



YellowBrickRoad
Home Loans

29th August 2023

Lodged by AS · Online

The Manager
Company Announcements Office
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam,

Yellow Brick Road Holdings Limited (ASX: YBR) FY2023 Investor Presentation

In relation to the YBR Investor presentation announce^ŕ to the market on 29th August 2023, it has been subsequently discovered that the column headers to the table included in page 27 are reversed.

The amended YBR Investor presentation with the corrected page is attached to this announcement. There are no other changes to the content of the YBR Investor presentation.

This announcement has been approved for release by YBR Company Secretary, Stephen McKenzie.

For and on behalf of
YELLOW BRICK ROAD HOLDINGS LIMITED

Stephen McKenzie
Company Secretary

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FY23 Investor Presentation

For the year ended 30 June 2023

29 August 2023



Today's Presenters



Mark Bouris
Executive Chairman

"We are striving to meet the needs of consumers and mortgage brokers during unprecedented market conditions"

Mark has a proven track record of building disruptive businesses to challenge the market and provide smarter solutions to consumers. He is the founder of Yellow Brick Road and Wizard Home Loans, which was the second largest non-bank mortgage lender in 2004. Through his Mentored Platform, Mark is committed to sharing insights from Australia's leading business minds, helping small business owners and entrepreneurs come together, grow and succeed.



Stephen McKenzie
Group Executive and CFO

"Our nimble operating model and cost management has enabled us to quickly adapt to the challenging market conditions during the year"

Stephen is a member of the Institute of Chartered Accountants with experience in Banking and Insurance. With 15+ years in the mortgage broking industry, Stephen has the experience to navigate the YBR Group through an everchanging landscape in the sector. He has a proven track record in driving change and process re-engineering to increase efficiencies, together with improvement in services to brokers and customers alike.



Kevin Mangano
Chief Digital Officer

"We have tackled the continuous rate rises head on, delivering truly meaningful and timely content and services to many borrowers struggling in such uncertain times."

Kevin has over 19 years' experience working in senior leadership positions in Digital, Cyber Security, IT, and Operations across various industries.

Kevin is passionate about technology with a highly customer-centric approach, he is a strong communicator who excels in bridging the gap between the digital world, business, and customers.

Agenda

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01

FY23 Overview

Mark Bouris
Executive Chairman



FY23 Overview

Resilient performance in the face of industry headwinds following change in the interest rates regime and macro-economic factors

Financial performance

EBITDA (Cash basis): \$1.2m (vs \$2.5m pcg)

Underlying EBITDA \$0.4m (vs \$1.0m pcg)

NPBT (excl NPV of Trail commissions, ie IFRS treatment): \$0.6m (vs \$1.2m pcg)

Cash & Cash Equivalents: \$8.1m (vs \$10.1m pcg).

NTA per ordinary share (incl 50% interest in RWF JV): 13.0c (vs 14.8c pcg)

Operating performance

Settlements of \$19.9bn (7.2% below pcg vs market benchmark of -8.8%)

Underlying Loan Book of \$63.0bn (+6.8% above pcg and overperformed market benchmark by 1.5x i.e. system growth)

Mortgage Brokers: 1,220 (+2.7% vs pcg)

Resi Settlements (white label & RWF) \$431m (-0.7% on pcg) and ranked No.1 of share of applications for non-bank lenders.

Macro Environment

Overall loan volumes easing following a buoyant property market in FY22

Higher interest rates reduced borrowers' capability to borrow

Large banks deployed aggressive pricing strategies to gain market share from second tier-lenders and non-banks

High levels of refinance, with borrowers proactively looking for better rates, led to increase run-off rate on our loan book

Executing on Our Strategy

We are investing in key initiatives to increase margin and grow our business. These include:

- growing our franchise and broker networks
- increasing sales of our own funded products
- utilising data to understand our customers and transforming into a digital organisation.



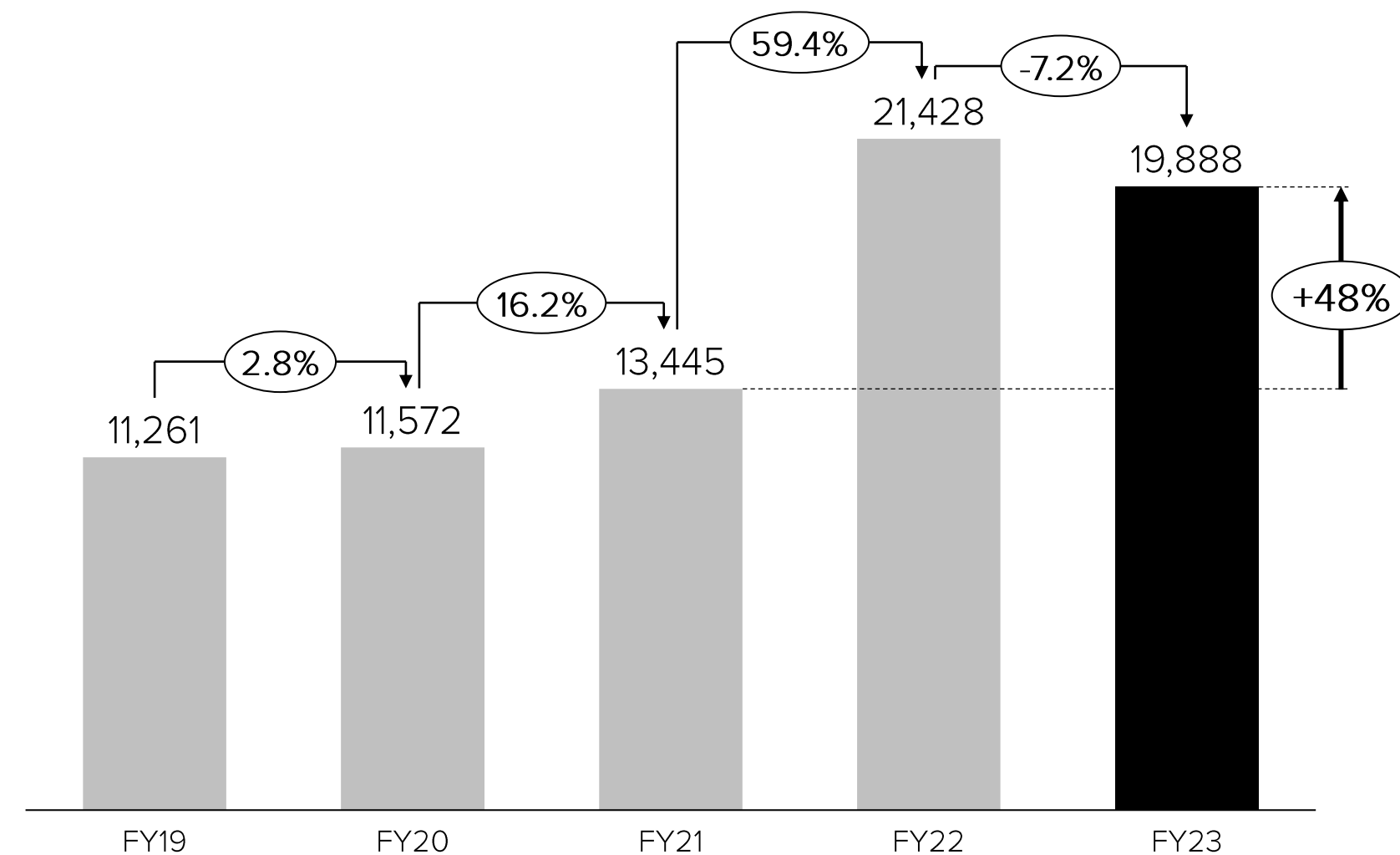
Settlements and Underlying Loan Book Growth

New business volumes and loan book growth performed ahead of market in FY23

- Settlements were down -7% on FY22 (which was a record year), driven by lower market activity in the face of increasing interest rates and softer property market.
- Notwithstanding, Settlements were +48% above FY21 levels.

Full Year settlements

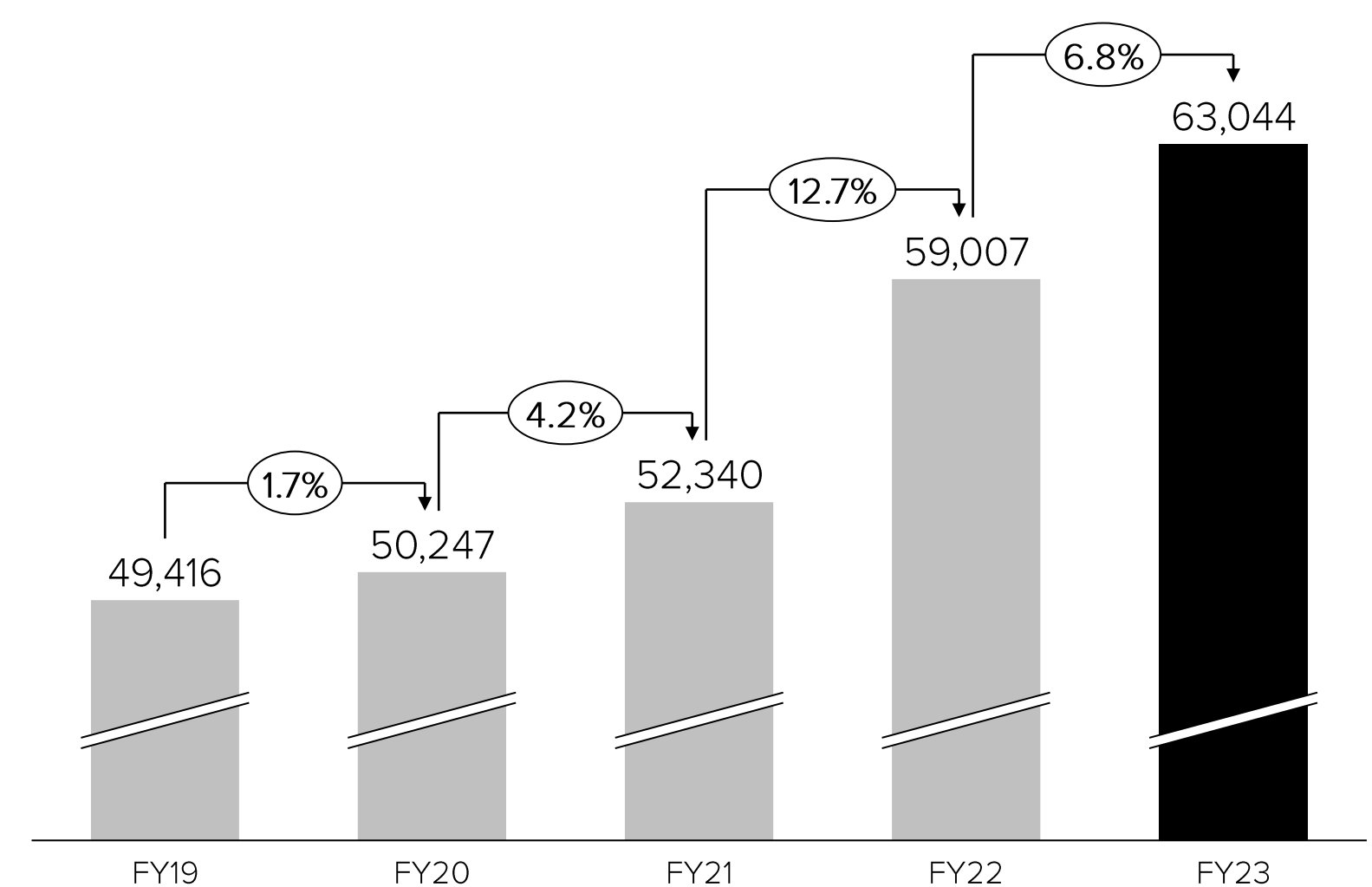
Values in \$m



- Loan book grew 6.8%, outperforming the market by c. 1.5x, with loan book reaching \$63.0bn in FY23.
- Run-off rates remained above pre-covid norms, but eased from FY22, with interest rate hikes continuing to drive refinance activity in the market

Loan book

Values in \$m



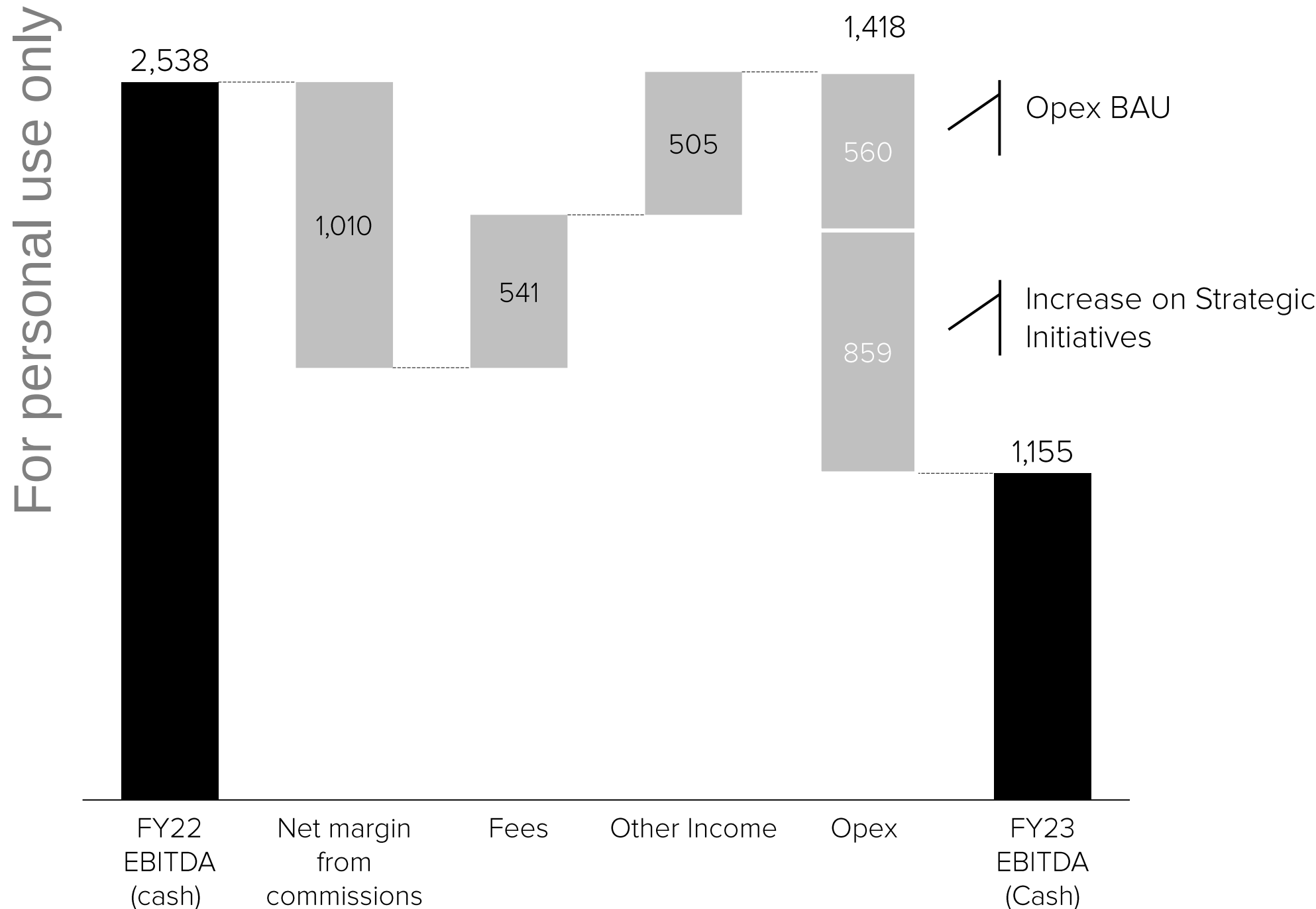
Market benchmark based on Housing Credit Growth published by RBA

EBITDA (cash) drivers of performance

Decline in Net Margin from commissions was offset by increase in Income from Fees and Other Income.
Increase in opex driven by investment in project initiatives and BAU related activities

EBITDA (cash), drivers of performance

Values in \$000



Commission & Fees

- Net commission margin was impacted by the reduction in new business volumes, together with the decline in net trail commissions with loan book growth predominately in the lower margin businesses.
- Income from fees increased by +8% reflecting a slight increase in broker numbers and a new broker pricing structure.

Other Income

- Benefit derived from increased volume bonuses on asset finance and commercial lending, together with increased sponsorship income from lenders and suppliers.

Opex

- BAU opex increase was primarily driven by higher spend in personnel and insurance premiums.
- A 2H23 cost base review has delivered a c. 14% reduction in FTEs, primarily in non-revenue generating areas, results from which will normalise in FY24.

Strategic Initiatives

- Investment of \$4.7m in our Strategic Initiatives, +\$0.9m on pcp.
- Investments targeted 3 main streams
 - ✓ **RWF** capability, aimed at strengthening our “Own Securitisation Product”
 - ✓ **Data & Digital**, to enhance our competitive advantage in the market-place
 - ✓ **YBR Brand**, spend on Brand Enhancement which incorporated mainstream TVC in 1H23.

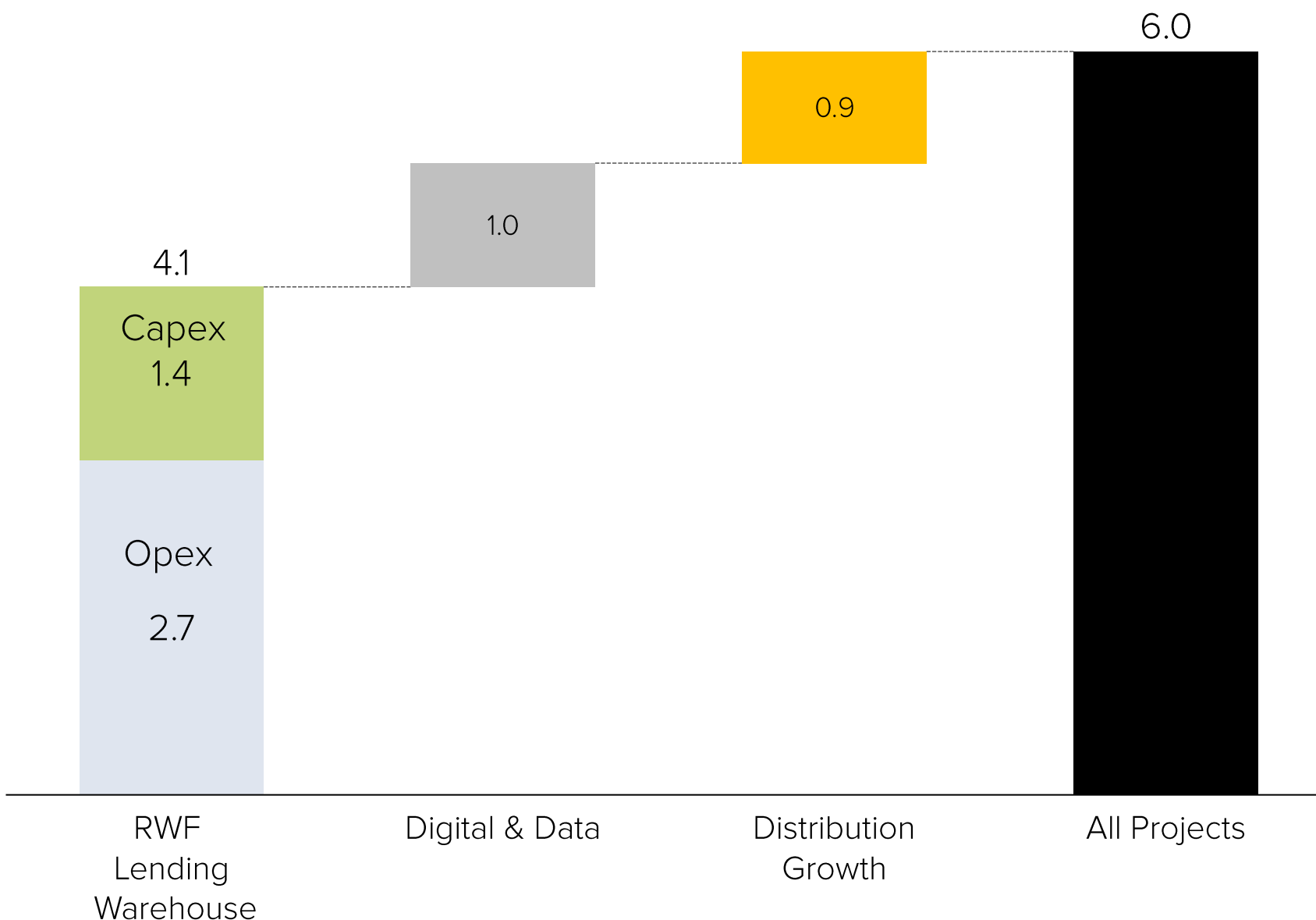
Investment in Strategic Initiatives

We continue to invest in 3 main areas of our business

Project investment breakdown (opex and capex)

Investments incurred in FY23

Values in \$m



Areas of investment

Resi Wholesale Funding

- We continue to invest on our securitisation lending warehouse. enhancing our capability to distribute Our Own Product.
- Towards the end of FY23, YBR commenced its automated credit assessment platform, delivering streamlined credit decisioning which in combination with enhanced credit policy changes and product enhancements will drive volume growth and efficiency in FY24.
- Portfolio reached \$361m with Settlements of \$205m in FY23

Data & Digital

A combination of growth initiatives including data strategy and customer retention application together with enhancing cyber protection for the Group.

Distribution Growth

Continuation of spend to support brand recognition of Yellow Brick Road to ignite our franchise recruitment strategy. Spend relates to targeted advertising, PR and investment in recruitment processes.

This has assisted in achieving record new broker enquiry levels in Q4FY23.

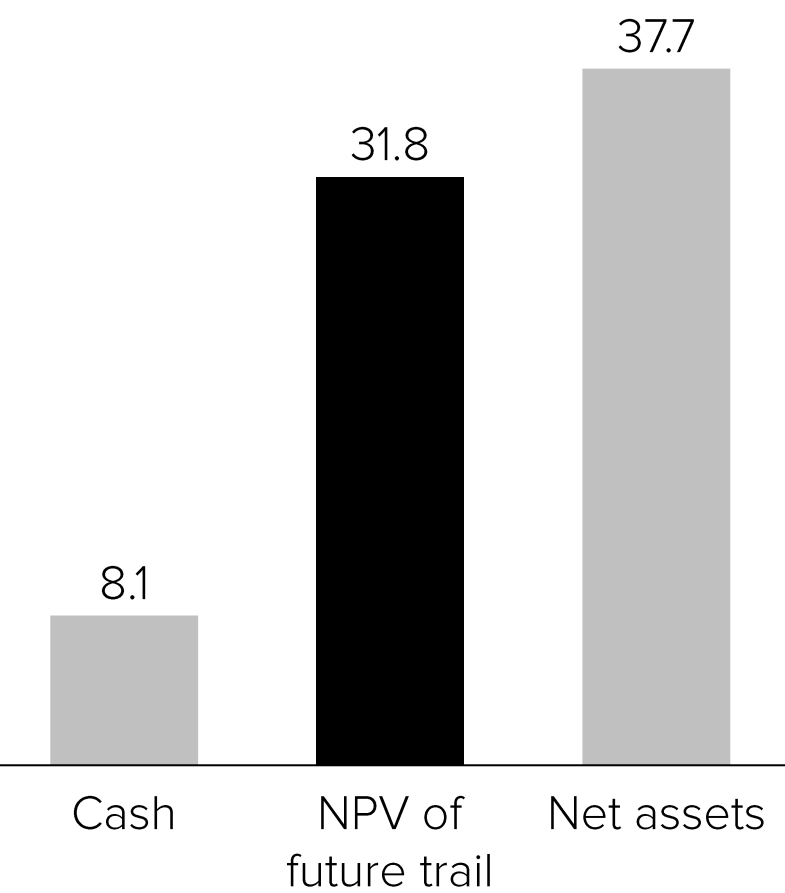
Net present value of future trail commissions

YBR’s largest asset and revalued every year to reflect latest trends

- The PV of future trail incorporates a **portion** of our total revenue flows. It includes net trail commissions from brokers and white label loans.
- It does **not** include upfront commissions, broker fees, sponsorships and revenue from RWF.
- The NPV asset varies in size across our Businesses.
- The NPV/Book size reflects the profitability of each book.
- Variances in the NPV flows through our P&L.
- The main driver of change in our NPV model is the run-off rate, which reflects the speed in which existing loans are expected to be paid off by customers.

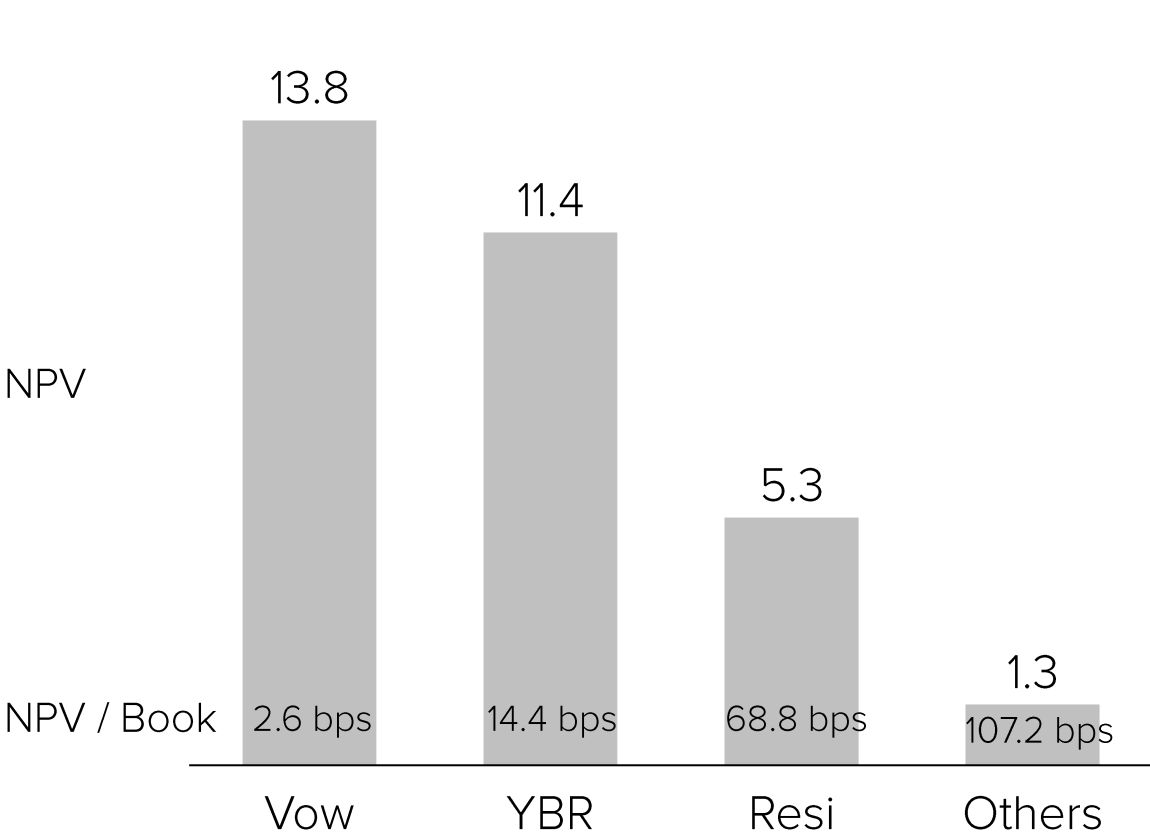
Balance sheet main assets

Values in \$m



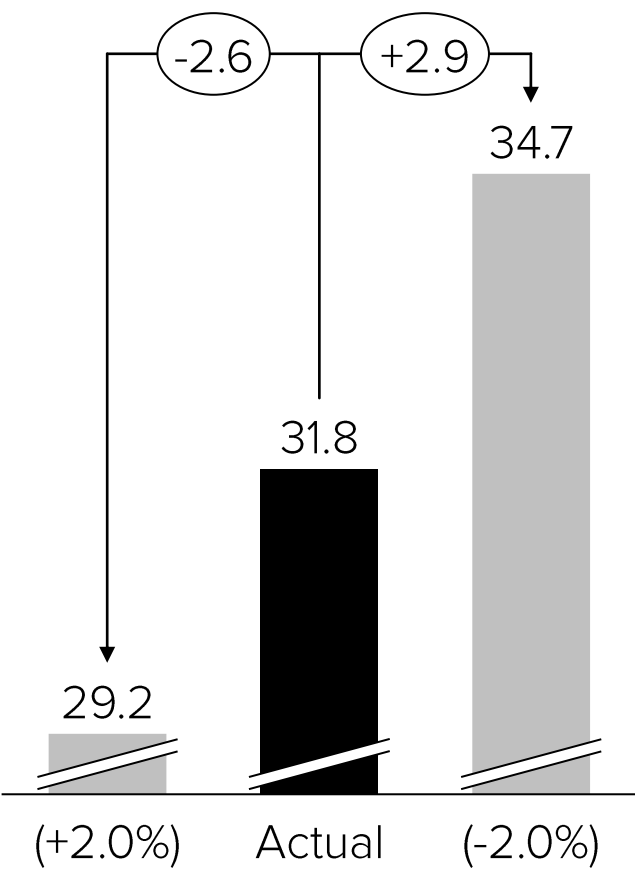
NPV by Business

Values in \$m



P&L Sensitivity to run-off rate

Values in \$m

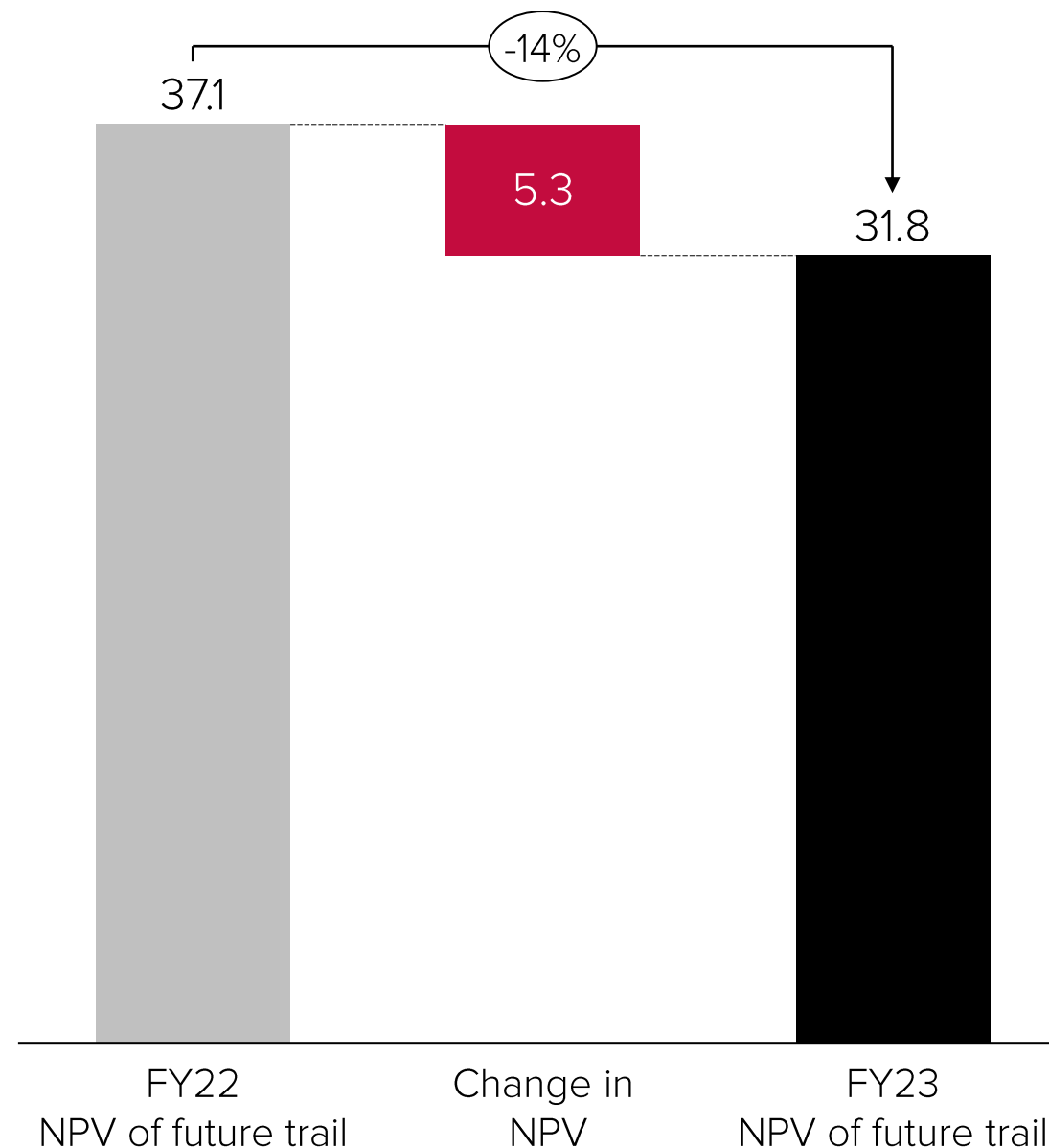


NPV of future trail retained - impact on P&L

In FY23, the NPV of future trail declined \$5.3m, with a non-cash loss of \$5.7m accounted in the P&L

NPV of future trail

Values in \$m



FY23 context

- NPV of future trail reduced by \$5.3m, which caused a P&L impact of -\$5.7m and a \$0.4m benefit from the acquisition of loan books.
- \$4.3m of the P&L impact was due to the FY23 revaluation which was predominately impacted by a recalibration of **run-off assumptions**, following the continuation of higher-than-expected run-off rates through FY23.
- A further P&L loss of \$1.3m related to a combination of margin and mix experience throughout the year.
- The NPV of future trail adjustments flowing through the P&L are **non-cash** items – they do not impact our operating cash flow.
- The future trail net asset reflects only one stream of income of our operating model i.e. future trail income. It does not include other items shown in the Cash Flow Statement such as upfront commissions, sponsorship income and broker fees.
- The major change driving recent run-off rate experience is refinancing activity, with customers taking advantage of the competitive market in the search for lower rates. Most notably, a relatively large proportion of mortgage holders held fixed rated contracts, which expired during FY23 and further accelerated refinance activity.
- The growth in the underlying loanbook demonstrates the success in refinancing existing customers with a new upfront commission; however, this benefit is not reflected in the NPV valuation.



02

Our business, our
industry and our journey

Mark Bouris
Executive Chairman



Our Business

We distribute home loans from an extensive panel of residential and commercial lenders, and offer our own lending products, through our YBR franchise and Vow aggregator channels



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



1,102 Brokers



\$17.3bn in settlements in FY23



\$53.9bn in underlying loan book



\$13.8m in NPV* of future trail



Franchise model leveraging the YBR Brand throughout Australia



118 Brokers



\$2.2bn in settlements in FY23



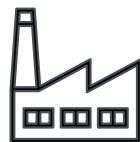
\$7.9bn in underlying loan book



\$11.4m in NPV* of future trail



Product design through White Label, credit assessment and securitisation capabilities



\$500m million of warehouse facilities



\$0.4bn in settlements in FY23



\$1.3bn in underlying loan book



\$6.6m in NPV** of future trail

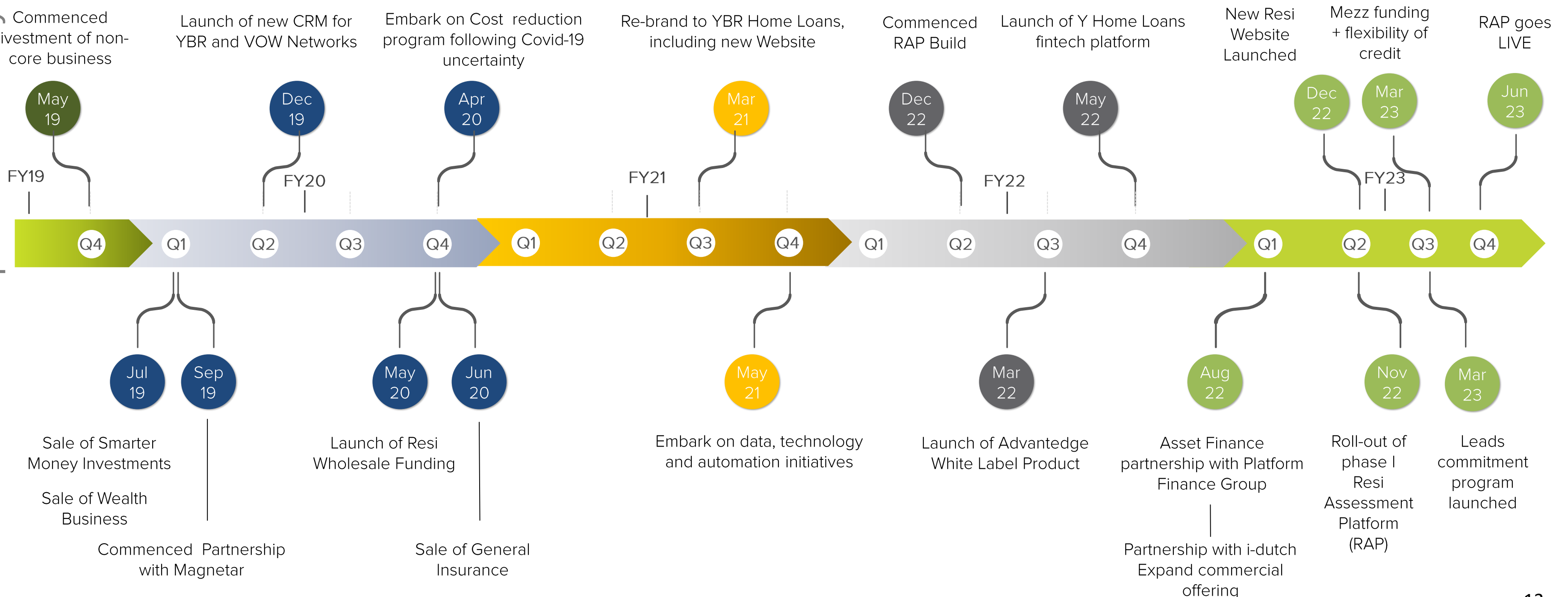
* Represents the actuarial assessed net present value of future net cashflows from the existing underlying book of loans

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

Our Journey

YBR Group has undertaken a large transformation over the past 3 years, simplifying the business, reducing costs and embarking upon new initiatives relating to data & technology

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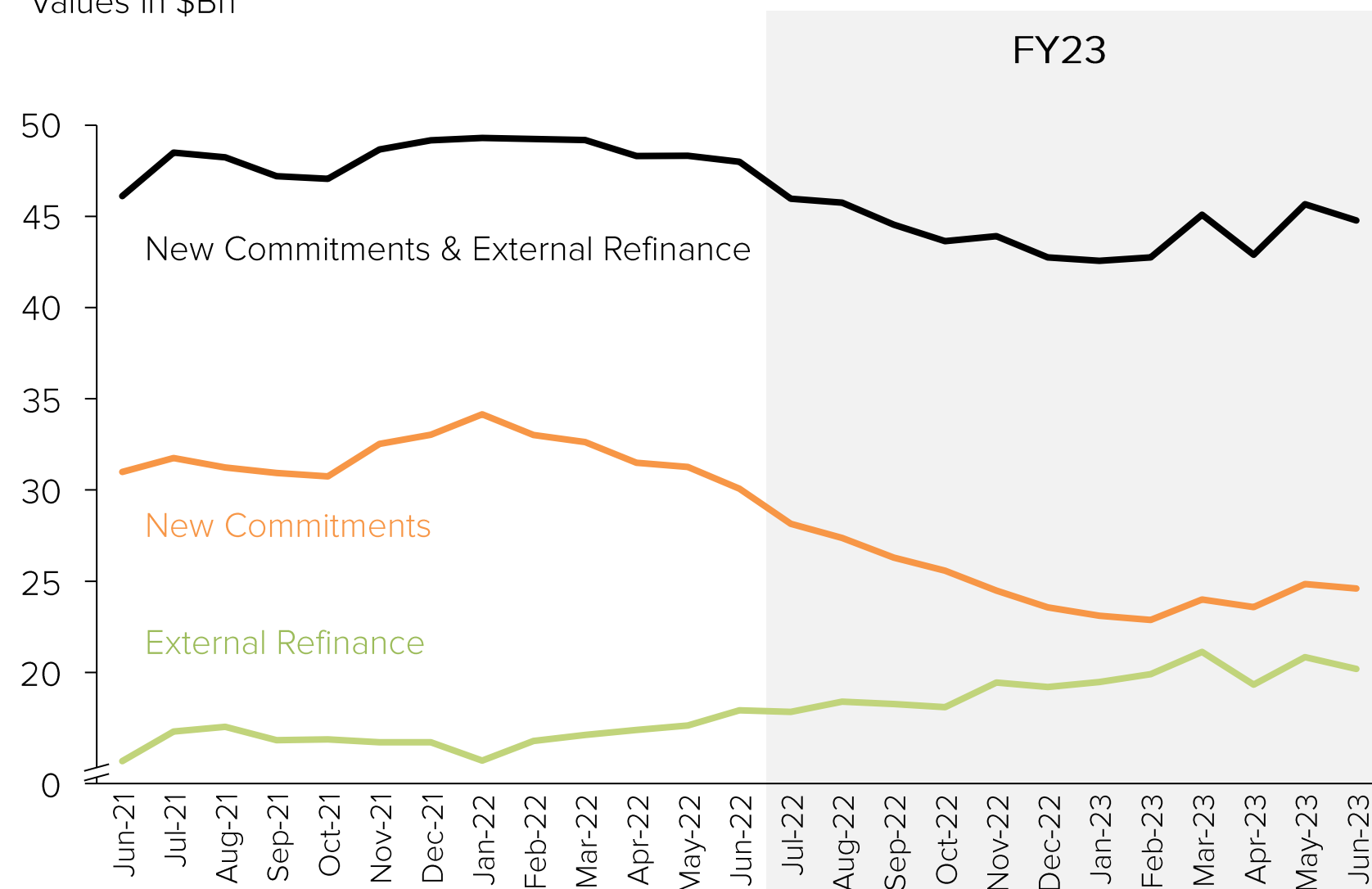
Our Industry

Interest rate hikes cooled down housing finance and changed the market dynamics. However, the trend in late months of FY23 looked promising

Housing Finance Commitments were 8.8% lower in FY23. This reflected a 22.1% decline in new commitments which was partially offset by the strong growth in refi (up 16.9%).

Housing Finance Commitments

Values in \$Bn

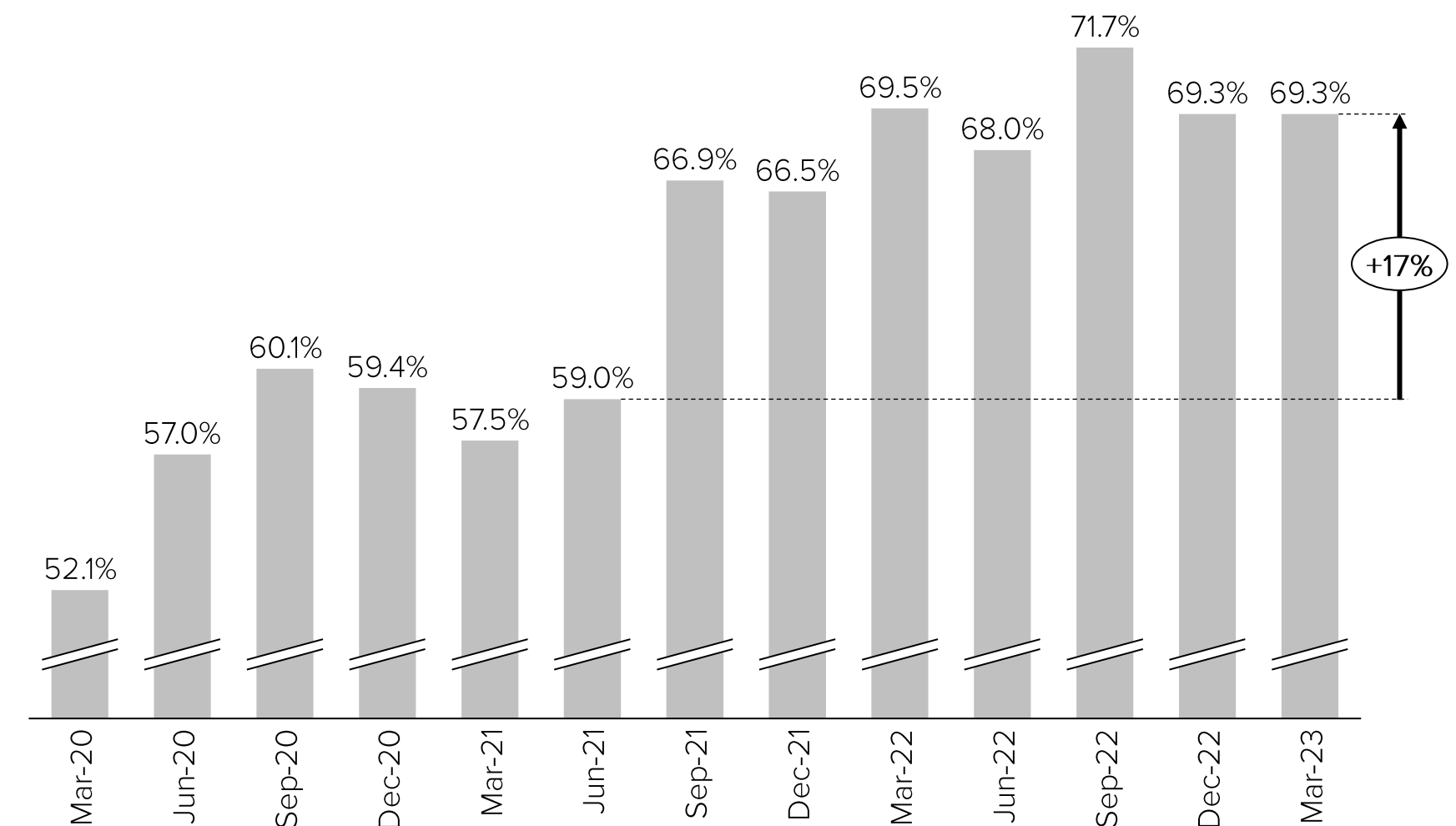


Source: www.abs.gov.au - Lending indicators, Housing finance

C. 70% of all mortgage originations are settled through Brokers. The Broker channel continue to prove its value proposition year after year.

Broker Usage per Quarter

Values in %



Source: MFAA (Mortgage & Finance Association of Australia), CoreLogic

Our Own Product

Recent lending and funding dynamics have seen major banks gaining market share from 2nd tier banks and non-banks, with the trend accelerating in 2H23

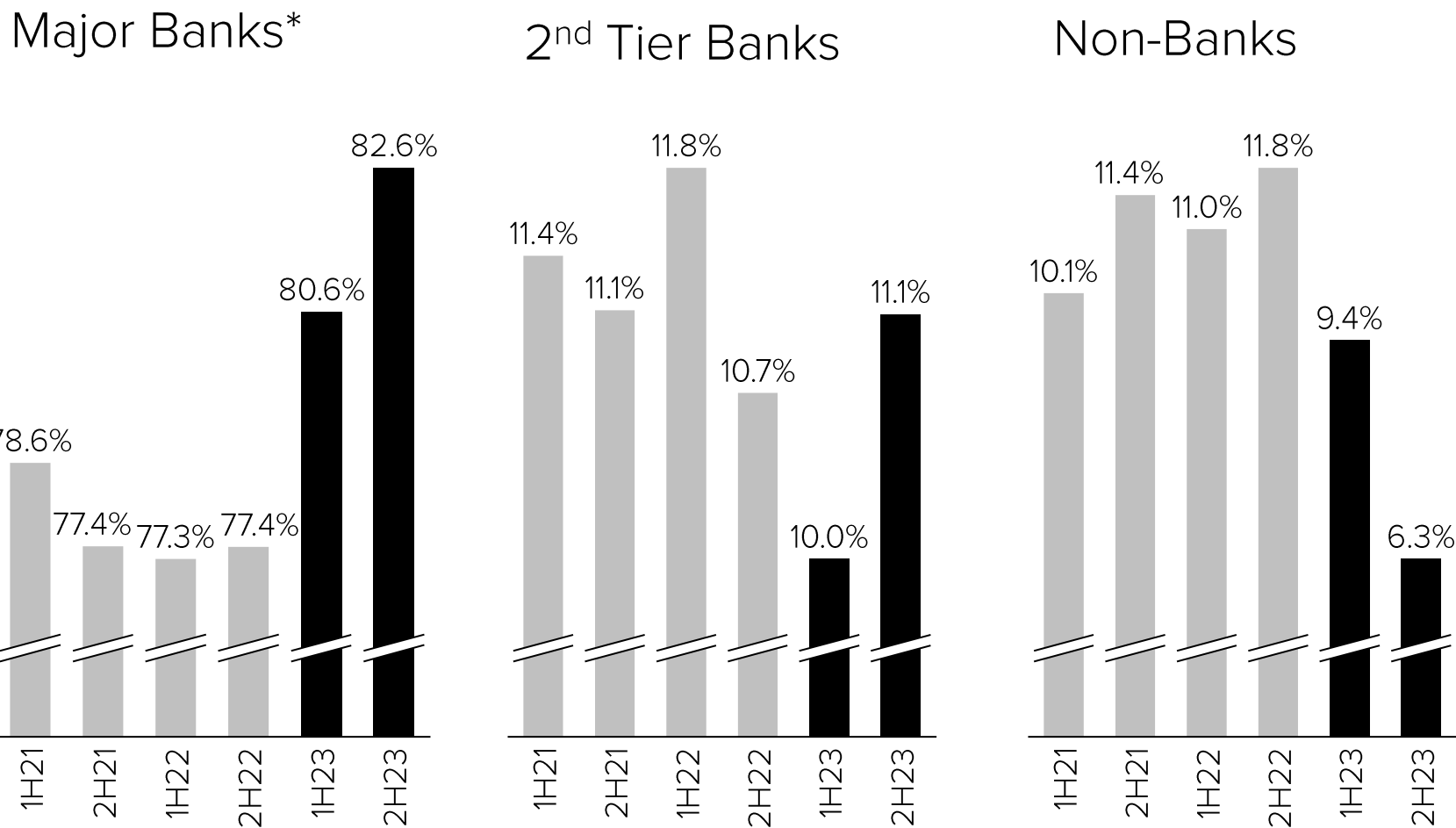
Majors benefited from relative lower costs of funding and aggressive pricing to gain share from both 2nd tier banks and non-banks

Resi, including RWF products (securitised lending) and white label, was the most utilised lender amongst the non-bank segment in our panel, with 2.3% penetration

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Share of Applications within our Panel (Trend)

Values in %

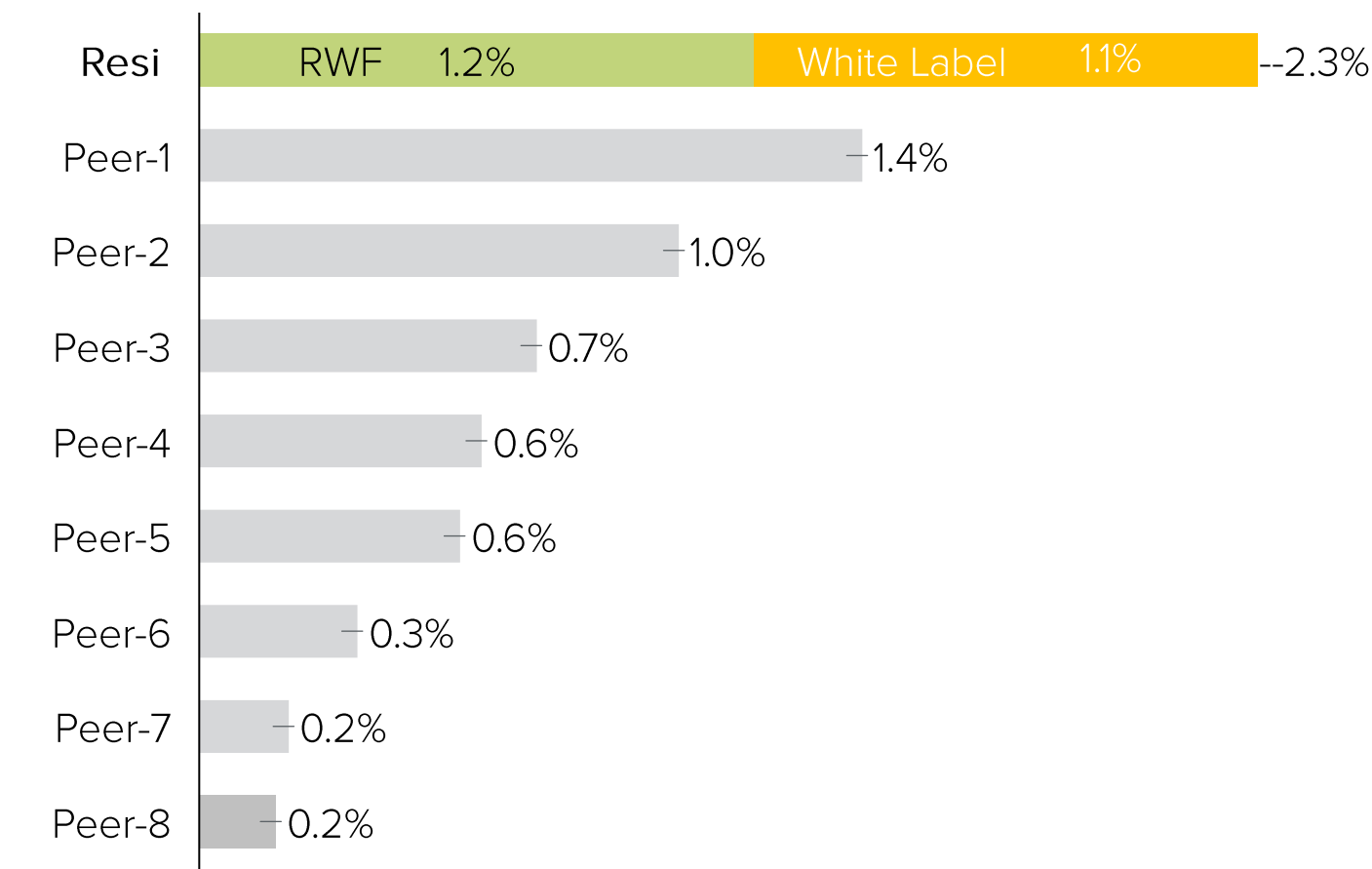


*Includes majors, subsidiary of majors and Macquarie Bank

Source: YBR data

Applications Rank for Non-Banks within our Panel for FY23

Values in %



Source: YBR data



03

Business and strategy
update

Mark Bouris
Executive Chairman



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Strategic Framework

We have a clear Strategic Framework to take YBR to the leading position in the Broking Industry

Strategic Pillars

YBR Branded Retail Channel

Mark Bouris as an ambassador

Own Product

White Label and Warehouse/Securitisation offering

Data & Digital

Automation and Digital Marketing

VOW Aggregation Platform

Providing superior infrastructure to independent mortgage brokers

Value proposition

- The Mark Bouris brand brings reputation and reach of customers
- Our flexible remuneration structure caters for wide range of Franchise and broker needs
- The YBR leads offering accelerates growth of our network
- Leverage our network flows to identify opportunities to lend our own Mortgage Products
- Offer customers with compelling Products (Mass and Niche)
- Provide brokers with easy and fast application process
- Digital marketing is a strategic advantage for further growth and market share
- Leverage from our nimble operating model to quickly adopt cutting edge technology and leapfrog the competition
- Our simple and effective model offers a compelling infrastructure for independent mortgage brokers
- Our model has a “Basic offering” with add-ons through our marketplace, allowing brokers access to a wide range of products to enhance their business

Strategic rationale

- Increased margin over wholesale aggregation model
- Extend our reach in the value chain by increasing penetration of our Own Product offering
- Increased margin vs loans originated through panel lenders
- Lead generation as a core capability
- Customer services driven by Data and AI
- Technology and innovation to accelerate change and disrupt markets
- Recurring income through Broker Fees
- Potential to scale our Own Product across a large network
- High margin low touch opportunity through sale of non-mortgage products from our partners

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Update on our undergoing strategic initiatives

Executing initiatives to enhance our competitive advantage in the market

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Strategic Pillars	Initiative	Update
YBR Branded Retail Channel Mark Bouris as an ambassador	- Brand Enhancement - Franchise recruitment - Customer retention	78% growth in online and social media - Recruitment of 37 new brokers - Customer retention AI driven app delivered
Own Product White Label and Warehouse/Securitisation offering	- Product range and parameters - Resi Assessment Platform - Direct to consumer lending	- Product offering expanded to Near Prime, Near Prime Alt Doc and Specialist Lending - RAP successfully rolled out - DCL – prototype delivered
Data & Digital Automation and Digital Marketing	- Lead generation as a core capability - Customer behaviour learning by tech smarts - Expanded digital channels and automation	- Digital marketing delivered 35% growth in lead generation in H2 “Rate Watch” launched, our data engagement platform with mass consumers - New channels include our leads commitment program for new brokers and other affiliates
VOW Aggregation Platform Providing superior infrastructure to independent mortgage brokers	- Broker retention in a competitive market through strong service delivery - Profitable recruitment - Initiatives to boost levels of incremental non-commission income	234 brokers recruited - Specialist brokers with asset finance and commercial lending backgrounds onboarded to support growth of non-residential earnings - Non-core delivering results with Sponsorship income up 11% and 23% growth in Income from Asset Finance

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Our strategic focus for FY24

We continue on our path to establish YBR as the market leader on the broking industry

Strategic Pillars	Initiative	Rationale
YBR Branded Retail Channel Mark Bouris as an ambassador	- Franchise and broker recruitment - YBR Branded corporate branches rollout - Non-residential products	- Grow our franchise network by targeting experienced banking professionals - Onboard brokers to our in-house corporate branches, initiating their journey with YBR - Grow our income with low-touch high-margin non-residential lending products from our partners
Own Product (Resi) White Label and Warehouse/Securitisation offering	- Direct-to-consumer channel - Own Product growth across our own network - Expand our product offering to external broker groups	- Launch our Direct-to-consumer channel, leveraging RAP capabilities to capture further margin in the value chain - Promote our own product within our network - Partner with external broker groups to increase the reach of our Own Products
Data & Digital Automation and Digital Marketing	- Lead Generation - Customer and Loan Retention - Data and AI	- Extend Digital Marketing to further capture new markets and platforms - Leverage our tech capability to better understand our customers, enrich our engagement, and increase our reach through digital media. - Explore opportunities for efficiency gains and new services to brokers and customers
VOW Aggregation Platform Providing superior infrastructure to independent mortgage brokers	- Broker recruitment - Non-mortgage product growth	- Grow non-residential earnings through increased diversification - Growth in Resi products penetration



04

Digital & data transformation

Kevin Mangano
Chief Digital Officer



Digital Marketing - Lead Generation Impact

We achieved strong leads growth and customer engagement with industry leading content through digital platforms and mainstream media

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Mentored Platform

- Campaign Strategy
- Content Creation
- Content Distribution
- Access to Media Channel
- Rich video content Mark Bouris in conversation with industry experts

150
Episodes produced

Mark Bouris

- Championed the cause for all borrowers struggling with rate increases.
- Fair Go Giveaway 5 X \$12,000 to in need borrowers
- Human Impact Study - Delivered to the RBA Governor highlighting the impact of continuous rate rises

5.1 million
People reached online

Mainstream Media

- 60 minutes
- A Current Affair
- Today Show
- Morning Show
- Sky News
- Daily Telegraph

Weekly
National exposure

Digital and Social Impact

- 30,000 hours of video watched
- Over 1500 pieces of content produced
- Over 350,000 user interactions
- Record year for social media and growth

78% growth
Online followers

Executing on Our Strategy

- YBR as a leading industry brand
- Top performer with online engagement
- Mark is the dominant voice in the industry
- Delivers omnichannel lead generation
- Record year for leads and growth

20% growth
Leads Pipeline



Digital Transformation

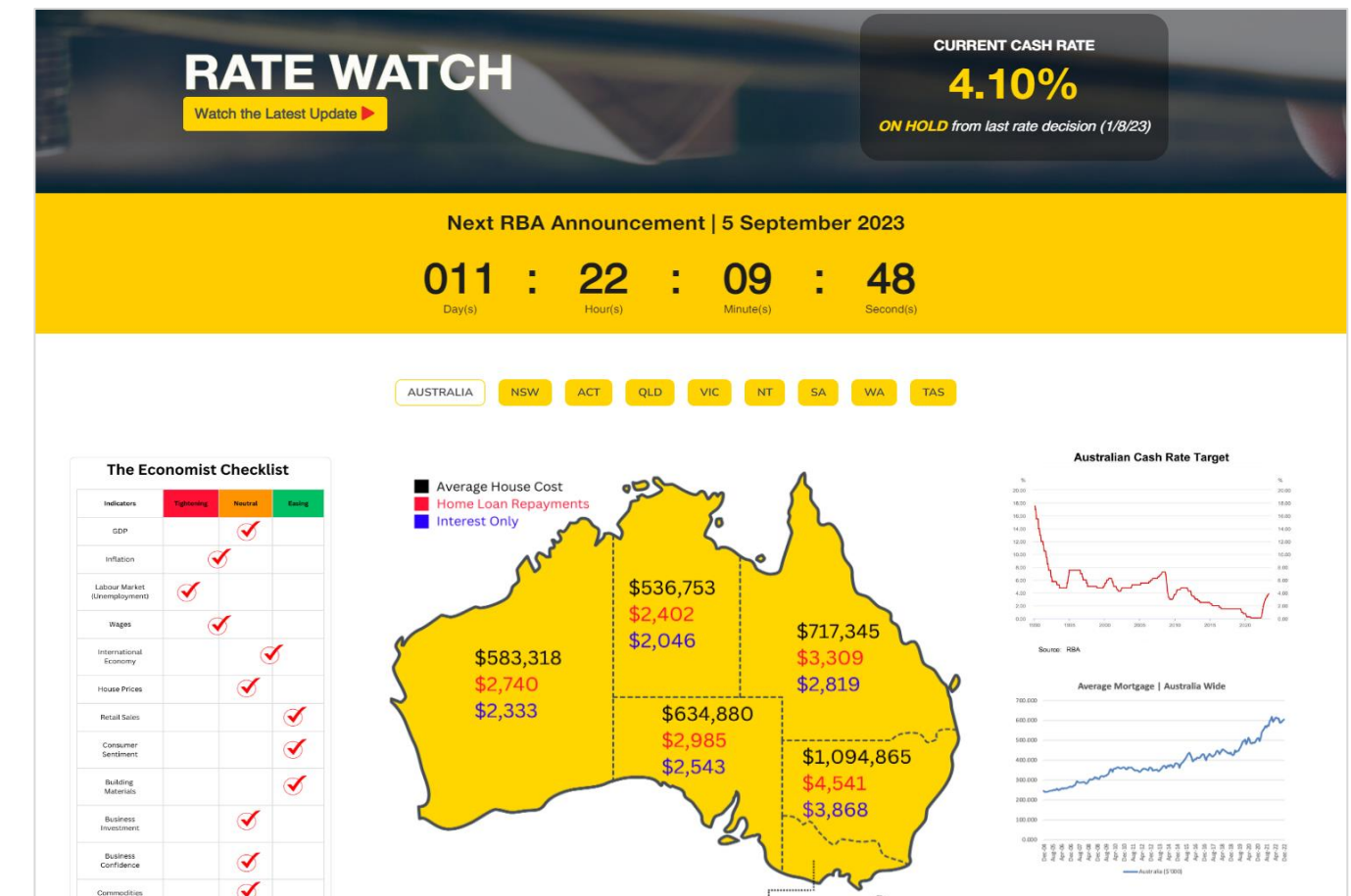
We continue our journey to transform into a data driven organisation and position YBR as market leaders in the industry

FY23 Achievements

- Delivered informative data services -“Rate Watch” a public data platform tracking the ongoing impact of the current interest rate changes.
- Delivered industry leading research in the “Human Impact Study” to the RBA Governor, analysing the adverse human impact on Australian borrowers.
- AI driven retention platform and automation and tools to predict and respond to retention opportunities.

FY24 Outlook

- End to End broker performance analytics and business development through predictive modelling.
- Analytics driven automation for the attraction and growth of new broker referral channels.
- Continue to deliver market leading research and public data services, championing the cause for borrowers during these challenging times.

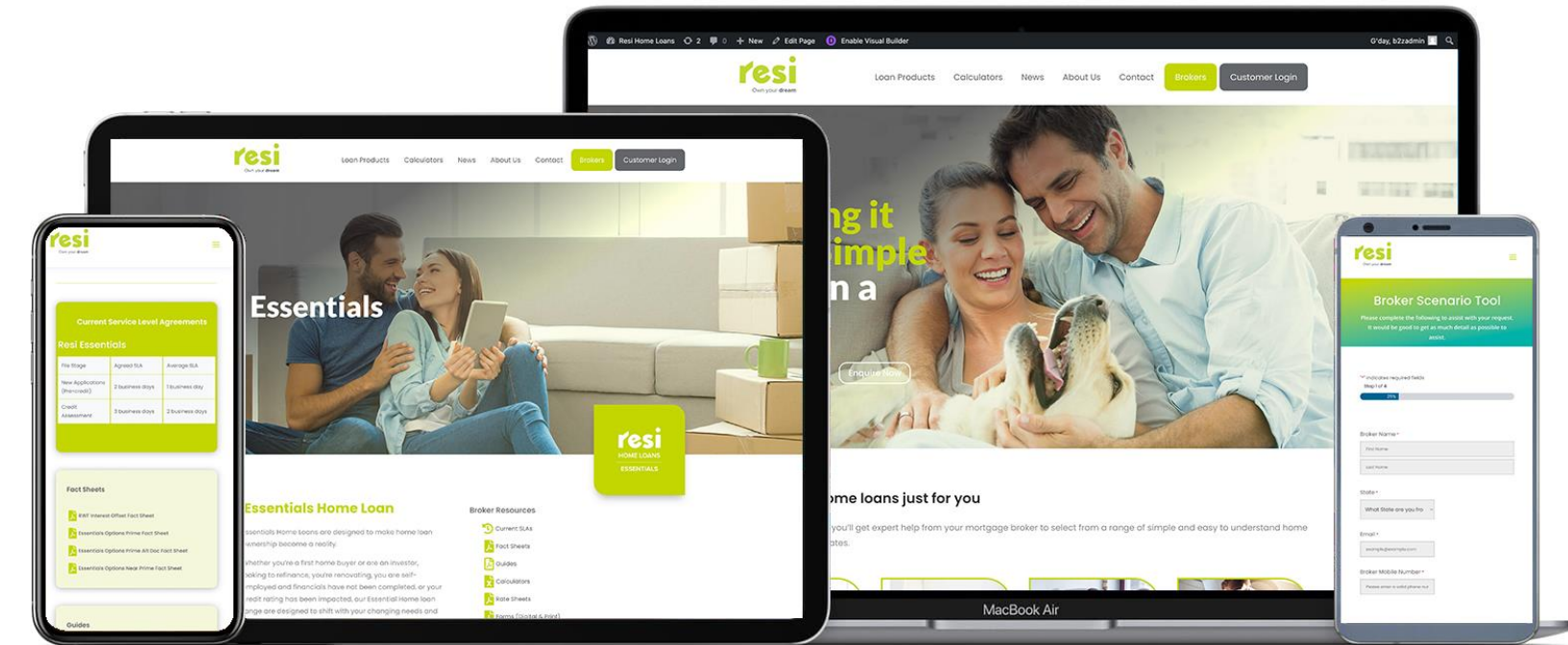


Digital Transformation

Platform automation and integration with our partners has created new opportunities to streamline services for brokers and customers and expand our digital service offerings into new markets.

FY23 Achievements

- Broadened our omni-channel leads generation capability with our leads commitment program for new brokers.
- Resi – Fully renovated digital experience for customers and brokers.
 - New website, broker portal and application experience
 - New credit assessment platform (RAP) to accelerate the overall lending process
- Broker productivity hub launched, helping brokers grow through providing services and partners to support growth and productivity of their business.



FY24 Outlook

- Continue to grow our digital offerings to customers, to move quickly into new markets and disrupt the current competition with sophisticated and bespoke digital experiences
- Continue to enhance our premium service offerings and partners options to provide even more benefits to the broker network and become leading in the market for broker value added services.





05

Financial results

Stephen McKenzie
Group Executive and CFO



Profit & Loss Statement – key elements

Values in \$'000

	FY23	FY22	Var.%
Upfront commissions received	113,718	127,748	-11%
Trailing commissions received (non IFRS)	110,111	102,072	8%
Total commissions received	223,829	229,820	-3%
Origination commissions paid	(109,777)	(123,283)	11%
Trailing commissions paid (non IFRS)	(100,701)	(92,144)	-9%
Total commissions paid	(210,478)	(215,427)	-2%
Net commissions	13,351	14,393	-7%
Net income from fees	7,071	6,536	8%
Other income	6,272	5,879	7%
Gross profit	26,694	26,808	0%
Operating expenses	(25,538)	(24,270)	-5%
EBITDA (Cash basis)	1,156	2,539	-54%
NPV of future trail commissions	(5,661)	(3,734)	-52%
EBITDA (IFRS)	(4,505)	(1,196)	277%
Depreciation & amortisation	(141)	(273)	48%
Net interest expense	250	92	171%
Share of losses in joint venture	(630)	(1,169)	46%
Net profit / loss before tax	(5,026)	(2,546)	-97%
Net profit / loss after tax	(3,530)	(2,459)	-44%

Commissions received

Upfront commission decline corresponds with lower settlements in FY23 following a softening in the home loan market.

Trail commissions increase aligns to the growth in the underlying loan book in FY23.

Commissions paid

Origination commissions movement aligns with settlements experience

Trailing commissions movement driven primarily by a higher proportion of volumes derived via the lower margin Vow wholesale aggregation business

Net Income from Fees

Reflects network growth and price increases.

Other Income

Increase driven by higher sponsorship from lenders, and higher volume bonus with our brokers continuing to adopt asset finance lending.

Operating expenses

Increase of \$1.4m for FY23 with the increased spend incurred in 1H23 (variance of \$1.8m vs pcip) and savings flowing through in 2H. Incremental spend was incurred on strategic initiatives (resulting in increased personnel costs), insurances and non-recurring legal expenses.

NPV of future trail commissions

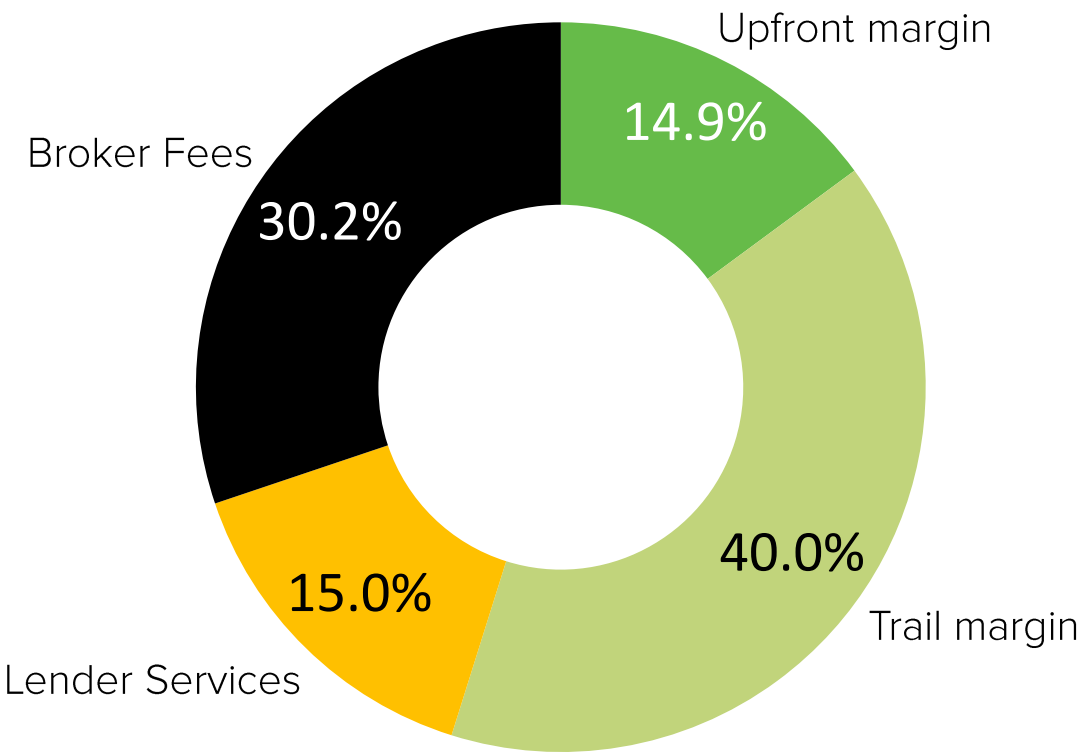
Additional P&L impact reflecting the FY23 revaluation adjustment reflecting increased run-off rate assumptions.

Our streams of income

The YBR Group has a diversified earnings stream with 45.2% of flows outside of the traditional Upfront and Trail net commissions. Whilst taking measures to grow margins derived through commissions, focus is also placed on growing other income streams through our own lending products, non-mortgage products and services to brokers.

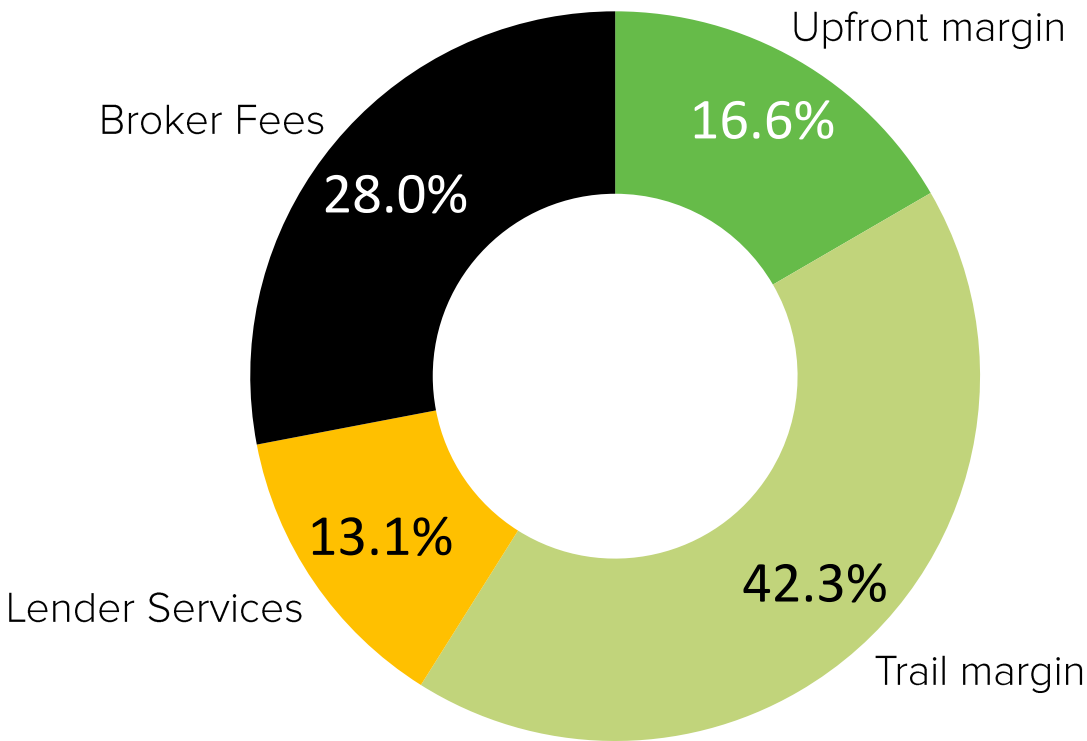
FY23 Income streams

% contribution



FY22 Income streams

% contribution



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Profit & loss statement 2H23 vs. 1H23

With the easing in market conditions and subsequent compression in Upfront Margin in 1H23, YBR re-purposed its cost base to address current challenges and to become more agile with available resources

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Values in \$000	2H23	1H23	Var. \$
Net commissions	6,414	6,937	(522)
Net income from fees	3,590	3,481	109
Other income	2,782	3,490	(708)
Gross profit	12,786	13,908	(1,121)
Operating expenses	(11,946)	(13,592)	1,646
EBITDA (Cash basis)	840	316	525

Navigating 2H23

- **Net commission** in 2H23 was \$490k below 1H23, primarily impacted by a reduction in net upfront commissions relating to further market softening
- **Net Income from Fees** growth reflects price increases starting from Oct-23
- **Other Income** reflects timing difference in recognition of sponsorship income which is aligned to the calendar of events
- **Gross Profit** reduction of \$1,121k was more than offset by opex savings initiatives resulting in \$841k **EBITDA (cash)** being \$525k ahead of 1H23

Balance Sheet

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Values in \$000	FY23	FY22
ASSETS		
Cash and cash equivalent	8,059	10,088
Trade and other receivables	21,558	21,921
Future Trail commissions receivable (NPV)	363,108	413,665
Class G Notes & Other loans in RWF	1,500	4,500
Investments in Joint Venture	-	385
Right of use	2,347	2,974
Intangible assets	1,686	361
Other assets	5,060	3,966
Total Assets	403,318	457,860
LIABILITIES		
Trade and other payables	27,487	31,007
Future Trail commissions payable (NPV)	331,263	376,554
Borrowings	1,188	2,138
Other liabilities	5,671	7,083
Total Liabilities	365,609	416,782
Net Assets	37,709	41,078
Equity		
Equity	114,845	114,684
Retained earnings	(77,136)	(73,606)
Total equity	37,709	41,078
Net Assets per Share		
Net PV of Loan Book trail	31,844	37,110
Net PV of Loan Book trail per share	11.27c	11.43c
NTA per share	11.10c	12.46c
NTA - Resi Wholesale Funding JV	1.93c	2.31c
NTA per share including share of JV	13.03c	14.77c

Cash and equivalents

Decrease reflects a combination of investment in the Resi Assessment Platform (reflecting intangible assets growth), borrowings and long-term creditors pay-down and one-off legal fees and dispute settlements. The balance has been boosted by the return of \$4.5m Class G Notes from the RWF lending program in March '23

Other Assets

Primarily reflecting increase in the deferred tax asset

Intangible Assets

Increase related to investment in Resi Assessment Platform (RAP) Project

Investments in Joint Venture

Reflects the full write-down of the RWF investment as required under AASB 128.

Loans to Joint Venture

Reflects the repayment of the \$4.5m Class G Notes in the RWF lending program offset by a \$1.5m loan of \$1.5m advanced in Q2 FY23

Borrowings

The facility with CBA continues to be paid down. Borrowings have reduced from \$8.7m as at June 2017.

Other Liabilities

Reflects reduction in lease liabilities and contract liabilities associated with service charges for Resi Wholesale Funding

Balance Sheet Trends

Values in \$000	2018	2019	2020	2021	2022	2023
Cash and cash equivalents	5,415	4,057	11,327	12,506	10,088	8,059
CBA Borrowings	(8,652)	(7,201)	(5,200)	(3,300)	(2,138)	(1,188)
Marketing Commitments	(4,453)	(4,453)	(3,993)	(3,139)	(2,569)	(1,869)
Total Borrowings (CBA & Marketing Commitments)	(13,104)	(11,653)	(9,193)	(6,439)	(4,707)	(3,057)
Net Cash and cash equivalents	(7,689)	(7,596)	2,134	6,067	5,381	5,002
Net PV of commissions	50,264	44,861	44,638	40,773	37,111	31,845
Other assets	70,634	41,083	33,153	32,798	38,814	35,208
Other liabilities	(40,187)	(42,706)	(35,949)	(36,123)	(40,228)	(34,346)
Net other assets/(liabilities)	30,447	(1,623)	(2,796)	(3,325)	(1,414)	862
Net assets	73,022	35,642	43,976	43,515	41,078	37,709
Less: Intangibles	(35,282)	(618)	(418)	(218)	(361)	(1,686)
Net tangible assets	37,740	35,024	43,558	43,297	40,717	36,023

Significant Paydown of Debt and Historical Commitments

Cash and non-core business disposals has been utilised to reduce debt and marketing commitments by 77% from 2018 levels

Net Other Assets/Liabilities

Improvement evident from 2019

Intangible Assets

The majority of intangible assets were written-off in 2018. The only material asset added since has been the Resi Assessment Platform which is integral for the securitised lending business.

Cash Flow

Values in \$000

FY23 FY22

Cash Flow from Operations

Cash received from funders	256,031	258,996
Commissions paid	(232,212)	(233,193)
Net commissions	23,819	25,803
Sponsorship income received	3,115	3,110
Operating expenses	(27,986)	(24,692)
Interest received	155	118
Interest and other finance costs paid	(426)	(371)
Total cash flow from operations	(1,323)	3,968

Cash Flow from Investing Activities

Capex	(1,439)	(417)
Proceeds from disposal of business	-	479
Loans to and Investment in related parties (JV)	2,755	(4,500)
Loans to branches/brokers	(335)	-
Total cash flow from investing	981	(4,438)

Cash Flow from Financing Activities

Repayment of borrowings	(950)	(1,162)
Repayment of lease liabilities	(737)	(786)
Total cash flow from financing activities	(1,687)	(1,948)
Net movement in cash	(2,029)	(2,418)
Opening cash balance	10,088	12,506
Closing cash balance	8,059	10,088

Cashflow Themes for FY23

The cash generated from the operations of the business have been prioritised on the following areas of spend:

- Investment in strategic initiatives including securitised lending, distribution growth and data and technology
- Pay down of debt and finalisation of legacy disputes (mainly relating to discontinued operations)

Cash outflows in 2H23 have moderated following the cost savings initiative implemented in Feb '23.

Net Commissions

Reflects slightly lower settlements and increased proportion of new business and loan book residing with the lower margin Vow business.

Also included is \$0.7m for legacy commission dispute payments and loan book purchases.

Operating Expenses

2H cashflow on operating expenses was \$0.9m lower than 1H23 following the cost cutting initiatives employed. Drivers of increase for the full year were:

- Increased spend on strategic initiatives (data & digital, securitised lending and distribution growth)
- Increased BAU spend on insurances, technology and those costs attributed of a full year post covid
- \$0.7m in legal fees and settlements for legacy disputes predominately relating to discontinued operations

Capex

Related to investment in the Resi Assessment Platform and Y Home Loans Initiatives

Loans to and Investment in Joint Venture

Repayment of \$4.5m Class G Notes from the RWF lending program, offset by a \$1.5m working capital loan to the venture and investment increase

Disclaimer

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Thank you

Appendices

Components of Trail Commissions NPV

Values in \$000	FY23	FY22
Balance sheet key elements		
Current Asset PV	81,205	78,631
Non Current Asset PV	281,902	335,034
Total Trail Commission Asset	363,107	413,665
Current Liability PV	(73,719)	(70,822)
Non current liability PV	(257,544)	(305,732)
Total Trail Commission Liability	(331,263)	(376,554)
Net Balance (NPV of trail commissions)	31,844	37,111
P&L Movement by drivers		
Profit & Loss Impacts	(5,661)	
Acquisition of loan books	394	
Net Movement	(5,267)	
P&L Movement by drivers		
Loss on revaluation of Trail Commissions NPV	(4,334)	(1,460)
Loss on other movements in Trail Commissions NPV	(1,327)	(2,274)
Net Loss related to Trail Commissions NPV	(5,661)	(3,734)

Trail Commissions NPV Balances

- The FY23 results have been heavily impacted by the net loss relating to the movement in the NPV of trail commissions.
- The movement is -\$5.3m at a net asset level; however, there has been major movements in gross assets and liabilities with corresponding fluctuations in revenue and expenses.
- -\$4.3m of the P&L impact stems from the FY23 revaluation of the trail commissions NPV which incorporated a higher run-off rate assumption than used in the equivalent FY22 valuation. The new assumption adopts an average of the past 4 years run-off experience which includes accelerated rates experienced in FY21 and FY22 with a moderate reduction in FY23. In FY22, a modified 4 year average was used which stripped out the abnormally high years on the view that run-off rates would return to normalised levels as had been the case in previous periods of interest rates increases. Whilst FY23 experienced some moderation in run-off, the high level of loan refinances driven by aggressive pricing and cashbacks saw rates above those assumed levels.
- -\$1.3m of the P&L impacted relates to a combination of factors including run-off and new business experience during the financial year together with margin and mix experience.
- The net PV trail asset has clearly been impacted by the increased run-off rates (or reduced average loan life). What is not incorporated is impact of the corresponding benefit of upfront commissions being received more regularly due to the refinancing of existing customers.

Key metrics trends

Values in \$000 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21 FY22 FY23

SETTLEMENTS

Mortgage Broking

YBR	700	1,200	1,494	2,068	3,997	3,169	2,221	1,830	1,654	1,594	2,297	2,153
VOW	-	-	-	10,058	12,464	12,014	11,373	9,162	9,734	11,749	18,707	17,304
Total	700	1,200	1,494	12,126	16,461	15,183	13,594	10,992	11,388	13,343	21,004	19,457

Own Product

White label	-	-	-	280	411	427	333	269	184	102	164	226
Warehouse	-	-	-	-	-	-	-	-	-	100	264	205
Total	-	-	-	280	411	427	333	269	184	202	428	431

LOAN BOOK

Mortgage Broking

YBR	900	1,857	2,736	3,832	5,350	6,843	7,295	7,614	7,740	7,962	8,026	7,918
VOW	-	-	-	25,317	29,346	34,640	38,505	40,127	41,057	43,120	49,703	53,874
Total	900	1,857	2,736	29,149	34,696	41,483	45,800	47,741	48,797	51,082	57,729	61,792

Own Product

White label	-	-	-	1,646	2,167	1,993	1,851	1,675	1,450	1,162	964	891
Warehouse	-	-	-	-	-	-	-	-	-	95	314	361
Total	-	-	-	1,646	2,167	1,993	1,851	1,675	1,450	1,257	1,278	1,252

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