



FY22 Investor Presentation

For the year ended 30 June 2022

Mark Bouris
Executive Chairman

Stephen McKenzie
Chief Operations & Financial Officer



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01

FY22 Overview

Mark Bouris
Executive Chairman



FY22 Overview

Executing our strategy to grow our broker network, improve our margin and further progress to a digital organisation, whilst delivering positive EBITDA (cash)



Financial performance

EBITDA (Cash) of \$2.5m with positive trend when removing NPV and one-off items
 Net Cash from Operating Activities of \$4.0m with a positive trend over the past 3 years
 Well capitalised Balance Sheet with \$41.1m in Net Assets, \$10.1m in Cash and \$2.1m in Borrowings



Operating performance

Settlements of \$21.0bn - 56% above pcg
 Underlying Loan Book of \$57.9bn - 12% above pcg (1.5x system)



Macro environment

Strong housing sector driven by low interest rates and low employment provided a tailwind for the industry for 3 quarters of the Financial Year



Executing our Strategy

We are investing in key initiatives to grow our business and increase our margin.
 These include growing our franchise and broker networks, increasing sales of our own products, utilising data to understand our customers and transforming into a digital organisation

Key metrics

Strong volumes delivered record revenue for the Group, with EBITDA (cash) reduced by our deliberate investment in key initiatives.

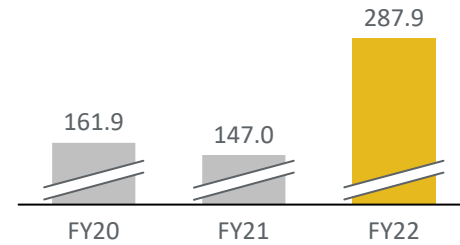
Financial

Revenue

(continuous operations)

\$287.9m

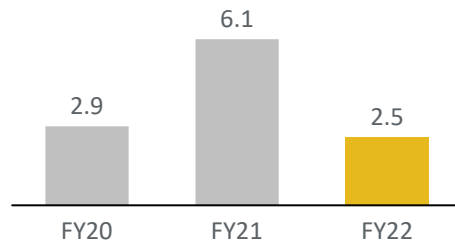
+96%



EBITDA (Cash)

\$2.5m

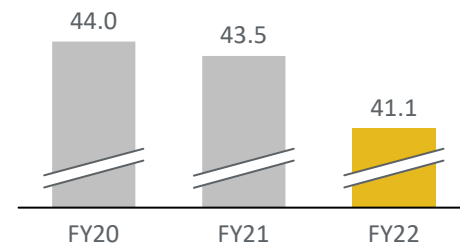
-59%



Net Assets

\$41.1m

-5.6%

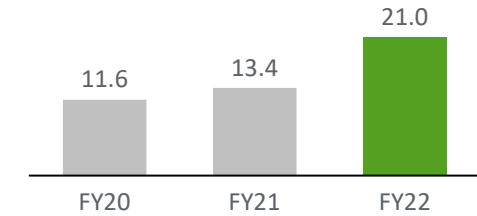


Operational

Settlements

\$21.0bn

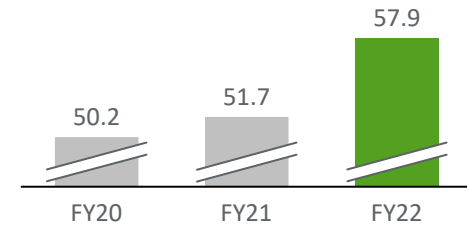
+56.2%



Loan book

\$57.9bn

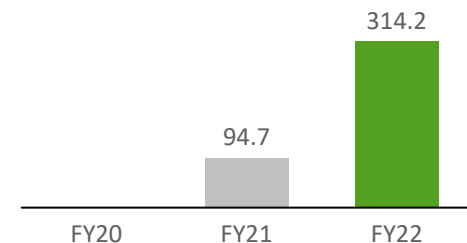
+11.9%



Warehouse Portfolio

\$314m

+232%

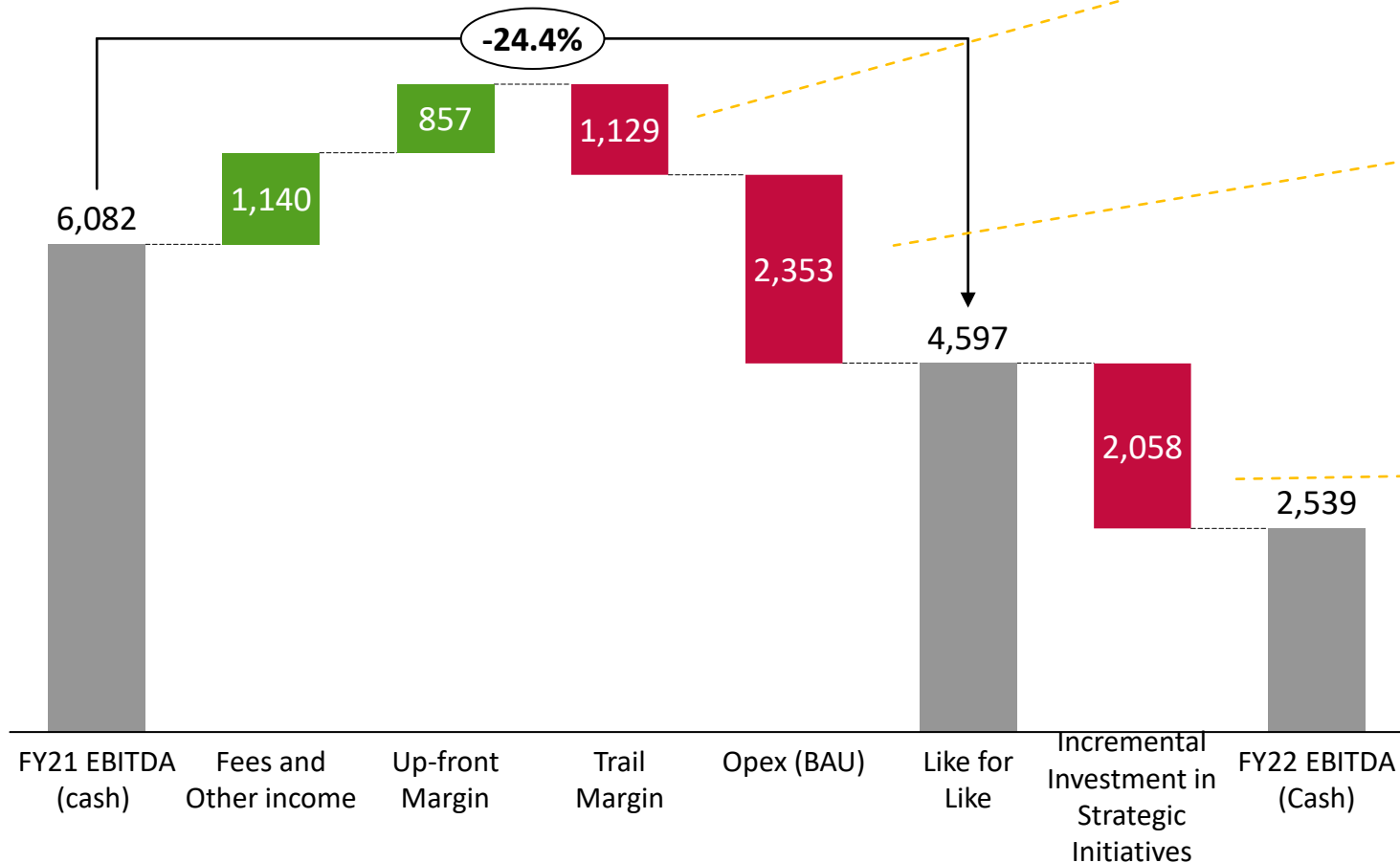


EBITDA (cash) drivers of performance

As part of our strategy, we invested in key initiatives to grow our YBR franchise and Vow broker networks, improve our margin and continue our digitalisation transformation

EBITDA (cash), drivers of performance

Values in \$000



High levels of refinance experienced during the year resulted in run-off rates significantly above historical levels, reducing our trail margin in FY22

Cost cuts were made in FY21 costs due to the uncertainty during Covid. Increased spend in FY22 associated with broker events (which are funded by sponsorship income), increased insurance costs and salaries.

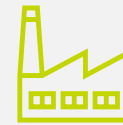
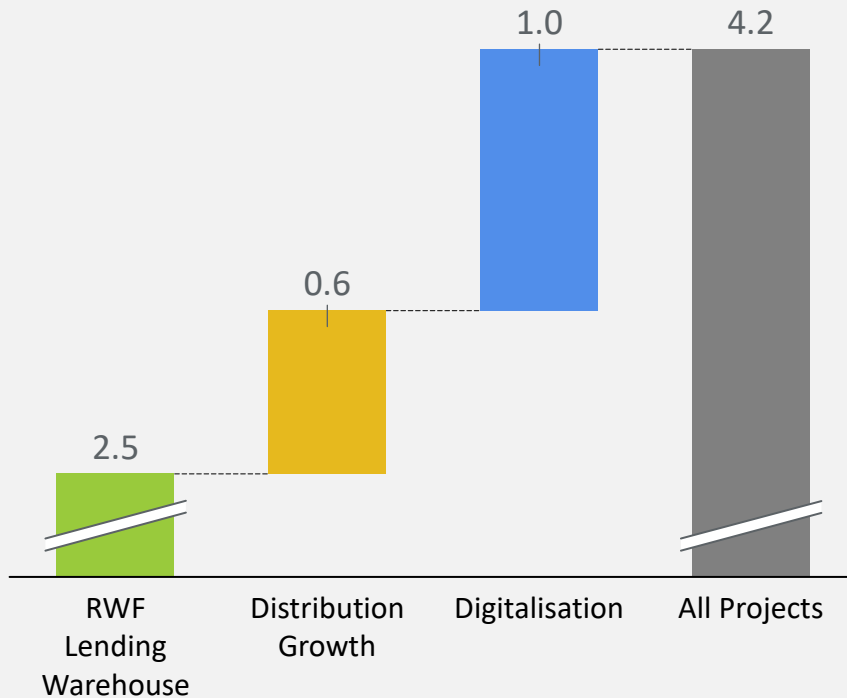
As part of our strategy, we are investing in growing our Franchise and Broking Networks, improving the competitiveness of own lending products, transitioning to more of a digital and data driven business

Investment in Strategic Initiatives

We invested \$4.2m in Projects in FY22

Project Investment Breakdown (Opex and Capex)

Values in \$m



Resi Wholesale Funding (lending warehouse)

Investment continues to drive loan book growth with expected margin benefits over the medium term.



Distribution Growth

Continuation of spend to support the rebranding of Yellow Brick Road to ignite our franchise recruitment strategy. Included is the appointment of a dedicated recruitment Executive, advertising, PR and the investment in processes.



Digitalisation

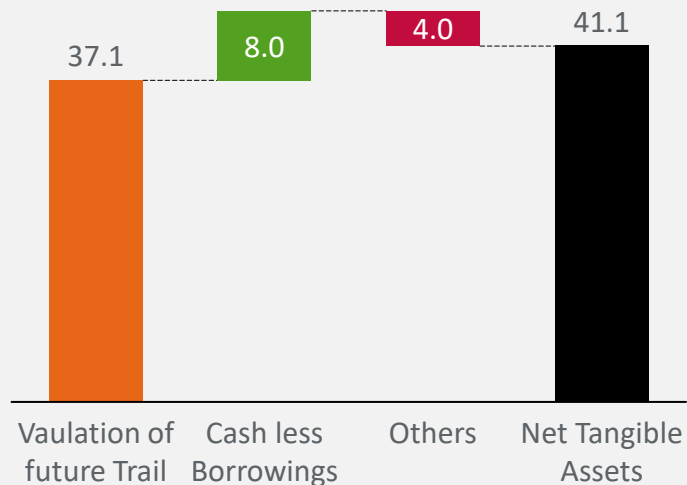
Investment to deliver Y Home Loans and progression of the development of Resi Credit Assessment Platform to enable speed to credit decisions. Investment continues in data analytics to assist Brokers improve customer retention, leads management and conversion

Valuation of Future Trail Commissions

The net present value of our future trail commissions, our recurring income, is the largest asset in our balance sheet.

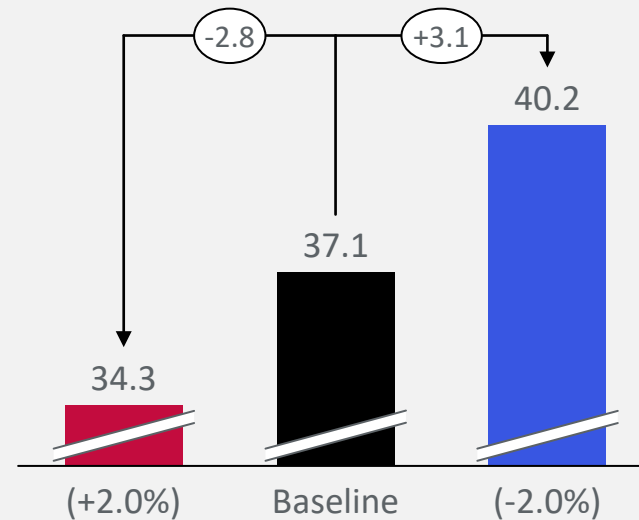
Breakdown of Net Tangible Assets

Values in \$m



Valuation Sensitivity to run-off rate

Values in \$m



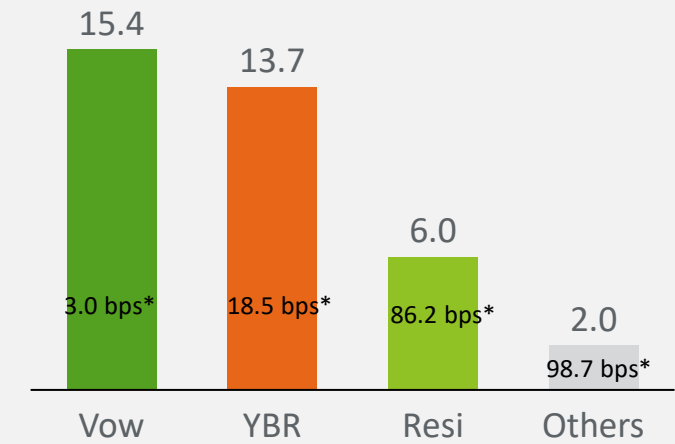
In FY22 we experienced an abnormal high level of run-off, particularly in the higher margin segments of the loan book. Increase in run-off impacts are experienced through:

If abnormal run-off worsened by 2% (unlikely), then a further \$2.8m decline in value would result.

If run-off rates recovered by a further 2%, value would increase by \$3.1m

Valuation of Future Trail by Business

Values in \$m



* Average basis points earned over the loan life for each loan book

Vow has the largest loan book (\$49.7bn) with the smallest margin

YBR Retail's margin is larger with our focus on growing the size of distribution and hence, loan book

The Resi valuation does not include the RWF business, however, growth in White Label settlements will boost value over time.

- Valuation of future trail represents 90% of Net Assets with close to 80% backed by AA rates major bank groups as counterparties
- Variance in the valuation impacts our P&L
- The main drivers in the valuation are new business and run-off



02

Our Business, our Industry and our Journey

Mark Bouris
Executive Chairman



Our Businesses

We distribute home loans from a panel of lenders, and offer our own lending products through our YBR franchise and Vow aggregator channels comprised of 1,188 Brokers



Independent aggregator model with stringent compliance principals and best in class technology

Franchise model leveraging YBR brand throughout Australia

Product design through White Label, Credit Assessment and Securitisation capabilities



1,072 Brokers (30 June 2022) **



116 Brokers (30 June 2022)



\$450 million Warehouse facility, plus other wholesale funding lines



\$18.7bn in settlements in FY22



\$2.3bn in settlements in FY22



\$428m in settlements in FY22 (including Resi Wholesale Funding)



\$49.7bn in underlying loan book at Jun-22



\$8.0bn in underlying loan book at Jun-22



\$1.3bn in loan book at Jun-22 (including Resi Wholesale Funding which is now at \$314m)



\$15.4m in NPV of future trail *



\$13.7m in NPV of future trail *



\$8.0m in NPV of future trail */***

* Represents the actuarial assessed net present value of future net cashflows from the existing underlying book of loans

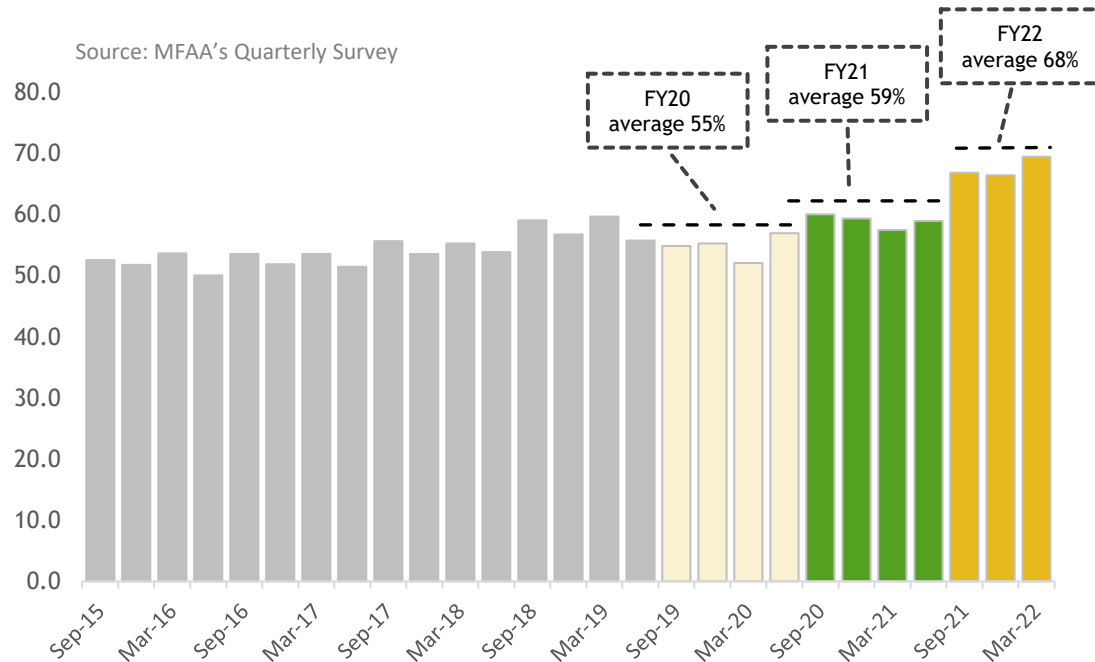
** Includes the loss of a broker group comprising of 335 brokers who received direct accreditations from lenders

*** Does not include any NPV of RWF's Net Interest Margin from its own loan book

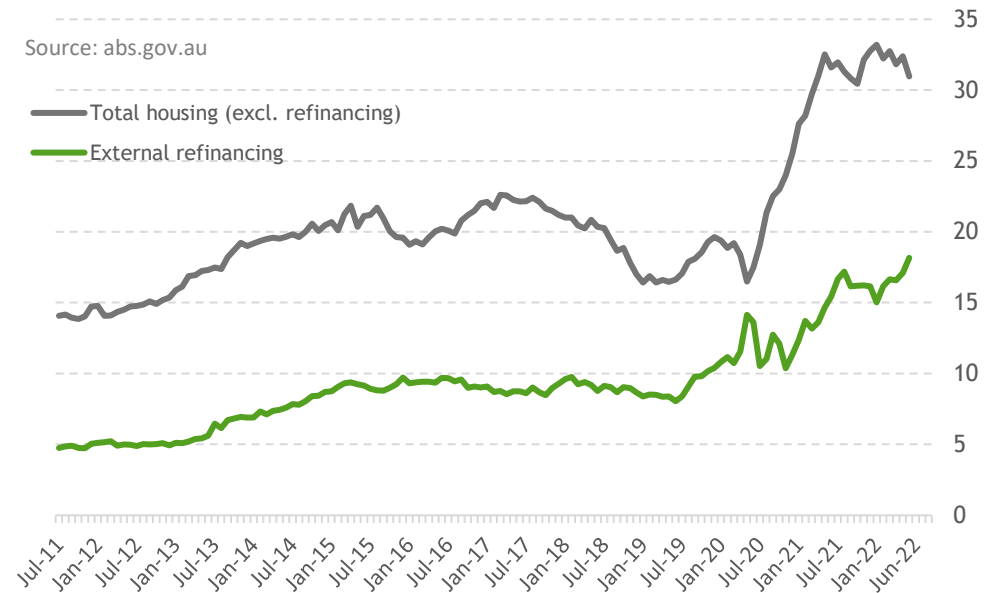
Our industry

Broker channel proposition remains strong and home lending activity has gained momentum

Broker usage (%)



Housing loan commitments (\$bn)



- MFAA Survey shows brokers continue to be the main channel for mortgage distribution
- Brokers usage increased from 59% in FY21 to 68% in FY22

- Strong market activity in FY22 with total housing commitments (excl. refinancing) up 52% year on year
- Housing loan commitments reached all time highs in Jan-22 and have been holding around the \$30bn level
- Refinance activity continued up trend during the year

Our journey

We continue on our large transformational journey to reset and enhance our business model

FY19

Focus on home loans

Divestment of non-core businesses

- Wealth
- Smarter Money Investments
- General Insurance

FY20

Strengthened our foundations

Rebuilt financial position

- Opex reduction
- Grew cash and reduced debt

Improved our distribution capability

- Investment in better tools and enhanced support for YBR and VOW brokers
- Launch of new CRM's for the YBR and VOW Networks
- Launch of the new digital marketing capabilities to boost cost effective lead generation

FY21

Enhancing our position in the market place

Marketing

- Rebrand of our business to reflect focus on Home Loans
- Ramp up of digital focus with social media and digital marketing

Milestones

- Launch of the rebranded and refreshed ybr.com.au
- Launch of our own lending products via the Resi Wholesale Funding (RWF) joint venture

FY22

Capitalising on market strength and investing in key areas

Operational Performance

- Buoyant market conditions supported a strong year for the YBR Group and its Brokers
- Our improved financial position allowed us to invest in key areas

Strategic Investments areas

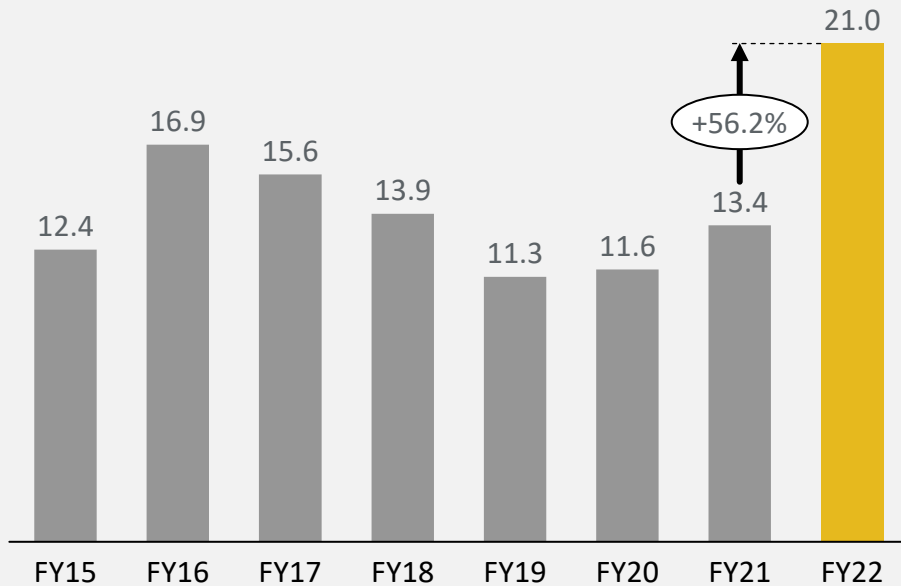
- Distribution Growth – YBR franchise and Vow broker recruitment
- Resi – Own Product Suite
- Digitalisation – Y Home Loans and Resi Assessment Platform build
- Data capabilities – increased customer insights particularly prior to application

Our journey

The YBR Group has grown substantially from inception through a combination of strategic acquisitions and organic means

Settlements trend (FY12 to FY22)

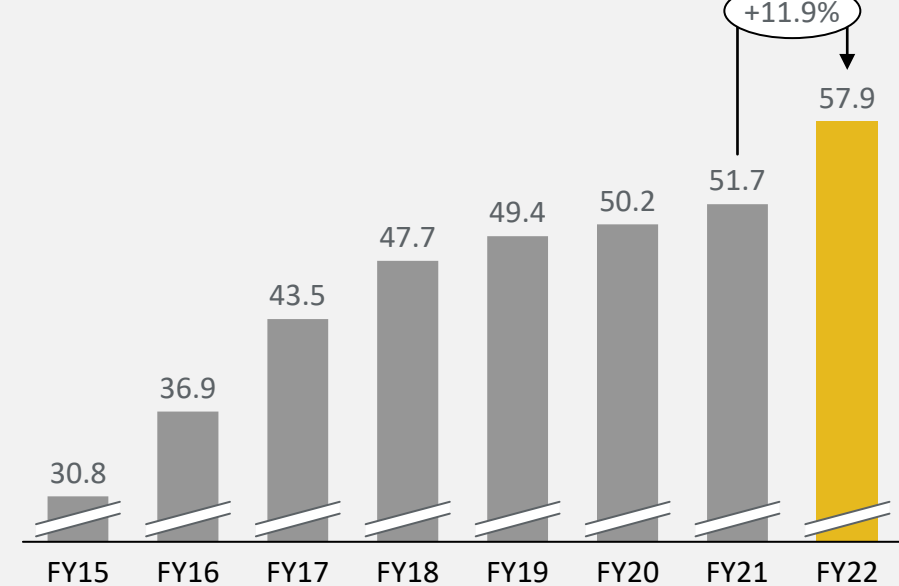
Values in \$bn



- Strong growth in both Vow wholesale aggregation (59%) and YBR Retail (44%) channels
- The broker market grew by 51% for the 9 months to 31 March 2022 (source MFAA). The YBR Groups performance over the same period was 69%

Loan book growth (FY12 to FY22)

Values in \$bn



- Positive loan book growth, albeit the majority of growth relating to the lower value Vow book



03

Business and strategy update

Mark Bouris
Executive Chairman



Executing our strategy

We are focused and have a disciplined approach to deliver on our strategy

Our Imperatives: Grow our Broker Networks, increase revenue and margin, transform to a digital and data driven organisation

Progress on our key initiatives in FY22

YBR Distribution Growth

Increase our YBR franchise and Vow broker footprints

- **Franchise model** adjusted to fit a wider range of prospective franchisees
- **Brand enhancement** – Promoted Mark Bouris as an “ambassador”
- **399 Vow and YBR brokers** onboarded in FY22. This enables us to increase the performance management of existing brokers
- **Large increase in recruitment pipeline** which will benefit FY23

Resi, Our own suite of products

Increase our margin by capturing further value in the supply chain

Extended our **Own Product** offering around Prime, Alt Doc, Near Prime and Specialist lending

White Label

- Addition of Advantedge Financial Services (NAB) to the existing providers - Pepper and Resimac

RWF Warehouse

- **Strong proposition to brokers** including first class service and competitive pricing in Alt Doc and Near Prime lending
- Well progressed with development of the **Resi Assessment Platform** to enhance speed to credit decisions

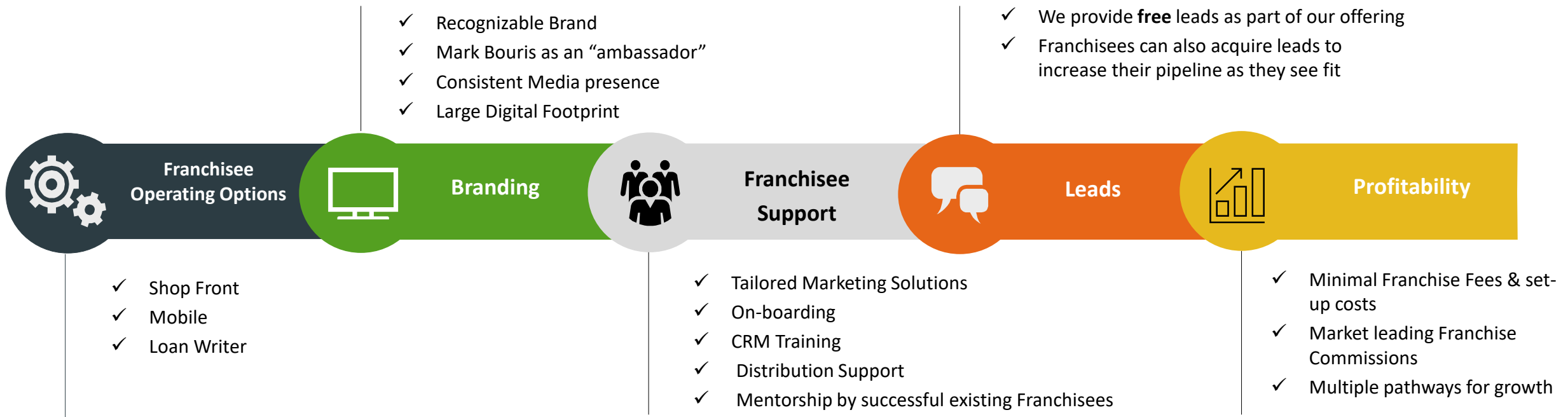
Digitalisation

Transform YBR into a Digital and data-driven business

- **Y Home Loans** launched – Digital Platform. Proving to be a strong educational platform for consumers
- **Data Integration, analytics and AI** – Delivered actionable insights to our Brokers on customer retention and leads management. Data also drives the social media activities

YBR Distribution Growth

We enhanced our YBR franchise model to be the most compelling offer to prospective franchisees in the market



- In FY22 we appointed a Senior Executive to focus 100% on recruitment to deliver on our aspirations
- We have built a strong pipeline of prospects which will benefit FY23
- The YBR Retail channel settlements grew by 44% in FY22 to \$2.3bn.

Promoting the YBR Brand

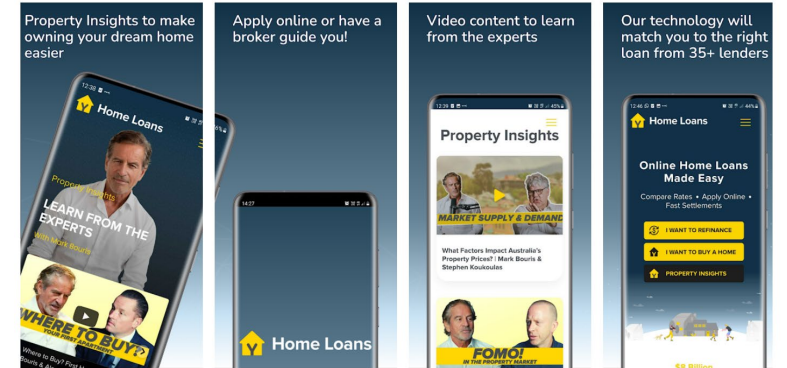
We are a recognizable Brand

Mark Bouris as our ambassador

Consistent media presence across TV, radio, web, Google Ads and social media

In FY22 media presence of Mark Bouris increased substantially

- Regular appearances on Sky News, and Today Extra (Channel 9)
- National television advertising campaigns on Fox, Kayo and Binge - July - November
- Regional and Metropolitan Radio advertising including 2GB
- Regular online and print media, including news.com.au, realestate.com.au



Resi is our mortgage manager business with products through white label and warehouse/securitised funding options

In FY22 we have increased our Own Product offerings to a full suite of highly competitive products, which allows us to reach more customers and capture further value in the supply chain.



Suite of Products

Our suite of products are broader than ever covering Prime, Alt Doc (especially for self employed), Near-Prime and Specialist Loans



Brokers adoption

Our Brokers have welcomed our Own Products, particularly within the YBR Franchise Business where 4% of all settlements were via Resi Products.

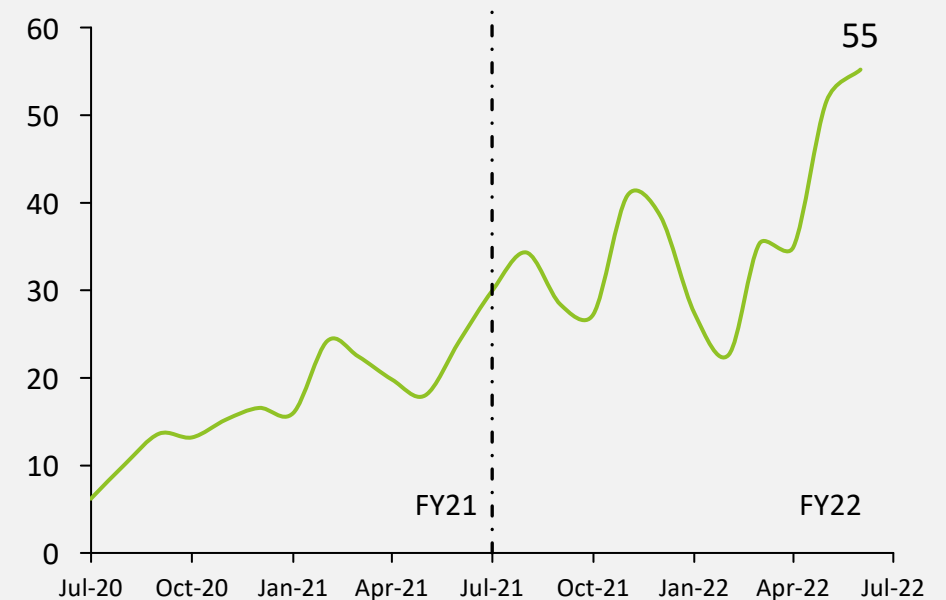


Little Balance Sheet Risk

YBR Group does not carry risk related to the underlying loans in its balance sheet. Our suite of products are comprised of White Label Products and RWF, a separate entity in which we have a 50% partnership.

Own Product monthly settlements trend (Jul-20 to Jul-22)

Values in \$m



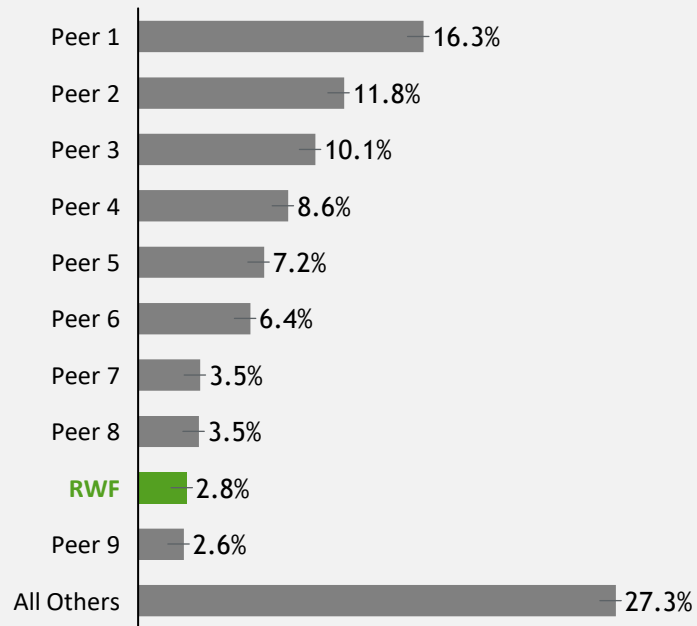
Volumes have increased from last year and we will continue to promote our Products within our broker network

Resi Wholesale Funding

RWF Products form part of our Own Product suite, distributed through VOW and YBR retail channels. RWF is a securitisation warehouse, a separate entity in which YBR Group has 50% share

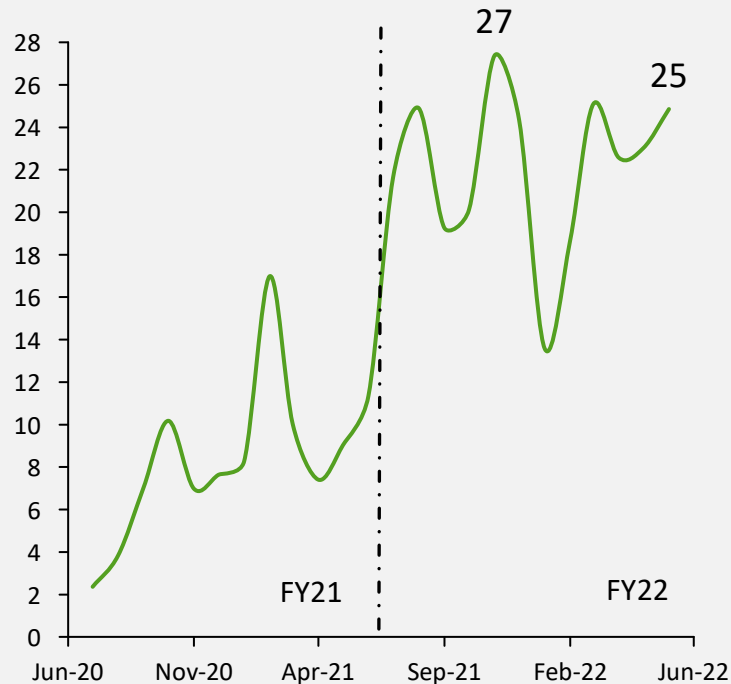
Lender Rank for Jun-22

% of Settlements by lender for YBR Group



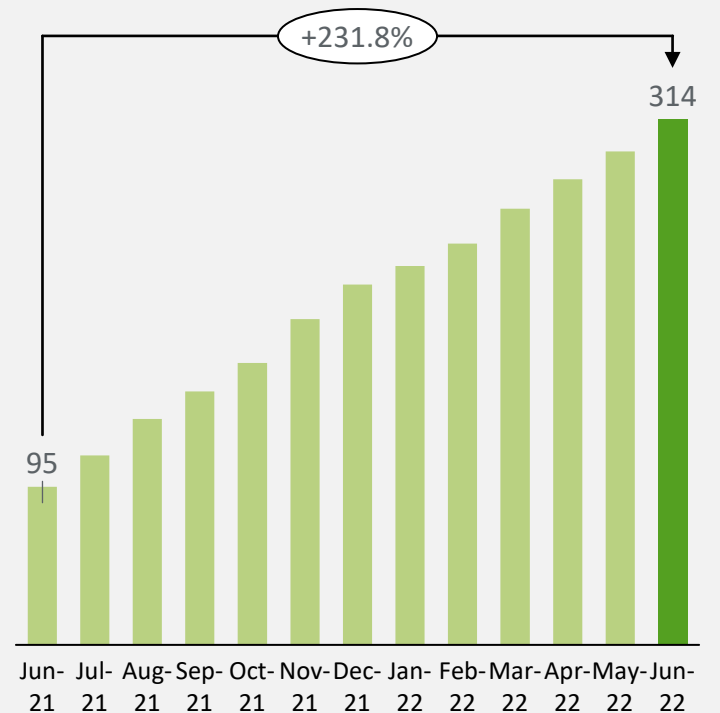
Monthly settlements trend (Jul-20 to Jul-22)

Values in \$m



Portfolio Trend (Jul-21 to Jun-22)

Values in \$000



Digitalisation

YBR is transitioning to be a digital and data-driven organisation. Our journey has commenced and is gaining momentum



Y Home Loans

We have launched Y Home Loans, our digital platform. It forms part of Omni-channel strategy, delivering property and home loans insights.



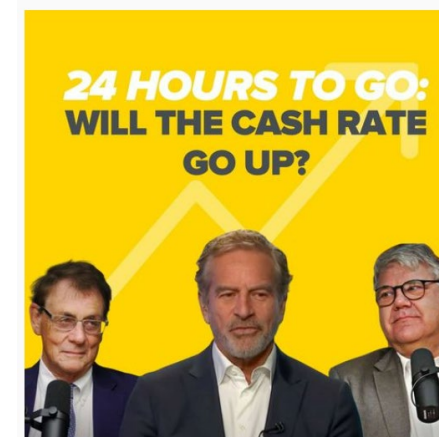
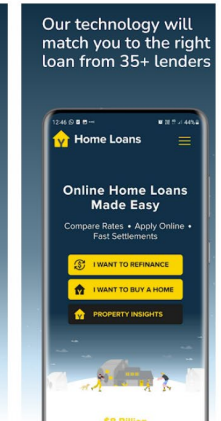
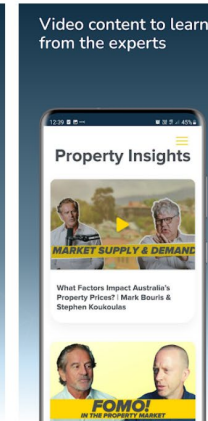
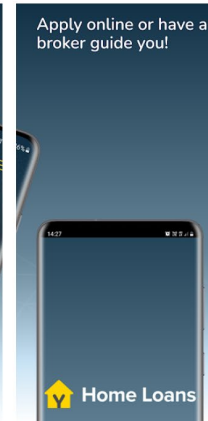
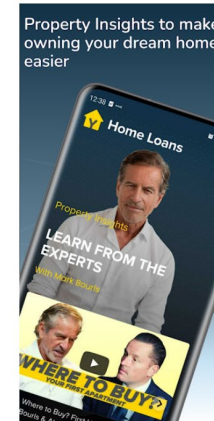
Resi Assessment Platform

Our digital credit decision engine, allowing fast, efficient and scalable decision on RWF loan applications. Implementation expected by the end of 1H FY23



Data Integration, analytics and AI

YBR Group have partnered with a fintech start-up to fast track our digital capability. Amongst other initiatives, we will be offering our Brokers data-driven actionable insights on customer retention and leads management.





04

FY23 Themes

Mark Bouris
Executive Chairman



Executing our strategy

We will continue to execute our strategy

Our Imperatives:

Grow our broker network, increase revenue and margin, transform to a digital and data driven organization

We will focus on 3 Initiatives that have specific outcomes

YBR Group Distribution Growth

Increase our YBR Franchise and Vow Broker Footprint

- Further **promote** our Franchise model to continue our network growth
- Enhance our **lead-generation** capability through digital marketing and partnerships
- Further investment in **recruitment activities** to broaden opportunities
- Provide increased **diversification** opportunities into Commercial and Equipment Finance to our Brokers

Resi, Our Own Products Suite

Increase our margin by capturing further value in the supply chain by

- **Own Digital Product** – Launch of our Digital Lending Product
- Ramp up our **Broker support** for Resi Products to increase penetration
- Couple our **digital capability** and **Brokers** expertise to design products with an edge over the competition
- Build **further funding capability** to support growth expectations

Digitalisation

Transform YBR into a Digital and data-driven business

- **Y Direct** – Launch our fully automated platform, from loan application to settlement across the whole of our credit policy, not just “super prime”
- **Digital Marketing** – enhance our data integration capability to have an edge over our competition in the Digital Marketing Space
- **Partnerships** – Leverage capability of our data expert partnerships to help YBR Brokers manage their customer base, improving retention and seizing acquisition opportunities.



05

Financial Results

Stephen McKenzie

Chief Operations & Financial Officer



Profit & loss statement

Values in \$000	FY22	FY21	Variance
Upfront commissions received	127,748	85,155	50%
Trailing commissions received	102,072	94,885	8%
Total commissions received	229,820	180,040	28%
Origination commissions paid	(123,283)	(81,548)	51%
Trailing commissions paid	(92,144)	(83,827)	10%
Total commissions paid	(215,427)	(165,375)	30%
Net commissions	14,393	14,665	-2%
Fees and other income	12,415	11,275	10%
Gross profit	26,808	25,940	3%
Operating expenses	(24,270)	(19,858)	22%
EBITDA (Cash basis)	2,539	6,082	-58%
NPV of future trail commissions	(3,734)	(5,225)	-29%
EBITDA (IFRS)	(1,196)	857	-239%
Depreciation & amortization	(273)	(244)	12%
Net interest expense	92	(186)	-150%
Share of losses in joint venture	(1,169)	(991)	18%
Net gain on disposal of businesses	-	130	-
Net profit before tax	(2,546)	(434)	487%
Net profit after tax	(2,459)	(460)	435%
EPS (Cents)	(0.76)	(0.14)	-

FY22 commentary

Commissions received

28% increase driven by higher settlements across all channels, with abnormally high run-off rates holding back further growth in trail

Commissions paid

Increase of 30% above pcp as large broker groups, with more favourable rates, taking a relatively larger share of all Group settlements

Net Income from Fees

Growth driven by higher volumes and prices increase.

Operating expenses

Increase due to:

- \$2.1m - Increased spend on strategic initiatives
- \$2.3m – increased spend on broker events, insurances and non-recurring legal expenses and personnel costs

NPV of future trail commissions

\$1.5m improvement from prior year, however still a drag on P&L.

Share of losses in Joint Venture

Relates to our 50% share on RWF Joint Venture.

Balance Sheet

<i>Values in \$000</i>	FY22	FY21
ASSETS		
Cash and cash equivalent	10,088	12,506
Trade and other receivables	21,921	20,823
Future Trail commissions receivable (NPV)	413,665	348,094
Other assets	6,807	3,632
Investments in RWF	4,885	1,554
Total Intangible assets	361	218
Total Fixed assets	133	132
Total Assets	457,860	386,959
LIABILITIES		
Trade and other payables	31,007	27,872
Future Trail commissions payable (NPV)	376,554	307,321
Borrowings	2,138	3,300
Provisions	1,285	1,219
Other liabilities	5,798	3,732
Total Liabilities	416,782	343,444
Net Assets	41,078	43,515
Equity	112,470	112,450
Reserves	2,214	2,212
Accumulated losses	(73,606)	(71,147)
Total equity	41,078	43,515
Net trail PV for Underlying Loan Book (excl RWF)	37,111	40,773
Net tangible assets per ordinary security *	12.46c	12.88c
Net tangible assets per ordinary security - incl 50% share Resi Wholesale Funding JV	14.77c	15.54c

FY22 commentary

Cash and equivalents

Decrease of \$2,4m reflects the \$4.5m Loan Receivable (Class C Notes) in the RWF Warehouse Trust.

Other Assets

Includes \$3.0m related to right of use assets (AASB16) of new Head Office Lease

Investment in RWF

Includes \$4.5m Class C Notes which receive a coupon of 10% - 12% over BBSY.

Trade and other payables

Movement relates to increased commission payables accrued reflecting increased volumes

Borrowings

Decrease of \$1.2m as we continue to payoff debt

Other Liabilities

Offsets Other Assets with the treatment of the new Head Office lease under AASB16

Net trail PV

Decrease of \$3.7m (-9.0%), driven by abnormally high run-off rates experienced in FY22, which had an unfavourable impact on the valuation of the future receivables trail book.

Cash Flow

Values in \$000

	FY22	FY21
CASH FLOW FROM OPERATIONS		
Receipts from customers (inclusive of GST)	262,106	204,059
Payments to suppliers and employees (inclusive of GST)	(257,885)	(202,916)
	4,221	1,143
Interest received	118	26
Interest and other finance costs paid	(371)	(295)
Net cash from operating activities	3,968	874
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of investments	-	(120)
Payments for plant and equipment	(65)	(49)
Payments for intangibles	(352)	-
Proceeds from disposal of investments	-	2,500
Proceeds from disposal of business	479	1,109
Loans to Resi Wholesale Funding Warehouse Trust	(4,500)	-
Net cash (used in)/from investing activities	(4,438)	3,440
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,162)	(1,900)
Repayment of lease liabilities	(786)	(1,228)
Payments for share buy-back	-	(7)
Net cash used in financing activities	(1,948)	(3,135)
Net (decrease)/increase in cash and cash equivalents	(2,418)	1,179
Cash and cash equivalents at the beginning of the financial year	12,506	11,327
Cash and cash equivalents at the end of the financial year	10,088	12,506

FY22 commentary

Net cash from operating activities

- A strong positive flow from our normal business activities
- Boosted by increased net upfront commissions, sponsorship income and broker fees
- FY21 was adversely impact by the payment of \$1.8m of deferred expenses relating to FY20 (ie Covid deferrals)

Cash flows from investing activities

- Major outflow relates to the loan to the RWF Warehouse Trust which generates an interest margin of 10% to 12% over BBSY.

Cash flows from financing activities

Lower cash outflow in FY22 due to:

- Lower loan facility repayments required to service the smaller loan balance
- Reduction in rent paid for the Head Office premises following the commencement of a new lease in August 2021.

Trends in Profitability and Cashflow

The past 3 financial years has seen the YBR Group generate positive profits and cashflow from operating activities.

<i>Values in \$'000</i>	FY20	FY21	FY22
Profit Before Tax from Continuing Operations	2,643	(561)	(2,546)
Add backs:			
NPV P&L movement	447	5,225	3,734
Non-recurring legals & settlements	754	593	798
Joint Venture write-down	295	591	769
Spend on initiatives	-	1,751	3,170
	1,496	8,160	8,471
Normalised Profit before Tax	4,139	7,599	5,925

Normalised profits for the past 3 years have been relatively strong through a combination of revenue increases and operating expense control.

<i>Values in \$'000</i>	FY20	FY21	FY22
Net Cash from Operating Activities	3,708	874	3,968
Add backs:			
FY20 deferred spend	(1,800)	1,800	0
Non-recurring legals & settlements	754	593	798
Spend on initiatives	-	1,751	3,522
	(1,046)	4,144	4,320
Normalised Profit before Tax	2,662	5,018	8,288

Net cash from operating activities has trended favourably over the past 3 years. The surplus cashflow has enabled to pay-down of debt and the investment in strategic initiatives.

Disclaimer

The information contained in this presentation is intended to be a general summary of Yellow Brick Road Holdings Limited (YBR) and its activities as at 30 June 2022, and does not purport to be complete in any respect.

The information in this presentation is not advice about YBR shares (or any other financial product), nor is it intended to influence, or be relied upon by, any person in making a decision in relation to YBR shares (or any other financial product).

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Appendices

Stephen McKenzie

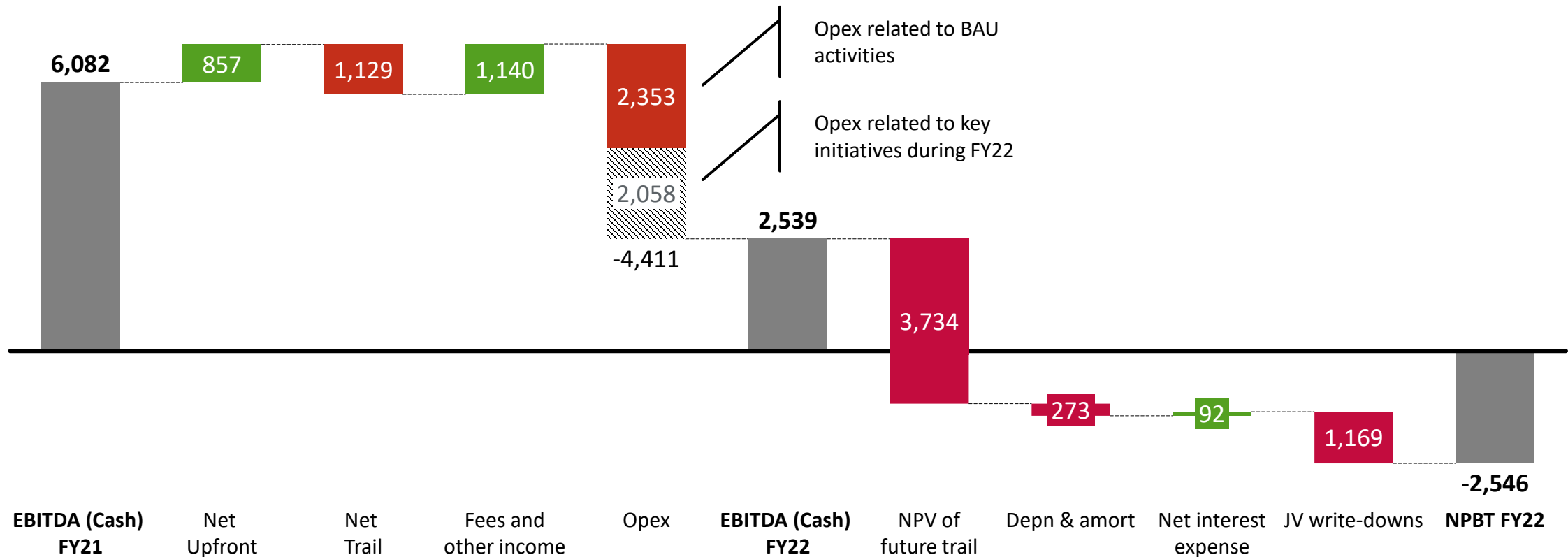
Chief Operations & Financial Officer

FY22 drivers of performance

Increases in Net Upfront Commissions and Fee & Other Income were offset by reductions in Net Trail, increased spend on key initiatives and BAU Opex.

FY21 EBITDA (cash) to FY22 NPBT

Values in \$000



* EBITDA excludes profit on business sales and JV write-downs

Key metrics trend

<i>Values in \$m</i>	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
SETTLEMENTS											
YBR	700	1,200	1,494	2,068	3,997	3,169	2,221	1,830	1,654	1,594	2,297
VOW	-	-	-	10,058	12,464	12,014	11,373	9,162	9,734	11,749	18,707
Total Mortgage Broking	700	1,200	1,494	12,126	16,461	15,183	13,594	10,992	11,388	13,343	21,004
White Label	-	-	-	280	411	427	333	269	184	102	164
Warehouse	-	-	-	-	-	-	-	-	-	100	264
Total Lending	-	-	-	280	411	427	333	269	184	202	428
LOAN BOOK											
YBR	900	1,857	2,736	3,832	5,350	6,843	7,295	7,614	7,740	7,962	8,026
VOW	-	-	-	25,317	29,346	34,640	38,505	40,127	41,057	43,120	49,703
Total Mortgage Broking	900	1,857	2,736	29,149	34,696	41,483	45,800	47,741	48,797	51,082	57,729
White Label	-	-	-	1,646	2,167	1,993	1,851	1,675	1,450	1,162	964
Warehouse	-	-	-	-	-	-	-	-	-	95	314
Total Lending	-	-	-	1,646	2,167	1,993	1,851	1,675	1,450	1,257	1,278

Note: Loan book in VOW and YBR includes Resi loans, a portion of which is eliminated upon consolidated