<u>(153,584)</u>
Loss before income tax benefit		(2,433)	(452)
Income tax benefit		601	75
Loss after income tax benefit for the half-year attributable to the owners of Yellow Brick Road Holdings Limited		(1,832)	(377)
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>(1,832)</u>	<u>(377)</u>
		Cents	Cents
Basic earnings per share	18	(0.56)	(0.12)
Diluted earnings per share	18	(0.56)	(0.12)

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 2022

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		6,244	10,088
Trade and other receivables	6	22,627	21,921
Contract assets - trail commissions	7	79,848	78,631
Deposits		449	449
Prepayments		958	1,789
Total current assets		<u>110,126</u>	<u>112,878</u>
Non-current assets			
Contract assets - trail commissions	7	341,232	335,034
Loans receivable from related parties	8	6,000	4,500
Investments accounted for using the equity method	9	-	385
Right-of-use assets	10	2,581	2,974
Plant and equipment		131	133
Intangibles		1,111	361
Prepayments		1,554	1,595
Deferred tax		333	-
Total non-current assets		<u>352,942</u>	<u>344,982</u>
Total assets		<u>463,068</u>	<u>457,860</u>
Liabilities			
Current liabilities			
Trade and other payables	11	101,216	100,036
Contract liabilities		1,757	1,642
Borrowings	12	950	950
Lease liabilities		710	711
Provisions		1,085	1,219
Total current liabilities		<u>105,718</u>	<u>104,558</u>
Non-current liabilities			
Trade and other payables	11	314,506	307,525
Contract liabilities		600	800
Borrowings	12	713	1,188
Lease liabilities		2,020	2,377
Deferred tax		-	268
Provisions		104	66
Total non-current liabilities		<u>317,943</u>	<u>312,224</u>
Total liabilities		<u>423,661</u>	<u>416,782</u>
Net assets		<u>39,407</u>	<u>41,078</u>
Equity			
Issued capital	13	112,630	112,470
Reserves		2,215	2,214
Accumulated losses		(75,438)	(73,606)
Total equity		<u>39,407</u>	<u>41,078</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 2022

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	112,450	2,212	(71,147)	43,515
Loss after income tax benefit for the half-year	-	-	(377)	(377)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(377)	(377)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	20	-	-	20
Share-based payments	-	1	-	1
Balance at 31 December 2021	<u>112,470</u>	<u>2,213</u>	<u>(71,524)</u>	<u>43,159</u>
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 (note 13)	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>

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 2022

	Consolidated	
Note	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	134,230	130,342
Payments to suppliers and employees (inclusive of GST)	<u>(134,734)</u>	<u>(127,855)</u>
	(504)	2,487
Interest received	40	43
Interest and other finance costs paid	<u>(219)</u>	<u>(179)</u>
Net cash (used in)/from operating activities	<u>(683)</u>	<u>2,351</u>
Cash flows from investing activities		
Payments for plant and equipment	(36)	(59)
Payments for intangibles	(792)	(121)
Proceeds from disposal of business	-	479
Loans receivable from related parties	<u>(1,500)</u>	<u>(3,000)</u>
8		
Net cash used in investing activities	<u>(2,328)</u>	<u>(2,701)</u>
Cash flows from financing activities		
Repayment of borrowings	(475)	(687)
Repayment of lease liabilities	<u>(358)</u>	<u>(448)</u>
Net cash used in financing activities	<u>(833)</u>	<u>(1,135)</u>
Net decrease in cash and cash equivalents	(3,844)	(1,485)
Cash and cash equivalents at the beginning of the financial half-year	<u>10,088</u>	<u>12,506</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>6,244</u></u>	<u><u>11,021</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 2022

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 a listed 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 27 February 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

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.

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

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment operated predominantly in Australia, being the rendering of mortgage broking services, aggregation and management services. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly, the information provided in this Interim Report reflects the one operating segment.

The information reported to the CODM is on at least a monthly basis.

Geographical information

All revenue was derived from customers in Australia and all non-current assets were held in Australia.

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2022

Note 4. Revenue from contracts with customers

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Mortgage broking services and mortgage aggregation services	118,835	144,557

Disaggregation of revenue

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

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
<i>Major product lines</i>		
Mortgage broking services - origination commissions	61,073	64,441
Mortgage broking services - trailing commissions	50,381	74,063
Mortgage broking services - professional fees and services	5,512	4,838
Sponsorship revenue	1,403	808
Mortgage management fees	266	207
Service charges for Resi Wholesale Funding	200	200
	<u>118,835</u>	<u>144,557</u>

Geographical regions

Australia	<u>118,835</u>	<u>144,557</u>
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Timing of revenue recognition

Services transferred at a point in time	118,369	144,150
Services transferred over time	<u>466</u>	<u>407</u>
	<u>118,835</u>	<u>144,557</u>

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2022

Note 5. Expenses

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	3	3
Office equipment	35	29
Right-of-use assets	394	393
	<hr/>	<hr/>
Total depreciation	432	425
<i>Amortisation</i>		
Software	42	101
	<hr/>	<hr/>
Total depreciation and amortisation	474	526
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	161	120
Interest and finance charges paid/payable on lease liabilities	58	59
Discount unwind on trail commission payments	9,881	7,771
	<hr/>	<hr/>
Finance costs expensed	10,100	7,950
Marketing expenses	1,795	821
Consultancy expenses	712	777
Defined contribution superannuation expense	561	468
	<hr/>	<hr/>

Note 6. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	890	565
Revenue accrual	21,369	21,292
Less: Allowance for expected credit losses	(305)	(281)
	<hr/>	<hr/>
Other receivables	673	345
	<hr/>	<hr/>
	22,627	21,921
	<hr/> <hr/>	<hr/> <hr/>

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2022

Note 7. Contract assets - trail commissions

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current assets</i>		
Contract assets	79,848	78,631
<i>Non-current assets</i>		
Contract assets	341,232	335,034
	<u>421,080</u>	<u>413,665</u>
<i>Reconciliation</i>		
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 2022 are set out below:		
Opening balance	413,665	348,094
Additions - new settlements	76,906	146,829
Run-off	(69,491)	(81,258)
Closing balance	<u>421,080</u>	<u>413,665</u>

Note 8. Loans receivable from related parties

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Loan receivables from Resi Wholesale Funding Warehouse Trust No.1	4,500	4,500
Loan receivable from Resi Wholesale Funding Pty Ltd	1,500	-
	<u>6,000</u>	<u>4,500</u>

The consolidated entity invested \$3,000,000 in July 2021 and an additional \$1,500,000 in May 2022 for Class G notes (previously, Class C notes) in the Resi Wholesale Funding Warehouse Trust No.1. The notes attract a fixed margin of 10% per annum plus BBSY rate on \$3,000,000 of Class G notes and 12% per annum plus BBSY rate on \$1,500,000 of Class G notes. As per note 19, subsequent to the end of the half-year, an agreement has been reached with a partner for the provision of mezzanine finance for the Resi Wholesale Funding Warehouse Trust No.1. This will result in the imminent redemption of \$4,500,000 in cash of the Class G notes to the consolidated entity.

On 14 October 2022, the consolidated entity loaned Resi Wholesale Funding Pty Ltd \$1,500,000 for a minimum period of 22 months. The loan is interest free and can be converted into shares of the borrower entity at the fixed price of \$1 per share at the election of the consolidated entity.

Note 9. Investments accounted for using the equity method

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Investments accounted for using the equity method	-	385
<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 2022 are set out below:		
Opening carrying amount	385	1,554
Share of loss after income tax	(385)	(1,169)
Closing carrying amount	-	385

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

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
50% share of net assets	6,802	7,500
Less: carrying amount	-	(385)
Net assets not recognised	6,802	7,115

Note 10. Right-of-use assets

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Right-of-use assets	5,297	5,296
Less: Accumulated depreciation	(2,716)	(2,322)
	2,581	2,974

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 are set out below:

Consolidated	Office premises \$'000	Others \$'000	Total \$'000
Balance at 1 July 2022	2,932	42	2,974
Additions	-	1	1
Depreciation expense	(382)	(12)	(394)
Balance at 31 December 2022	2,550	31	2,581

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2022

Note 11. Trade and other payables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	3,596	2,496
Trail commission payables	72,249	70,822
Accrued branch commissions	21,425	21,609
Accrued expenses	955	1,761
Clawback payables	238	194
Other payables	2,753	3,154
	<u>101,216</u>	<u>100,036</u>
<i>Non-current liabilities</i>		
Trade payables	669	1,449
Trail commission payables	313,476	305,732
Clawback payables	361	344
	<u>314,506</u>	<u>307,525</u>
	<u><u>415,722</u></u>	<u><u>407,561</u></u>

Note 12. Borrowings

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Bank loans	950	950
<i>Non-current liabilities</i>		
Bank loans	713	1,188
	<u>1,663</u>	<u>2,138</u>

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Bank loans	<u>3,663</u>	<u>4,138</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 2022

Note 12. Borrowings (continued)

Financing arrangements

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

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Total facilities		
Bank loans	3,663	4,138
Used at the reporting date		
Bank loans	1,663	2,138
Unused at the reporting date		
Bank loans	2,000	2,000

Note 13. Issued capital

	Consolidated			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	326,381,450	324,563,266	112,630	112,470

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2022	324,563,266		112,470
Shares issued to employees	19 October 2022	1,818,184	\$0.088	160
Balance	31 December 2022	<u>326,381,450</u>		<u>112,630</u>

Note 14. Dividends

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

Note 15. 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 2022	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Loan receivable from Resi Wholesale Funding Pty Ltd	-	-	1,500	1,500
Total assets	-	-	1,500	1,500

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2022

Note 15. Fair value measurement (continued)

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

The carrying amounts of trade and other receivables, loans receivable from related parties (Resi Wholesale Funding Pty Ltd) 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.

Note 16. Contingent liabilities

The consolidated entity has provided bank guarantees as at 31 December 2022 of \$1,085,000 (30 June 2022: \$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.

Note 17. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2022 %
Yellow Brick Road Holdings Limited	Australia	100%
Yellow Brick Road Group Pty Ltd	Australia	100%
ACN 128 650 037 Pty Ltd (formerly known as Yellow Brick Road Wealth Management Pty Ltd)	Australia	100%
Yellow Brick Road Finance Pty Ltd	Australia	100%
Exchange IQ Advisory Group Pty Ltd	Australia	100%
ACN 125 664 593 Pty Ltd (formerly known as Yellow Brick Road Accounting & Taxation Services Pty Ltd) (In Liquidation)	Australia	100%
ACN 124 480 084 Pty Ltd (formerly known as Yellow Brick Road Accounting and Wealth Management Pty Ltd) (In Liquidation)	Australia	100%
Boreanaz Pty Ltd*	Australia	100%
Carithas Pty Ltd*	Australia	100%
Skasgard Pty Ltd*	Australia	100%
YBR Services Pty Ltd	Australia	100%
ACN 124 553 206 Pty Ltd (formerly known as Yellow Brick Road Financial Planners Pty Limited)	Australia	100%
ACN 126 061 569 Pty Ltd (formerly known as Yellow Brick Road Investment Partners Pty Ltd)	Australia	100%
Finance Analysis Services of Australia Pty Ltd*	Australia	100%
YBR Administration Services Pty Ltd (formerly known as Money Management Pty Ltd)	Australia	100%
Vow Financial Pty Ltd	Australia	100%
Vow Financial Group Pty Ltd	Australia	100%
Vow Financial Holdings Pty Ltd	Australia	100%
Vow Financial Planning Pty Ltd*	Australia	100%
National Brokers Group Pty Ltd	Australia	100%
The Money Factory Pty Ltd	Australia	100%
The Mortgage Professionals Pty Ltd	Australia	100%
Select Mortgage Finance Pty Ltd	Australia	100%
Australian Property Finance Pty Ltd*	Australia	100%
Vow Wealth Management Pty Ltd	Australia	100%
Ironbark Mortgage Solutions Pty Ltd	Australia	100%
National Brokers Group Holdings Pty Ltd	Australia	100%
National Brokers Group Leasing Pty Ltd	Australia	100%

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2022

Note 17. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2022 %
RESI Mortgage Corporation Pty Ltd	Australia	100%
Loan Avenue Holdings Pty Ltd	Australia	100%
Loan Avenue Pty Ltd*	Australia	100%

* De-registered on 6 February 2023.

The de-registration and liquidation of dormant or non-trading subsidiaries follows a recent review to simplify the corporate structure of the consolidated entity.

Note 18. Earnings per share

	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	<u>(1,832)</u>	<u>(377)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>325,294,492</u>	<u>324,521,341</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>325,294,492</u>	<u>324,521,341</u>
	Cents	Cents
Basic earnings per share	(0.56)	(0.12)
Diluted earnings per share	(0.56)	(0.12)

Note 19. Events after the reporting period

Subsequent to the end of the half-year, an agreement has been reached with a partner for the provision of mezzanine finance for the Resi Wholesale Funding Warehouse Trust No.1. This will result in the imminent redemption of \$4,500,000 in cash of the Class G notes to the consolidated entity.

On 6 February 2023, some subsidiaries were de-registered to simplify the corporate structure of the consolidated entity (refer to note 17).

No other matter or circumstance has arisen since 31 December 2022 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 2022

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 2022 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

27 February 2023
Sydney

Independent Auditor's Review Report

To the Members of Yellow Brick Road Holdings Limited

Report on the review of 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 2022, 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 2022 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 2022 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



M A Adam-Smith
Partner – Audit & Assurance

Sydney, 27 February 2023