ANNUAL REPORT

YHA Ltd

ABN 94 008 387 791

Year Ending 31 December 2025

CONTENTS

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of YHA Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 31 December 2025.

1. The names and other information of the Directors of the company in Office

The names, qualifications and experience of the Directors in office at any time during or since the end of the financial year are as follows:

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Name	*Qualifications*	*Experience*	*Responsibilities*	*Elected*
Todd Alan Atkinson	Bcom, GAICD	Hospitality and Liquor Industry CEO.		Appointed 6 April 2024 to April 2026.
Craig Anthony Berger	Post Graduate Diploma of Applied Finance & Investments, BA, FINSIA. MAICD	YHA Member since 2015. Investment Management.		Appointed May 2023 to April 2025
Bronwyn Teresse Dallow	M.International Management, Grad Dip Business, MAICD	YHA member since 2011. General Manager Business Chamber; Hospitality Executive; Tourism; HRD & Training ; Non- Executive Director.	Vice Chair from April 2020. Chair of Nominations, Remuneration & HR Committee from April 2019 to March 2022, and from April 2024, Chair of Election Committee from April to September 2019 and from April 2020 to March 2022, and from April 2023.	15 April 2017 to April 2026
Christopher Gawan-Taylor	MBA (AGSM), B.Arch., B.Sc., MAICD	Consulting, Strategy, Hospitality and Real Estate.		6 April 2024 to April 2025.
Reid Edward Johnson	BSci, Master in General Management, AICD.	IT Executive.		Appointed 22 October 2022 to April 2024. Elected 6 April 2024 to April 2027.
Tammy Lea Marshall	BBus, Graduate Diploma in Business Administration, MBA, GAICD	YHA member since 2019. Managing Director / owner of Management Consulting business.	Chair from April 2024. Chair of Nominations, Remuneration & HR Committee from April 2022 to April 2024. Chair of Election Committee from April 2022 to April 2023.	Appointed 13 June 2019. Elected 17 April 2021 to April 2027.
Varun Nair	BE ME	General Manager		Appointed 5 April 2025 to April 2027.
Simon Paul Spicer	BEc, CA, GAICD	YHA member since 2018. Finance and Strategy Executive.	Chair of Audit & Risk Committee from April 2019.	Appointed 1 September 2018. Elected 5 April 2025 to April 2028.
Jennifer Ching Wai Tang	BCom, LLB	Managing Director, Investment firm.	Chair of Nominations, Remuneration & HR Committee from April 2025.	Appointed 1 January 2022 to April 2023. Elected 15 April 2023 to April 2026.
Belinda Anne von Bibra	B.Biotech.Innov (Hons), MBA, GAICD	Executive and Non Executive Director		Elected 5 April 2025 to April 2028
David James Young	BCom, LLM. FCA, GAICD	Director, Airline and Hospitality Commercial Executive.	Chair of ESG Committee from November 2023.	Appointed 1 January 2022 to April 2025. Appointed 5 April 2025 to April 2027.

Company Secretary

Stephen Lynch was appointed as Company Secretary on 23 September 2009.

2. Meetings of Directors

The following table sets out the Board and Committee meetings held during the year and the number attended by each Director where applicable. The Committees are: Audit and Risk Committee, Nominations Remuneration and Human Resources Committee, Environment Social and Governance Committee and Election Committee.

Director	Board of Director Meetings		Committee Meetings	
	Number Held / Eligible to Attend	Number Attended	Number Held / Eligible to Attend	Number Attended
Todd Alan Atkinson	6	6	6	4
Craig Anthony Berger	1	1	1	1
Bronwyn Teresse Dallow	6	6	8	7
Christopher Gawan-Taylor	1	1	2	2
Reid Edward Johnson	6	6	5	5
Tammy Lea Marshall	6	6	13	9
Simon Paul Spicer	6	6	7	6
Jennifer Ching Wai Tang	6	5	6	6
David James Young	6	6	8	8
Varun Nair	5	5	5	4
Belinda Von Bibra	5	4	4	3

The above meeting attendance is for YHA Ltd. Youth Hostels Association of Queensland (YHA Queensland) and YHA WA Pty Ltd held 1 Board of Directors meeting. YHA Travel to Learn Limited held 2 Board of Directors meetings.

3. Short and Long Term Objectives

The objects of the group are:

(a) represent the interests of the company and its Affiliated Entities internationally with Hostelling International and its Affiliated Entities;
(b) promote youth hostelling internationally, including fostering an appreciation of a range of cultural values;
(c) promote youth hostelling throughout Australia and its dependent territories, and to promote interstate and international friendship through the development of youth hostelling;
(d) provide educational opportunities in Australia for all people, but especially young people, to:
  (1) achieve personal development;
  (2) foster friendship; and
  (3) bring about a better understanding of others and the world around them;
(e) facilitate education by providing, operating and assisting others to provide and operate, hostels or similar accommodation in which there are no distinctions of race, nationality, colour, religion, gender, sexual orientation, class or political opinion;
(f) educate, by promoting and encouraging:
  (1) travel;
  (2) healthy recreational experiences;
  (3) sustainability and environmental conservation;
  (4) Social impact and
  (5) interstate and international friendships and understanding, particularly through the development and provision of facilities and services to assist travellers within and outside Australia;
(g) actively promote Australia as a prime holiday destination for the members of overseas organisations affiliated with Hostelling International; and
(h) provide information or advice to any government, company or any other organisation in relation to any of the foregoing.

4. Strategy for achieving Objectives

(1) To be the market leader in the provision of low cost, quality accommodation in Australia and at least maintain current market share.
(2) To be the market leader in providing services to free independent travellers (FITs).
(3) To be a dynamic customer driven organisation responsive to change.
(4) To develop the business and activities of YHA in accordance with the national and international aims and objectives of the organisation.
(5) To achieve the most effective structure for YHA in Australia.
(6) To provide an annual operating surplus to reinvest in the further growth and development of YHA services and resources.
(7) To continue to exercise the organisation's social, cultural, economic, educational and environmental responsibilities as a major international membership organisation.
(8) To continue to develop YHA's People and Culture as a means of achieving the above objectives.
(9) To manage risk through selected strategies and regular review.

5. Principal Activities

The principal activities of the group during the financial year were to provide secure, high quality, low cost accommodation to members in YHA properties and, through affiliated organisations, enable access to such accommodation throughout the world. In addition, the company operates food and beverage operations at some properties and some travel and tour booking services. These activities are directed at achieving the specific objectives of the group.

6. Operating Results

The consolidated deficit after tax for the financial year ended 31 December 2025 was $1,368,840 (2024 deficit of $2,019,983). The number of member overnights for the year was 863,883 (2024: 850,476).

The 2025 deficit included:

Total revenue and other income increased by 10.6% to $59,095,083 (2024: $53,415,245), driven by strong trading momentum in overnight and F&B services. Property revenue rose 10.9% to $55,983,971 (2024: $50,050,449), led by: Hostel revenue up 11.5% to $50,916,577 (2024: $45,667,018), reflecting stronger demand and yield across the portfolio and no disruption to room sales from refurbishments as experienced in 2024. Food & beverage revenue was up by 26.1% to $4,071,894 (2024: $3,229,516), due to increases at major city properties and the opening of Hobart Town Hotel in September 2025.

Total expenses increased by 9.1% to $60,463,923 (2024: $55,435,228). Employee benefits rose 15.2%, reflecting higher occupancy, new locations at Byron Bay and Hobart Town Hotel and change to employee operation in all regional properties, wage inflation, and the full year effect of roles supporting operations, sales and customer initiatives. Depreciation and amortisation increased by 23.4% to $6,453,582 (2024: $5,228,014), driven by the completion of 2024 refurbishments and software amortisation for the YHA Explorer APP. Finance costs were broadly flat at $6,705,425 (2024: $6,671,800). Other expenses were up by 1.0%, cost of goods sold and operating expenses increased to be consistent with higher F&B and overnight revenues. Administration, marketing and insurance decreased. Loss on disposal of property includes the loss on sale of YHA Alice Springs and YHA Dunsborough.

7. Review of Operations

The annual report is prepared on a consolidated basis and includes the operations of YHA Ltd (property operations including F&B, membership, travel and tour sales), YHA Queensland (property owner), YHA Travel to Learn Limited (YHA's charity) and YHA WA Pty Ltd (dormant).

The group uses occupancy percentage or utilisation of the beds in each guest room as a measure of performance together with quality ratings from guests. The property bed occupancy in 2025 for operated properties was 68.39% (2024 65.57%), ratings were in the desired range and several properties achieved consistently high ratings.

During the year, YHA advanced several significant strategic initiatives that strengthened the organisation's national footprint, enhanced its operational capability, and reinforced its commitment to sustainable and purpose-driven growth. The opening of the Hobart Town Hotel marked an important milestone as YHA's first entry into pub operations, extending the organisation's food and beverage presence beyond the traditional accommodation portfolio. In Byron Bay, the launch of The Deck introduced a capital-light operating model while expanding accommodation capacity through the opening of a new property, supporting both guest demand and long-term network optimisation.

YHA completed its multi-year property consolidation program with the strategic divestment of Alice Springs and Dunsborough, allowing the organisation to focus resources on higher-performing assets and future growth priorities. Across the Tasman, YHA welcomed YHA New Zealand members into its network, providing continued support to the New Zealand hostel community and ensuring the preservation of the YHA brand for travellers in the region.

Major progress was achieved on the Railway Square redevelopment, with all structural slabs poured and the emerging bar and restaurant space beginning to reveal its future outlook. This project represents a significant investment in Sydney's accommodation capacity and is expected to become a flagship experience for domestic and international guests.

Digitally, YHA continued to modernise the guest journey. Adoption of the YHA Explorer App reached 33 percent across the network, strengthening the organisation's direct engagement with guests. The introduction of digital wallet keys—an Australasian first—delivered seamless, contactless check-in with strong guest satisfaction. Further advancements in property technology, including the rollout of robot vacuums and the implementation of self-service kiosks, improved operational efficiency and convenience for both guests and staff. These initiatives helped YHA Sydney Harbour achieve a record guest sentiment score of 90 percent, reflecting continued uplift in service quality and property performance.

The organisation's leadership in sustainability was independently validated through several major certifications. YHA was formally recognised as a Certified B Corporation, meeting rigorous global standards of social and environmental performance and reinforcing its commitment to purpose-driven operations. Additionally, every YHA property achieved eco-certification from Ecotourism Australia, marking the organisation's first year of 100 percent certified sustainable accommodation across its entire network. YHA also attained HIQ\&S certification, affirming compliance with Hostelling International's international quality and sustainability benchmarks.

YHA's investment in its people continued to strengthen organisational culture. Certification as a Great Place to Work reflected a positive and inclusive workplace environment, underpinned by expanded wellness benefits including paid paternal leave and dedicated women's health leave. These initiatives supported YHA's long-term focus on wellbeing, retention, and a values-aligned employee experience.

The Travel to Learn Foundation completed its inaugural year of activity, enabling disadvantaged students to access transformative educational travel opportunities. Through new for-purpose educational partnerships, YHA broadened learning access for all school excursion groups staying at its properties, reinforcing the organisation's mission to create opportunities for young people to connect, learn, and explore.

8. Dividends

YHA Ltd is a for purpose company limited by guarantee and does not pay dividends. Every Member undertakes to contribute to the property of the company in the event of it being wound-up for payment of the debts and liabilities of the company, such amount as may be required, not exceeding $1.

9. Significant Changes in the State of Affairs

The Directors are not aware of any matter or circumstance not otherwise dealt with in this report or the financial report that has significantly or may significantly affect the operations of the group, the result of those operations or the state of affairs of the group for the year ended 31 December 2025.

10. Significant Events since the end of Financial Year

The Directors of the company are not aware of any other matter or circumstance that has arisen since the end of the financial year which is likely to significantly affect the operations of the group, the results of those operations or state of affairs of the group in future financial years.

11. Likely Developments

Likely developments in the operations of the group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the group.

12. Directors' and Officers' Liability Insurance

The company has arranged a Directors' and Officers' Liability Insurance policy, which covers all the Directors and Officers of the company against certain liabilities they may incur in carrying out their duties for YHA Ltd. The terms of the policy prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

13.Environmental Reporting
The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State or Territory.

14.Proceedings on behalf of the company
No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

15.Auditor's Independence Declaration
The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27.

16.Rounding of amounts
The company is of a kind referred to in the ASIC Legislative Instrument 2016/191 relating to 'rounding off' of amounts in the Directors' Report. Amounts have been rounded off in accordance with the instrument to the nearest dollar.

Signed in accordance with a resolution of the Directors.

Tammy Marshall
Tammy Marshall (Feb 22, 2026 11:16:05 GMT+11)
Tammy Marshall
Director

21 February 2026

Simon Spicer
Simon Spicer (Feb 22, 2026 12:42:54 GMT+11)
Simon Spicer
Director

21 February 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025	2024
		$	$
Revenue			
Revenue from contracts with customers and other revenue	3	57,430,344	51,452,376
Interest revenue		1,664,739	1,962,869
		59,095,083	**53,415,245**
Expenses			
Employee benefits expense	4	(27,069,578)	(23,504,354)
Depreciation & amortisation expense	4	(6,453,582)	(5,228,014)
Finance costs	4	(6,705,425)	(6,671,800)
Other expenses	4	(20,235,338)	(20,031,060)
		(60,463,923)	**(55,435,228)**
(Deficit) before income tax		**(1,368,840)**	**(2,019,983)**
Income tax (expense)	5	-	-
(Deficit) / surplus after income tax		(1,368,840)	(2,019,983)
Other Comprehensive income		-	-
Total Comprehensive Income		**(1,368,840)**	**(2,019,983)**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 $	2024 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	6,046,402	2,628,303
Trade and other receivables	7	262,608	202,988
Financial assets	8	35,022,429	1,333,490
Inventories	9	111,753	64,538
Other current assets	10	1,434,466	1,284,899
Non-current assets classified as held for sale	11	-	2,659,497
Total Current Assets		42,877,658	8,173,715
Non-current Assets			
Financial assets	8	-	33,578,756
Property, plant and equipment	12	111,332,523	112,876,691
Lease assets	13	2,492,828	1,997,972
Intangible assets	14	3,007,264	3,287,353
Total Non-current Assets		116,832,615	151,740,772
TOTAL ASSETS		159,710,273	159,914,487
LIABILITIES			
Current Liabilities			
Trade and other payables	15	3,166,838	3,357,891
Lease liabilities	13	185,273	94,738
Borrowings	16	92,228,360	561,620
Provisions	17	1,563,326	1,538,623
Contract liabilities	18	2,394,096	2,087,715
Total Current Liabilities		99,537,893	7,640,587
Non-current Liabilities			
Trade and other payables	15	8,775	14,349
Lease liabilities	13	2,610,976	2,166,353
Borrowings	16	-	91,224,836
Provisions	17	170,490	117,383
Total Non-current Liabilities		2,790,241	93,522,921
TOTAL LIABILITIES		102,328,134	101,163,508
NET ASSETS		57,382,139	58,750,979
EQUITY			
Accumulated surplus		53,624,430	54,993,270
Revaluation reserve		3,757,709	3,757,709
TOTAL EQUITY		57,382,139	58,750,979

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Revaluation Reserve	Accumulated Surplus	Total Equity
	$	$	$
Balance at 1 January 2024	3,757,709	57,013,253	60,770,962
Deficit after income tax	-	(2,019,983)	(2,019,983)
Other comprehensive income	-	-	-
Balance at 31 December 2024	3,757,709	54,993,270	58,750,979
Deficit after income tax	-	(1,368,840)	(1,368,840)
Other comprehensive income	-	-	-
Balance at 31 December 2025	3,757,709	53,624,430	57,382,139

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025	2024
		$	$
Cash flows from operating activities			
Receipts from members and customers		63,444,816	56,001,154
Payments to employees		(27,065,046)	(23,240,977)
Payments to suppliers		(26,260,651)	(26,479,004)
Interest received		138,556	441,401
Finance costs paid		(6,317,837)	(6,284,212)
Net cash provided by operating activities		3,939,838	438,362
Cash flows from investing activities			
Purchase of plant, equipment & software		(3,989,477)	(13,710,309)
Receipt of financial asset		1,333,490	1,276,445
Development of property		(503,044)	(287,956)
Receipt of interest from financial assets		82,510	139,554
Proceeds from sale of property, plant & equipment		2,615,700	-
Net cash (used in) investing activities		(460,821)	(12,582,266)
Cash flows from financing activities			
Proceeds from borrowings		985,405	834,267
(Repayment) of borrowings		(931,089)	(272,647)
Payments for the principal portion of lease liabilities		(115,234)	(88,803)
Net cash provided by financing activities		(60,918)	472,817
Net increase / (decrease) in cash and cash equivalents		3,418,099	(11,671,087)
Cash and cash equivalents at the beginning of the year		2,628,303	14,299,390
Cash and cash equivalents at the end of the year	6	6,046,402	2,628,303
Non-cash financing and investing activities	26		

The accompanying notes form part of these financial statements.

NOTE 1 - SUMMARY OF MATERIAL ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, as appropriate for Not-for-Profit entities and the *Corporations Act 2001*. The consolidated financial report of the group as at and for the year ended 31 December 2025 comprises YHA Ltd (the company) and its controlled entities which include Youth Hostels Association of Queensland, YHA Travel to Learn Limited and YHA WA Pty Ltd (formerly YHA WA Inc). YHA Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 21 February 2026.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Basis of Preparation

Reporting Basis and Conventions

The following is a summary of the material accounting policies adopted by YHA Ltd in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Going concern

At 31 December 2025, the Group had a net current asset deficiency of $56,660,235 (31 December 2024: net current assets of $533,128) and net assets of $57,382,139 (31 December 2024: net assets of $58,750,979). The Group entered into a five-year Financing Facility Agreement (‘the Agreement’) from 22 December 2021. The Group's net deficiency of current assets position is due to this facility expiring in December 2026. The Group will seek to refinance/extend the facility beyond December 2026. The Directors are confident they can negotiate an extension or refinancing of the existing debt position.

The Group has complied with applicable covenants throughout the facility agreement throughout the period of the financing and has maintained serviceability. The Group has generated positive operating cash flows and is forecast to continue to do so in FY26 and beyond. The Group’s current LVR as at December 2025 is 35%.

Based on the above, the financial statements have been prepared on a going concern basis. This contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Should the directors be unable to obtain an extension or refinance debt as described above, there is a material uncertainty which may cast significant doubt about the Group's ability to continue operating as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Accounting Policies

Property Plant & Equipment

Property, plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of its recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

NOTE 1 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Depreciation

Buildings, plant and equipment are depreciated on a straight line basis over the estimated useful life of the asset to the Company.

The estimated useful lives are:

Freehold Buildings	17 - 50 years
Leasehold Buildings	lesser of the term of the lease agreement and 40 years
	(except Thredbo where the carrying value is written down over 50 years.)
Plant and Equipment	3 - 10 years
Intangible assets	3 years or term of the lease if applicable

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost.

Financial assets at amortised cost

Financial assets are classified (and measured) at amortised cost on the basis that:

(a) they are held within a business model whose objective is achieved by the group holding the financial asset to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments.

Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturity dates of six months or less and which are used in the cash management function on a day to day basis.

NOTE 1 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between 3 and 5 years. It is assessed annually for impairment.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Revenue recognition

The group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Hostel Revenue

The group's performance obligation is to provide accommodation and other goods and services to guests. Hostel revenue includes rooms or beds revenue and other sales such as food and beverage, which is recognised when the rooms or beds are occupied, and food and beverages are sold.

Membership Revenue

Membership Fees are payable on a guest's first stay with YHA in Australia and are either perpetual or expire after a term of 2 years or resignation. Membership fees are recognised as revenue in the year that the memberships are sold and are not refundable. Membership fees are also payable for Australians travelling overseas who have not yet stayed at a YHA hostel in Australia.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned. Any rent received in advance is recognised as deferred income.

Fair Value Measurement

When an asset, financial or non-financial, is measured at fair value for disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

NOTE 1 - SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss.

Due to the principle of mutual income, a significant portion of the receipts recognised as income represents amounts received from members and does not represent income of the group for income tax purposes.

Rounding of amounts

The company is of a kind referred to in the ASIC legislative Instrument 2016/191 relating to 'rounding off' of amounts in the financial report. Amounts have been rounded off in accordance with the instrument to the nearest dollar.

Contract liabilities

Contract liabilities represent the group's obligation to provide accommodation services to a customer and are recognised when a customer pays consideration, or when the group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the group has provided accommodation services to the customer.

NOTE 2 - CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of useful lives of assets

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of property prices, technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives of assets are less than previously estimated or technically obsolete. Non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions including:

- Bed occupancy % stabilised over the year with state and international economic activity similar to prior year, in the range as from 65% up to 90%.
- Average bed rates increasing as demand from Australian and International individual travellers and groups strengthens and is in the range of $40-$65 in competitive locations with less demand and in the range $65-$100 in higher demand locations and times of peak demand.
- Discount rate in the range of 9% to 12% and capitalisation rates in the range from 6% to 12%.

Goodwill and other indefinite life intangible assets

The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy earlier stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Deferred Tax Assets

Recovery of tax losses

The group does not regard it as appropriate to recognise in its financial statements any possible future income tax benefit arising from tax losses and other timing differences as there is no probability of recovery of these benefits.

Financial asset discount rate

The discount rate used to estimate present value of the financial asset was the corporate bond rate of 4.38%, the measurement was made from the date of settlement of the disposal of Railway Square YHA to November 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - REVENUE AND OTHER INCOME

	Note	2025	2024
Revenue from contracts with customers		**$**	**$**
Hostel		50,916,577	45,667,018
Food and beverage		4,071,894	3,229,516
Travel & tours commission		9,233	18,186
Other hostel revenue		904,609	903,182
Sundry revenue		81,658	232,547
Total revenue from contracts with customers		55,983,971	50,050,449
All revenue from contracts with customers is recognised at a point in time.			
Other revenue			
Membership		674,910	596,061
Donations		6,426	17,585
Rent		765,037	788,281
Total other revenue		1,446,373	1,401,927
Total revenue		57,430,344	51,452,376

NOTE 4 - EXPENSES

	Note	2025	2024
Salaries and wages		22,959,375	20,121,477
Superannuation		2,636,569	2,192,463
Other benefits		1,473,634	1,190,414
Total employee benefits		27,069,578	23,504,354
Depreciation of property plant & equipment	12	5,727,943	5,048,264
Amortisation of lease assets	13	155,536	128,436
Amortisation of software	14	570,103	51,314
Total depreciation and amortisation		6,453,582	5,228,014
Borrowing costs		1,092,801	992,602
Bank interest		5,490,854	5,576,602
Insurance premium interest		31,937	19,116
Lease liability interest		89,833	83,480
Total finance costs		6,705,425	6,671,800
Cost of goods sold		1,749,426	1,313,197
Loss on disposal of property, plant & equipment		135,807	661,859
Operating expenses		9,564,832	9,084,884
Administration, marketing and insurance		6,389,482	6,830,963
Property expenses		2,295,791	2,045,057
Audit		100,000	95,100
Total other expenses		20,235,338	20,031,060

	2025 $	2024 $
NOTE 5 - INCOME TAX		
a) Reconciliation of effective tax rate		
Income tax expense using the domestic corporation tax rate of 25% (2024: 25%)	(342,210)	(504,996)
Add / (subtract) tax effect of:		
Income and expenses exempt under principle of mutuality	(510,923)	129,626
Income tax losses not recognised as deferred tax asset	853,133	375,370
Income tax expense	-	-

b) Principle of mutuality

The estimated amount of income subject to the mutuality principle is 95% (2024: 95%).

c) Unrecognised tax losses

The following tax losses from non-mutual income have not been brought to account as a deferred tax asset:

	2025 $	2024 $
YHA Ltd	16,070,297	12,874,579
YHA Queensland	5,472,349	5,104,378
Tax losses	21,542,646	17,978,957

The group does not regard it as appropriate to recognise in its financial statements any possible future income tax benefit arising from the aforementioned tax losses and other timing differences as there is no probability of recovery of this benefit.

NOTE 6 - CASH AND CASH EQUIVALENTS

	2025 $	2024 $
Cash on hand	8,038	7,400
Cash at bank	6,005,364	2,620,903
Cash on deposit	33,000	-
	6,046,402	2,628,303

NOTE 7 - TRADE & OTHER RECEIVABLES

Current

	2025 $	2024 $
Trade receivables	262,608	202,988
	262,608	202,988

NOTE 8 - FINANCIAL ASSETS

	2025 $	2024 $
Financial assets measured at amortised cost:		
Railway Square YHA - forgone cash flow payments	1,274,653	2,608,143
Railway Square YHA - sale proceeds	33,747,776	32,304,103
	35,022,429	34,912,246
Financial assets are classified in the statement of financial position as:		
Current	35,022,429	1,333,490
Non-current	-	33,578,756
	35,022,429	34,912,246

	2025 $	2024 $
NOTE 9 - INVENTORIES		
Finished goods	111,753	64,538
	111,753	64,538
NOTE 10 - OTHER ASSETS		
Current		
Prepayments	1,434,466	1,284,899
	1,434,466	1,284,899
NOTE 11 - NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Freehold Land and Building		
At cost	-	3,305,674
Less: Accumulated depreciation	-	(646,177)
Total non-current assets classified as held for sale	-	2,659,497

The non-current assets classified as held for sale in 2024 were Dunsborough YHA and Alice Springs YHA. Both these properties were sold in 2025.

	2025 $	2024 $
NOTE 12 - PROPERTY, PLANT AND EQUIPMENT		
Freehold Land and Buildings		
At cost	108,762,948	107,160,665
Less: Accumulated depreciation	(40,687,523)	(37,935,453)
	68,075,425	69,225,212
Leasehold Land and Buildings		
At cost	31,508,750	31,397,045
Less: Accumulated depreciation	(12,728,906)	(11,786,648)
	18,779,844	19,610,397
Plant and Equipment		
At cost	23,897,963	21,963,827
Less: Accumulated depreciation	(12,944,048)	(11,376,439)
	10,953,915	10,587,388
Work in progress - at cost	13,523,339	13,453,694
Total Property, Plant and Equipment	111,332,523	112,876,691

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

The following are movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

		2025 $	2024 $
Freehold Land & Buildings			
Balance at the beginning of the year		69,225,212	67,306,190
Additions		1,372,455	6,712,342
Disposals		-	(268,480)
Transfers		229,828	444,858
Transfer to non-current assets held for sale		-	(2,495,605)
Depreciation expense		(2,752,070)	(2,474,093)
Carrying amount at the end of the year		68,075,425	69,225,212
Leasehold Land & Buildings			
Balance at the beginning of the year		19,610,397	19,143,315
Additions		111,705	1,117,261
Transfers		-	224,250
Depreciation expense		(942,258)	(874,429)
Carrying amount at the end of the year		18,779,844	19,610,397
Plant & Equipment			
Balance at the beginning of the year		10,765,388	7,744,833
Additions		2,203,611	4,537,230
Disposals		(18,732)	(396,757)
Transfers		37,263	743,716
Transfer to non-current assets held for sale		-	(163,892)
Depreciation expense		(2,033,615)	(1,699,742)
Carrying amount at the end of the year		10,953,915	10,765,388
Work in progress			
Balance at the beginning of the year		13,275,694	14,607,050
Additions		11,692	(6,488)
Additions development work in progress		503,044	287,956
Transfers		(267,091)	(1,612,824)
Carrying amount at the end of the year		13,523,339	13,275,694
Total			
Balance at the beginning of the year		112,876,691	108,801,388
Additions		3,699,463	12,360,345
Additions development work in progress		503,044	287,956
Disposals		(18,732)	(665,237)
Transfers (to) / from intangibles	14	-	(200,000)
Transfer to non-current assets held for sale		-	(2,659,497)
Depreciation expense		(5,727,943)	(5,048,264)
Carrying amount at the end of the year		111,332,523	112,876,691

NOTE 13 - LEASE ASSETS AND LEASE LIABILITIES

At the commencement date of a lease (other than leases of 12-months or less and leases of low-value assets), the group recognises a lease asset representing its right of use to the underlying asset and a lease liability representing its obligation to make lease payments.

Operating leases pertain to properties leased for the provision of accommodation to members. The leases typically run for periods up to 3 to 5 years with varying terms and renewal options except for Thredbo YHA (to 2057), Sydney Harbour YHA variable lease payments (to 2108) and Fremantle Prison YHA (with options to 2034).

The group leased a property in Byron Bay for a term not exceeding 6 years. The group is required to return the underlying assets in a specified condition at the end of the lease term. This note provides information for leases where the group is a lessee.

(i) Amounts recognised in the statement of financial position:

	2025	2024
Carrying value of lease assets, by class of underlying asset:	**$**	**$**
Land and buildings	2,492,828	1,997,972
Carrying amount at the end of the year	2,492,828	1,997,972

Reconciliation of the carrying amount of lease assets at the beginning and end of the year:

	2025	2024
Carrying amount at the beginning of the year	1,997,972	2,126,408
Additions	650,392	-
Amortisation	(155,536)	(128,436)
Carrying amount at the end of the year	2,492,828	1,997,972

	2025	2024
Lease liabilities		
Current	185,273	94,738
Non-current	2,610,976	2,166,353
	2,796,249	2,261,091

(ii) Amounts recognised in the statement of comprehensive income:

	2025	2024
Interest expense (included in finance costs)	(89,833)	(83,480)
Expense relating to variable lease payments not included in lease liabilities (included in property expenses)	(249,270)	(383,661)
The total cash outflow for leases was:	(454,337)	(557,773)
Future lease payments		
Payable not later than 1 year	296,940	175,068
Later than 1 year but not later than 5 years	1,235,220	710,176
Later than 5 years	2,517,737	2,593,512
	4,049,897	3,478,756

Other commitments

The group has a Lease Agreement with Property NSW (formerly Sydney Harbour Foreshore Authority) to operate a Youth Hostel and Education Centre in The Rocks, Sydney. The lease requires a contribution to a sinking fund to be used for the maintenance of The Rocks Big Dig archaeology site which the hostel sits over. This sinking fund is capped at $747,000 and increases annually by CPI adjustment as does the contribution per overnight since the lease commenced in 2009.

NOTE 14 - INTANGIBLE ASSETS

	2025 $	2024 $
Licences - at cost	116,681	116,681
Licences	116,681	116,681

The recoverable amount of the Liquor Licence is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 10-year period with the period extending beyond five years extrapolated using an estimated growth rate.

	2025 $	2024 $
Goodwill - at cost	2,064,101	2,064,101
Goodwill - accumulated impairment	(400,000)	(400,000)
	1,664,101	1,664,101

The recoverable amount of the Goodwill is determined together with the cash-generating unit which includes property, plant and equipment and is based on value-in-use calculation.

	2025 $	2024 $
Computer software - at cost	2,455,379	2,165,365
Less: accumulated amortisation	(1,228,897)	(658,794)
	1,226,482	1,506,571
Total intangible assets	3,007,264	3,287,353

The following are movements in the carrying amounts for each class of liquor licence, goodwill and computer software between the beginning and the end of the current financial year.

	Licences $	Goodwill $	Computer software $	Total $
Carrying amount at the beginning of the year	116,681	1,664,101	1,506,571	3,287,353
Additions	-	-	290,014	290,014
Amortisation charge	-	-	(570,103)	(570,103)
Carrying amount at the end of the year	116,681	1,664,101	1,226,482	3,007,264

NOTE 15 - TRADE AND OTHER PAYABLES

	2025 $	2024 $
Current		
Trade creditors	671,856	1,461,489
Accrued expenses	1,770,791	1,334,989
BAS payable	365,463	217,801
Other payables	358,728	343,612
	3,166,838	3,357,891
Non-current		
Rental bonds	8,775	14,349
	8,775	14,349

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 - BORROWINGS

		2025	2024
		$	$
Current	Insurance premium funding	615,936	561,620
	Syndicated facility	91,612,425	-
		92,228,360	561,620
Non-current	Syndicated facility	-	91,224,836
	Total Borrowings	92,228,360	91,786,456

1. The Syndicated Facility Agreement commenced in December 2021, and has a facility limit of $92,000,000 (2024: $92,000,000) and consists of a drawn facility of $92,000,000 (2024: $92,000,000). The term of the facility is for 5 years to December 2026 and has a fixed interest fee on drawn facilities. The facility allows mandatory and voluntary prepayment and with any prepayment a permanent reduction in the facility. Prepayments are required if there is a surplus of cash over a certain level. There are annual fees for a Security Trustee and Agent and Facility Manager.

2. The syndicated facility is secured by a first ranking fixed and floating charge over all the assets of the group and first ranking mortgages over 16 hostel properties. The covenants within the facility require the group to maintain the loan to value ratio at less than or equal to 45% (2024: 50%) and an interest cover ratio (ICR) of earnings before interest, tax, depreciation and amortisation (EBITDA) less provision for capital expenditure of 4% of hostel revenue over interest expense greater than or equal to 1.4 times by the next test date in March 2026.

3. The group complied with the financial covenants of its facility during the 2025 year. The facility has a number of review events relating to liquidity and if these are triggered a review event is called rather than a default event and certain time frames are required to correct the review event.

	2025	2024
The syndicated facilities as at the balance date are:	$	$
Credit facilities	92,000,000	92,000,000
Amount utilised	92,000,000	92,000,000
Amount unutilised	-	-

Assets Pledged as Security

The carrying amounts of assets pledged as security are:

-First mortgage and floating charges

	2025	2024
Total assets	114,339,787	118,823,541

Independent valuations of interest in Land & Buildings

	2025	2024
-2025	209,820,000	-
-2023	-	184,525,000
-2018	-	1,000,000
-2015	825,000	825,000
Total	210,645,000	186,350,000

The total independent valuation reports value of $210,645,000 (2024: $186,350,000) representing 18 (2024: 20) freehold and leasehold properties.The written down value of these properties in the financial report is $97,809,184 (2024: $102,260,494) and they are recorded at cost or deemed cost as at transfer date. Independent valuations required by the Syndicated Facility Agreement were completed in 2025 and are able to be requested annually. The Facility Agreement recognises for financial covenant purposes a nominal amount for the value of asset under development, this ensures the loan to value ratio is not affected by this development, but is not included in the above total of independent valuations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 17 - PROVISIONS	2025 $	2024 $
Current		
Employee benefits	1,563,326	1,538,623
	1,563,326	1,538,623
Non-current		
Employee benefits	170,490	117,383
	170,490	117,383

Movements in provisions	Employee Entitlements $	Total $
Balance at the beginning of the year	1,656,006	1,656,006
Additions	1,575,982	1,575,982
Amounts utilised	(1,498,172)	(1,498,172)
Balance at the end of the year	1,733,816	1,733,816

NOTE 18 - CONTRACT LIABILITIES	2025 $	2024 $
Current		
Bookings in advance	2,389,948	2,083,567
Deferred revenue	4,148	4,148
	2,394,096	2,087,715

NOTE 19 - CONTINGENT LIABILITIES

The group has a contingent liability as at 31 December 2025. YHA may be required to contribute $35m to the development of the YHA Railway Square development. However, the YHA contribution payment is contingent on certain conditions being met including practical completion of the YHA Railway Square development.

NOTE 20 - COMMITMENTS	2025	2024
Capital commitments	$	$
Capital expenditure commitments contracted for:		
-Capital expenditure projects	1,016,787	1,791,513

Commitments for capital expenditure projects will be payable not later than 1 year.

NOTE 21 - RELATED PARTY DISCLOSURES

All transactions between the company and its controlled entities are eliminated on consolidation. There were no other related party transactions occurring during the year (2024: Nil). The directors of the company are all directors of the controlled entities. Directors are reimbursed for expenses incurred in attending meetings in accordance with directors' expense policy and from the April 2018 Annual General Meeting have been remunerated, in accordance with the constitution. Disclosures relating to key management personnel are set out in Note 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 - KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel include the directors listed in the Directors' Report, the Chief Executive Officer, Head of Customer, Head of People and Culture, Head of Sustainability, Chief Financial Officer, Head of Operations, Head of Development, Head of Sales, Revenue and Distribution, Financial Controller and Chief Information Officer. Total compensation is shown as follows:

Key management personnel - excluding directors	Salary	Superannuation	Total
	$	$	$
2025	2,667,455	256,613	2,924,068
2024	2,482,286	261,072	2,743,358

Directors	Salary	Superannuation	Total
	$	$	$
2025	247,370	25,294	272,664
2024	103,078	10,760	113,838

All directors are members of the company and receive remuneration for their services as approved by the Members at the 2018 Annual General Meeting. They are also entitled to receive, upon application, discounts no more favourable than those available to all members and expense reimbursements for travel costs for attending meetings and training approved by the company.

The directors remuneration is $25,654 per annum plus superannuation per director and is paid pro-rata for Directors who join after the AGM. Additional remuneration of $6,413 plus superannuation is also paid to Directors who hold the office of Vice Chair and Committee Chairs. Additional remuneration of $19,240 plus superannuation for the Chair. These fees applied after the 2025 AGM and were the first change since they commenced in April 2018.

Key management personnel - including directors	Salary	Superannuation	Total
	$	$	$
2025	2,914,825	281,907	3,196,732
2024	2,585,364	271,832	2,857,196

NOTE 23 - PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

	Parent Entity	
Statement of comprehensive income	**2025**	**2024**
	$	**$**
(Deficit) / surplus after income tax	(1,284,484)	(2,145,946)
Total current assets	42,689,439	8,142,673
Total assets	154,770,188	154,995,996
Total current liabilities	99,523,004	7,722,698
Total liabilities	102,304,470	101,245,790
Equity		
Total equity	52,465,718	53,750,206

Contingent liabilities

The parent entity has a contingent liability as at 31 December 2025. YHA may be required to contribute $35m to the development of the YHA Railway Square development. However, the YHA contribution payment is contingent on certain conditions being met including practical completion of the YHA Railway Square development.

Capital commitments

The parent entity had capital commitments for property, plant & equipment as at 31 December 2025 of $1,016,787 and 31 December 2024 of $1,791,513.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the group, as disclosed at note 1.

Subsequent Events

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

NOTE 24 - EVENTS AFTER REPORTING PERIOD

No other matter or circumstance has arisen since 31 December 2025 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.

NOTE 25 - REMUNERATION OF AUDITOR

	2025	2024
	$	$
Auditor of the group:		
Audit of the annual report	100,000	95,100

NOTE 26 - CASH FLOW INFORMATION

	2025	2024
Cash flow information	$	$
Non-cash financing and investing activities:		
Interest income - deferred settlement of sale of proceeds	1,443,673	1,322,799
Loan costs - finance facility	(387,588)	(379,585)
Additions to right of use assets	650,392	-

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
As at 31 December 2025

YHA Ltd is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the company and its controlled entities (the consolidated entity).

In accordance with subsection 295(3A) of the *Corporations Act 2001*, this consolidated entity disclosure statement provides information about each entity that was part of the consolidated entity at the end of the financial year.

Name of entity	Type of entity	Place formed or incorporated	Percentage of share capital held (if applicable)	Australian tax resident	Foreign tax jurisdiction (if applicable)
YHA Ltd	Body corporate	Australia	n/a	Yes	n/a
YHA WA Pty Ltd	Body corporate	Australia	100%	Yes	n/a
YHA Travel to Learn Limited	Body corporate	Australia	n/a	Yes	n/a
YHA Queensland	Body corporate	Queensland	n/a	Yes	n/a

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

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Auditor's Independence Declaration
To the Directors of YHA Ltd
ABN: 94 008 387 791

In relation to the independent audit for the year ended 31 December 2025, to the best of my knowledge and belief there have been:

i. no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
ii. no contraventions of any applicable code of professional conduct.

This declaration is in respect of YHA Ltd and the entities it controlled during the year.

Melissa Alexander

Melissa Alexander
Partner

Pitcher Partners
Sydney

21 February 2026

DIRECTORS' DECLARATION

The Directors of YHA Ltd declare that:

1. The financial statements and notes, as set out on pages 6 to 25, are in accordance with the *Corporations Act 2001*, including:

   a. Comply with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   b. Give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial year ended on that date.

2. In the directors' opinion, the consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* is true and correct.

3. Pursuant to the *NSW Charitable Fundraising Regulations 2021*:

   a. the Statement of Profit and Loss and Other Comprehensive Income is drawn up as to give a true and fair view of income and expenditure of the group for the year ended 31 December 2025 with respect to fundraising appeals;

   b. the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the group as at 31 December 2025 with respect to fundraising appeals;

   c. the provisions of the *Charitable Fundraising Act 1991* and the regulations under the Act and the conditions attached to the group have been complied with for the year ended 31 December 2025; and

   d. the internal controls exercised by the company are appropriate and effective accounting for all income received and applied by the group from any of the fundraising appeals

4. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors.

Tammy Marshall
Tammy Marshall (Feb 22, 2026 11:16:05 GMT+11)

Simon Spicer
Simon Spicer (Feb 22, 2026 12:42:54 GMT+11)

Tammy Marshall
Director
21 February 2026

Simon Spicer
Director
21 February 2026

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Independent Auditor's Report
To the Members of YHA Ltd
ABN 94 008 387 791

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of YHA Ltd ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2025, 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 year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors declaration.

In our opinion, the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 – Going Concern in the financial statements, which indicates that the Group has a net current asset deficiency of $56,660,235 as at 31 December 2025 and is reliant on the refinancing or extension of its existing facility agreement, which expires in December 2026. As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors Report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

(i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
(ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Melissa Alexander

Melissa Alexander
Partner

Pitcher Partners

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21 February 2026