

Varsity Lakes Financial Services Limited

ABN 57 127 396 454

Half-year Financial Report - 31 December 2025

Varsity Lakes Financial Services Limited
Directors' report
31 December 2025

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2025.

Directors

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

Duane Damman Williams
Wayne McArthur Clinton

Stephen John Simpson
Eleanor Faye Gardner

Principal activity

The principal activity of the company during the financial half-year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

Review of operations

The profit for the company after providing for income tax amounted to \$75,930 (31 December 2024: \$60,606).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

Subsequent to the end of the half-year, on 5 February 2026, the directors declared a fully franked dividend of 9 cents per share, amounting to approximately \$55,954, payable on 10 March 2026. As the dividend was declared after the reporting date, it has not been recognised in the half-year financial statements.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

The board has held preliminary discussions with a third party (or parties) regarding the sale of the company's revenue rights under its franchise agreement with Bendigo Bank. The objective of these discussions is to maximise the value of the company's revenue rights for the benefit of its shareholders and stakeholders.

At the date of this report, discussions remained preliminary, and no binding agreements had been signed. No material developments had occurred in relation to this matter since the end of the reporting date. Should negotiations proceed further, the transaction would be subject to shareholder approval at a general meeting. For these reasons, the timing and likelihood of such a sale transaction is very uncertain.

The board will continue to update shareholders should any material developments arise. In the meantime, the company remains focused on managing its footings to maintain and enhance shareholder and customer value. Further disclosure regarding this matter is omitted from the half-year financial statements as this may result in unreasonable prejudice to the company.

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.

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



Stephen John Simpson
Chair

4 March 2026



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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03 5443 0344

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Varsity Lakes Financial Services Limited

I declare that, to the best of our knowledge and belief, during the half-year ended 31 December 2025 there have been:

- a. no contraventions of the auditor independence requirements as set out in 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 4 March 2026

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', is positioned above the printed name.

Lachlan Tatt
Lead Auditor

Varsity Lakes Financial Services Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025

	Note	31-Dec-25 \$	31-Dec-24 \$
Revenue from contracts with customers	4	353,617	360,431
Other revenue		-	10,853
Finance revenue		15,232	18,294
Total revenue		<u>368,849</u>	<u>389,578</u>
Employee benefits expense		(157,752)	(208,081)
Advertising and marketing costs		(2,161)	(1,270)
Occupancy and associated costs		(3,409)	(5,003)
Systems costs		(7,849)	(7,995)
Depreciation and amortisation expense		(29,357)	(29,229)
Finance costs		(3,088)	(3,881)
General administration expenses		(46,775)	(36,384)
Total expenses before community contributions and income tax		<u>(250,391)</u>	<u>(291,843)</u>
Profit before community contributions and income tax expense		118,458	97,735
Charitable donations, sponsorships and grants expense		(17,045)	(16,928)
Profit before income tax expense		101,413	80,807
Income tax expense		(25,483)	(20,201)
Profit after income tax expense for the half-year		75,930	60,606
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>75,930</u>	<u>60,606</u>
		Cents	Cents
Basic earnings per share		12.21	9.75
Diluted earnings per share		12.21	9.75

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

Varsity Lakes Financial Services Limited
Statement of financial position
As at 31 December 2025

	31-Dec-25 \$	30-Jun-25 \$
Assets		
Current assets		
Cash and cash equivalents	124,523	68,599
Trade and other receivables	42,180	34,815
Investments	434,592	419,360
Total current assets	<u>601,295</u>	<u>522,774</u>
Non-current assets		
Property, plant and equipment	64,199	61,969
Right-of-use assets	80,181	95,328
Intangibles	37,040	43,986
Deferred tax assets	11,270	12,677
Total non-current assets	<u>192,690</u>	<u>213,960</u>
Total assets	<u>793,985</u>	<u>736,734</u>
Liabilities		
Current liabilities		
Trade and other payables	28,337	27,976
Lease liabilities	39,707	39,699
Current tax liabilities	42,801	29,368
Total current liabilities	<u>110,845</u>	<u>97,043</u>
Non-current liabilities		
Trade and other payables	15,279	30,559
Lease liabilities	62,184	79,899
Provisions	22,068	21,554
Total non-current liabilities	<u>99,531</u>	<u>132,012</u>
Total liabilities	<u>210,376</u>	<u>229,055</u>
Net assets	<u>583,609</u>	<u>507,679</u>
Equity		
Issued capital	597,884	597,884
Accumulated losses	<u>(14,275)</u>	<u>(90,205)</u>
Total equity	<u>583,609</u>	<u>507,679</u>

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

Varsity Lakes Financial Services Limited
Statement of changes in equity
For the half-year ended 31 December 2025

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	597,884	(190,842)	407,042
Profit after income tax expense	-	60,606	60,606
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	60,606	60,606
Balance at 31 December 2024	<u>597,884</u>	<u>(130,236)</u>	<u>467,648</u>
Balance at 1 July 2025	597,884	(90,205)	507,679
Profit after income tax expense	-	75,930	75,930
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	75,930	75,930
Balance at 31 December 2025	<u>597,884</u>	<u>(14,275)</u>	<u>583,609</u>

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

Varsity Lakes Financial Services Limited
Statement of cash flows
For the half-year ended 31 December 2025

	31-Dec-25	31-Dec-24
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	375,393	398,362
Payments to suppliers and employees (inclusive of GST)	(265,161)	(318,679)
Distributions received	15,232	18,294
Income taxes paid	(10,643)	(5,952)
	<u>114,821</u>	<u>92,025</u>
Cash flows from investing activities		
Payments for investments	(15,232)	(68,294)
Payments for property, plant and equipment	(9,495)	-
Payments for intangible assets	(13,890)	(13,890)
Proceeds from disposal of property, plant and equipment	-	17,273
	<u>(38,617)</u>	<u>(64,911)</u>
Cash flows from financing activities		
Interest and other finance costs paid	(2,573)	(3,390)
Repayment of lease liabilities	(17,707)	(16,890)
	<u>(20,280)</u>	<u>(20,280)</u>
Net increase in cash and cash equivalents	55,924	6,834
Cash and cash equivalents at the beginning of the financial half-year	<u>68,599</u>	<u>85,000</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>124,523</u></u>	<u><u>91,834</u></u>

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

Varsity Lakes Financial Services Limited
Notes to the financial statements
31 December 2025

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. 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 2025 and any public announcements made by the company during the period.

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

Note 2. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of revenue under the franchise agreement. The franchise agreement expires on 29 September 2028.

The directors have a reasonable expectation that a new franchise agreement will be signed prior to the expiry date.

Note 3. Going concern

The financial statements for the half-year ended 31 December 2025 have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the 'Likely developments and expected results of operations' section of the directors' report, the board has held preliminary discussions with a third party (or parties) regarding the sale of the company's revenue rights under its franchise agreement with Bendigo Bank. If a sale were to occur, it is the board's intention to subsequently wind up the company's operations as its primary asset and income-generating activities would be transferred.

Nevertheless, based on the information available at the date of signing this financial report, the board expects that the company will continue in operational existence for the foreseeable future. This is because discussions around the potential sale of the revenue rights remained in the preliminary stage, no binding agreements had been signed and no material developments had occurred since the end of the period.

If negotiations were to proceed in the foreseeable future, the transaction would be subject to shareholder approval at a general meeting. As such, significant uncertainty exists as to whether a transaction will proceed and, if it does, the timing and terms of any such transaction.

The directors further note that the company recorded a strong financial position at 31 December 2025, with adequate resources to meet liabilities as they fall due. In the absence of any conclusive developments regarding the sale of the company's revenue rights, the board considers the going concern basis of preparation appropriate at this time.

Note 4. Revenue from contracts with customers

	31-Dec-25	31-Dec-24
	\$	\$
Margin income	321,316	327,074
Fee income	12,666	16,237
Commission income	19,635	17,120
Revenue from contracts with customers	<u>353,617</u>	<u>360,431</u>

Disaggregation of revenue

All revenue from contracts with customers has been recognised at a point in time during the half-year.

Varsity Lakes Financial Services Limited
Notes to the financial statements
31 December 2025

Note 5. Dividends

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

Note 6. Contingent assets and liabilities

There were no contingent assets or liabilities at the date of this report.

Note 7. Related party transactions

The company has related party transactions that include payments to not-for-profit organisations affiliated with certain directors. These related party transactions are consistent with those disclosed in the company's financial report for the year ended 30 June 2025. There have been no significant changes to the nature or amount of these related party transactions during the half-year ended 31 December 2025.

Note 8. Events after the reporting date

Subsequent to the end of the half-year, on 5 February 2026, the directors declared a fully franked dividend of 9 cents per share, amounting to approximately \$55,954, payable on 10 March 2026. As the dividend was declared after the reporting date, it has not been recognised in the half-year financial statements.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Varsity Lakes Financial Services Limited
Directors' declaration
31 December 2025

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 company's financial position as at 31 December 2025 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



Stephen John Simpson
Chair

4 March 2026



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Independent auditor's review report to the Directors of Varsity Lakes Financial Services Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Varsity Lakes Financial Services Limited (the company), which comprises the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, 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 Varsity Lakes Financial Services Limited does not comply with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 3 in the half-year financial statements and the 'Likely developments and expected results of operations' section of the directors' report, which describes the company's intention to pursue the sale of its revenue rights to another entity.

Should this transaction proceed, the company intends to wind up its operations, as its primary assets and core business activities would be transferred to another entity. At the date of this report, discussions remain preliminary, and are conditional on various matters, as described in the half-year financial report. There is significant uncertainty as to whether and when such a transaction may occur.

The directors expect the company will continue to operate for the foreseeable future and for these reasons continue to prepare the company's half-year financial report on the going concern basis. Our conclusion is not modified in respect of this matter.

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.

Responsibility of the directors for the 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 company's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Australian 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 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.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 4 March 2026



Lachlan Tatt
Lead Auditor