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29 October 2020

The Manager, Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

**APPENDIX 4C: QUARTERLY COMMITMENTS REPORT**

Yellow Brick Road Holdings Limited (“**YBR”** or the “**Company”**) attaches the Company’s Appendix 4C Report for the quarter ended 30 September 2020.

**EXECUTIVE SUMMARY**

Areas to highlight for the three months ended 30 September 2020 are as follows (with comparisons to last quarter):

- YBR had cash balances at 30 September 2020 of $10.9m, slightly lower than $11.3m at the end of the prior quarter. In Q1, YBR was due to receive the second tranche of $479k cash from the sale of its wealth business; however, the funds were not reflected in the company’s bank account until 1 October.

- The Net cash flow from operating activities was -$1.3m (Q4 FY2020 $2.7m). The decreased cashflow resulted from a combination of lower Net Receipts which was partly due to timing differences between the receipt of commissions from lenders and corresponding payment to brokers, the repayment of $0.7m of Q4 deferred PAYG and BAS tax payments under the Governments COVID-19 measures, $0.8m in payments for the acquisition of loan books and $0.6m repayment of non-current creditors.

- Operating Outflows (excluding branch and broker share of revenue) increased by 39% to $6.17m (Q4 FY2020 $4.45m) primarily reflecting the payments referred to above.

- During Q1, YBR received the second tranche of $2m cash receipt from the sale of its 50% equity interest in Smarter Money Investments Pty Limited in July 2020. In addition, $150,000 was received following the sale of the Company’s general insurance business in August 2020.

- Borrowings reduced to $4.2m in Q1 following a $1.0m repayment in July 2020.

- Underlying Loan Book decreased slightly by 0.8% to $49.8b (Q4 FY2020 $50.2b)

For details please see the attached financial commentary and Appendix 4C.

Kind regards

**Sean Preece**
Company Secretary
Yellow Brick Road Holdings Limited

# Yellow Brick Road Group

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## FINANCIAL COMMENTARY

### Summary

The reported net operating cash deficit for Q1 FY2021 is $1.32m (Q4 FY2020: $2.73m surplus).

As at 30 September 2020, the Company has $10.9m in cash and cash equivalent and $4.7m in borrowing facilities ($4.2m drawn and $0.5m undrawn).

### Operating Cash Receipts

Receipts from customers reduced slightly to $47.3m (Q4 FY2020 $48.4m).

The surplus in receipts from customers, after branch and supplier pay away (Net Receipts) is $4.9m (Q4 FY2020 $7.2m).

### Operating Cash Outflows

Operating cash outflows, excluding branch and broker share of revenue, increased by $1.72m (39%) to $6.17m (Q4 FY2020 $4.45m).

| Key Cash Outcomes | Q1 FY2021 | *Chg. Vs Q4 FY2020* |
|---|---|---|
| Gross Receipts | **$47.3m** | **-2%** |
| Net Receipts | **$4.9m** | **-32%** |
| Other Op. O'flows | **$6.2m** | **-39%** |
| Operating surplus | **-$1.32m** | **-** |
| Cash and investments at call | **$10.9m** | **-4%** |

| Key Operating Outcomes | Q1 FY2021 | *Chg. Vs Q4 FY2020* |
|---|---|---|
| Settlements | **$3.1b** | **2.7%** |
| Underlying Mortgage Book | **$49.8b** | **-0.8%** |

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# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Yellow Brick Road Holdings Limited

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 44 119 436 083 | 30 September 2020 |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (3 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 47,332 | 47,332 |
| 1.2 | Payments for | | |
| | (a) research and development | - | - |
| | (b) product manufacturing and operating costs | (42,481) | (42,481) |
| | (c) advertising and marketing | (180) | (180) |
| | (d) leased assets | - | - |
| | (e) staff costs | (2,284) | (2,284) |
| | (f) administration and corporate costs | (3,566) | (3,566) |
| | (g) net payment to insurance underwriters on behalf of clients [(1)] | (75) | (75) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest received | 9 | 9 |
| 1.5 | Interest and other costs of finance paid | (74) | (74) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(1,319)** | **(1,319)** |

| **Consolidated statement of cash flows** | **Current quarter $A'000** | **Year to date (3 months) $A'000** |
|---|---|---|

(1) The Company receives general insurance premiums from clients and remits these to underwriters between 60 and 90 days after receipt. The difference between premiums received and paid is recorded as an underwriter deficit or surplus. As a consequence of these timing differences, payment to underwriters in the period were greater than receipts from clients by $75,000.

| | | | |
|---|---|---|---|
| | Net operating cash flows (carried forward) | **(1,319)** | **(1,319)** |
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (6) | (6) |
| | (b) businesses | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | | |
| | (b) businesses | 150 | 150 |
| | (c) investments (net of direct expenses) | 2,000 | 2,000 |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **2,144** | **2,144** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings and lease liabilities | (1,302) | (1,302) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |

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| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (3 months) $A'000** |
|---|---|---|---|
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **(1,302)** | **(1,302)** |

| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of quarter/year to date | 11,327 | 11,327 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,319) | (1,319) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 2,144 | 2,144 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (1,302) | (1,302) |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| **4.6** | **Cash and cash equivalents at end of quarter** | **10,850** | **10,850** |

| **5.** | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | **Current quarter $A'000** | **Previous quarter $A'000** |
|---|---|---|---|
| 5.1 | Bank balances | 8,328 | 8,813 |
| 5.2 | Call deposits | 2,522 | 2,514 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **10,850** | **11,327** |

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| 6. | Payments to directors of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 39 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

- Directors' fees $39,375

| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | 914 |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

- Golden Wealth Holdings Pty Ltd (GWH), a director related entity of Mark Bouris received contracted payment of $584,375 (incl. GST). This includes $309,375 consultancy fees for the period and $275,000 which was outstanding at 30 June 2020 (as reflected in the FY2020 Annual Report).

- BBB Capital Pty Ltd, its team and advisors provided services in relation to the sale of the YBR wealth business. In relation to these services, fees of $330,000 (incl. GST) was outstanding at 30 June 2020 (as reflected in the FY2020 Annual Report) and paid in Q1. BBB Capital is a director related entity of Adrian Bouris.

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| **8.** | **Financing facilities available**<br>*Add notes as necessary for an understanding of the position* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 8.1 | Loan facilities | 4,700 | 4,200 |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

For the majority of the quarter, the Company was charged 4% p.a. fixed rate on the finance facility plus a variable rate of 0.15% p.a.

The Company has secured bank overdraft facilities with CBA. The company pays interest at overdraft index rate less 2.00% p.a.

| **9.** | **Estimated cash outflows for next quarter** | **$A'000** |
|---|---|---|
| 9.1 | Research and development | - |
| 9.2 | Product manufacturing and operating costs * | (41,213) |
| 9.3 | Advertising and marketing | (367) |
| 9.4 | Leased assets | - |
| 9.5 | Staff costs | (2,650) |
| 9.6 | Administration and corporate costs | (3,553) |
| 9.7 | Other (provide details if material) | - |
| **9.8** | **Total estimated cash outflows** | **(47,783)** |

* Product Manufacturing and Operating costs are predominantly branch and franchisee share of commission revenue received. This is a direct variable cost that may fluctuate significantly in line with variations in receipts from customers.

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## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 29 October 2020.
(Company secretary)

Print name: Sean Preece

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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