

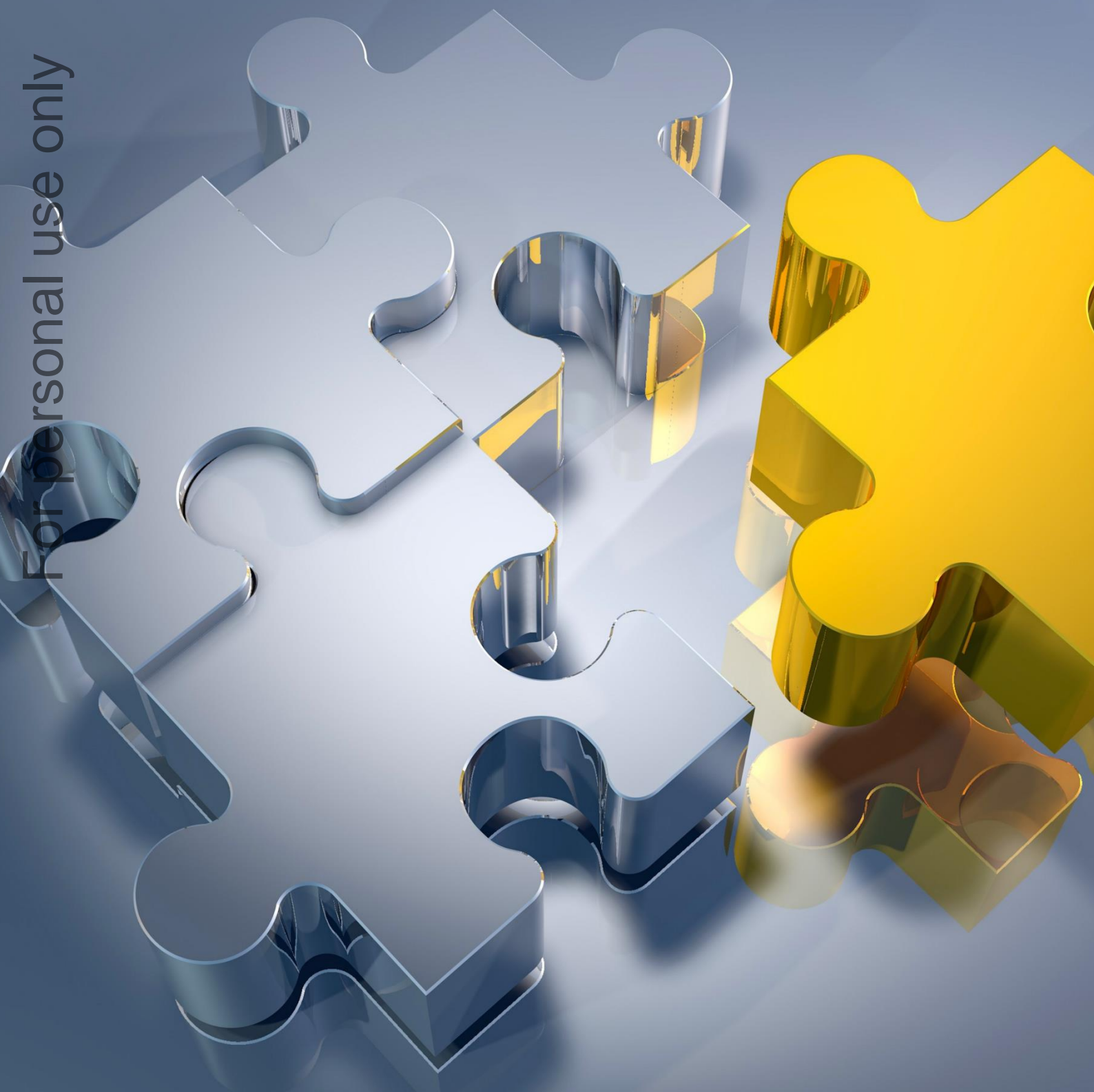
N1 HOLDINGS LIMITED

ACN 609 268 279

N1 Holdings

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023**

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Directors	Ren Hor Wong, Executive Chairman, CEO Jia Penny He, Executive Director, CFO Frank Ganis, Independent Non-Executive Director David Holmes, Independent Non-Executive Director
Company secretary	Anand Sundaraj
Registered office	Suite 502, 77 King Street Sydney NSW 2000 +61 2 92626262
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000
Auditor	SW Audit (formerly ShineWing Australia) Level 7, Aurora Place, 88 Phillip Street Sydney NSW 2000
Solicitors	Sundaraj & Ker Level 31, 264 George Street Sydney NSW 2000
Stock exchange listing	N1 Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: N1H)
Corporate Governance Statement	N1 Holdings Limited and the board are committed to achieving and demonstrating the appropriate standards of corporate governance for an entity the size and stage of development of the company. N1 Holdings Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The 2023 corporate governance statement reflects the corporate governance practices in place during the financial year ended 30 June 2023. The 2023 corporate governance statement was approved by the board on 26 September 2023. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at: http://www.n1holdings.com.au/

CHAIRMAN LETTER

Dear fellow shareholders,

I am pleased to present you with the N1 Holdings Limited (**Company** or **N1**) annual report for the financial year ended 30 June 2023 (**FY23**). We concluded FY23 achieving record revenue, maintaining profitability and EBIDTA, increasing its funding size and emerging with a stronger balance sheet.

THE REVENUE MODEL

Our core business is being a private debt provider secured over property, servicing the market of sophisticated investors and SME owners. Revenue from the core business is derived via Net Interest Margin (**NIM**) and fees. This core business is supplemented by the Company's expertise and operations in the activities of mortgage management and mortgage broking.

During FY23, we strengthened our core infrastructure to be more streamlined and effective in attracting and deploying capital for optimal risk-adjusted return. We define our infrastructure as a set of systems along the value chain of capital raising, loans origination, risk management, distribution channels and post-deployment management.

We utilised our core infrastructure to grow the Company's funding size and loan receivables in FY23. The 12 rate rises that Australians have experienced since April 2022, 10 of which occurred during FY23, have impacted the Company's performance due to the increased cost of funds. Whilst the Company has observed a drastic change in sentiment in the Australian real estate market, N1's management has steered the business diligently and resolved not to pass on a single rate rise to the back-book of our loan receivables. In doing so, the Company has shown resilience to the surging cost of funds, whilst maintaining our reputation as a lender who cares and values its relationships with our business partners and clients. Despite foregoing the opportunity to pass on approximately 4% of interest rate rises, the Company still attained profitability in FY23 and record revenue growth.





THE FUNDING MODEL

The Company's performance during FY23 would not have been achieved without a diverse and strong set of funding sources that N1's management has strived to maintain and improve. As highlighted in last year's annual report, funding source diversification has been of ongoing importance to the Company. As executive chairman, I am proud to say we have done an impeccable job in increasing the Company's funding size while maintaining diverse funding sources at healthy levels. The Company's funding sources are comprised of multiple debt facilities, an N1-managed mortgage fund and private debt on the Company's balance sheet.

The Company's funding model, originated via the Company's infrastructure, plays a critical role in profitably scaling our business operations. Shareholders may notice that N1 has secured multiple debt facilities and nurtured valuable relationships with other funding sources such as HNWIs, family offices and funds. Notwithstanding, the Company's management is focused on continuing the momentum by seeking to raise additional capital via the aforementioned set of sources. Our next goal is to bring greater value to shareholders.

STRONGER BALANCE SHEET

The Company's next overarching goal is to strengthen and grow its balance sheet whilst continuing to remain profitable and sustainable. While we navigated through the headwinds of one of the most aggressive RBA's rate rises cycles, we learned and improved the funding model. In the current financial year, the Company intends to strengthen its balance sheet with new equity capital in order to gradually average down the Company's cost of funds. The Company will also continue to seek and negotiate new debt facilities. This two-pronged strategy of raising equity capital and seeking new debt facilities is an exercise of market value management and capital structure management. Ultimately, the Company's management considers it necessary for the Company to evolve from relying solely on debt as for the Company's funding model.

I am confident we will bring you more fantastic news in the new financial year.

Happy business 2k24!

Yours faithfully,

Ren Hor Wong
Executive Chairman and Chief Executive Officer
26 September 2023

OUR FY23 HIGHLIGHTS



REVENUE

N1H as a private debt provider and manager, derives key revenue via net interest margin and fees in property financing, upfront and trail commissions from mortgage management and mortgage broking activities.

\$14 MILLION

PROFIT

\$341 K

Underlying profit: \$671K

adding back once off goodwill
impairment of \$330K

The company did not pass on a single rate cut to loan back-book amid surge of cost of fund due to one of the most aggressive RBA rate rises cycle in recent history , nonetheless N1H maintains profitability. Noted the Company also incurred goodwill impairment upon divestment of real estate business.

NORMALISED EBITDA

Scalable business model from well established risk management and capital deployment infrastructure.

\$1 MILLION

\$112 MILLION

SME LENDING COMMITTED CAPITAL (accessed and managed by N1H)

This amount comprises of \$25 mil committed balance sheet capital, \$65 mil from debt facilities and \$24 mil from lending funds* issued and managed by N1 Asset Management as at 30 June 2023.

*Lending funds are not consolidated into the Company's financial statements.

The Company continues to attract high calibre funding sources and keep strong rapport with investors, high-net-worth individuals, family offices and funds, which further strengthens N1H's funding resilience,.

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General information

The consolidated financial statements cover N1 Holdings Limited as a Group consisting of N1 Holdings Limited and the entities it controlled at the end of, or during, the year. The consolidated financial statements are presented in Australian dollars, which is N1 Holdings Limited's functional and presentation currency.

N1 Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 502, 77 King Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the consolidated financial statements.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2023. The directors have the power to amend and reissue the consolidated financial statements.

The directors present their report, together with the consolidated financial statements, on the consolidated entity (referred to hereafter as **the Group**) consisting of N1 Holdings Limited (referred to hereafter as the **Company** or **N1**) and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Dividends

Dividends paid, recommended or declared during the financial year are \$202,528 (2022: \$nil).

Principal activities

During the financial year the principal continuing activities of the Group consisted of:

- commercial lending business;
- mortgage broking services;
- advisory, fund management and trustee services;
- migration services; and
- real estate property sale and management services.

Review of operations

During FY23, the Group generated revenue of \$13.99m (FY22: restated \$10.61m), which represents a growth of 31.9% to revenue in FY22 and delivered a net profit after tax of \$340,945 (FY22: restated \$697,067). Normalised EBITDA of the Group is \$1.06m (FY22: restated \$1.43m).

	2023	2022 (Restated)
	\$	\$
Profit before income tax	109,767	697,067
Add: Interest expense – Corporate**	181,766	284,656
Add: Depreciation and amortisation	440,606	449,675
Add: Goodwill impairment resulting from sale of rent roll***	329,975	-
Normalised EBITDA	1,062,114	1,431,398

* FY22 Comparatives are restated. Please refer to note 1 of the report for detailed information.

** Interest expense and interest income from commercial loan receivable are still included in the EBITDA. The EBITDA only excludes the interest expenses relating to the corporate loans, bank loans for realty rent roll as well as interest expenses in relation to AASB 16 Leases.

*** On 10 March 2023, the Company sold its rent roll asset and discontinued its associated property management business, which has created a once off impairment on Goodwill of \$329,975.

During FY23, the Group's Commercial lending business continued to be the major revenue generator, accounting for 84.35% of the Group's total revenue. A complete breakdown of the Group's revenue for the period is as follows:

- Commercial lending (including the management fee income from the Funds under management) revenue was \$11,804,622, which equals to 84.35% of the Group's revenue. This is an increase of 4.35% over the prior period (FY22: restated \$8,488,460).
- Mortgage broking revenue (including trail commissions) was \$1,347,310, which equals to 9.63% of the Group's revenue;
- Advisory service revenue was \$359,000, which equals to 2.57% of the Group's revenue;
- Real estate business revenue was \$423,828, which equals to 3.03% of the Group's revenue; and
- Migration services revenue was \$58,814, which equals to 0.42% of the Group's revenue.

Throughout FY23, the Group has strengthened its position in the market as a property-backed SME lender and mortgage fund investment manager by achieving 31.9% revenue growth to \$13.99m compared to same period last financial year whilst maintained positive EBITDA and profitability amid surge of cost of fund resulting from the RBA rate rises from historic low of 0.1%. The real estate market and its participants including, but not limited to, lenders and borrowers, have felt the impact and shift in sentiment.

By the end of FY23, the Group has access to and manages over \$112 million in committed lending capacity, which consists of approximately \$25 million of balance sheet capital raised from private debt, \$65 million under debt facilities and approximately \$22 million of mortgage funds under management. (Please note: the mortgage funds are not consolidated into the consolidated financial statements. These mortgage funds are managed by N1 Venture Pty Ltd, a 100% owned subsidiary of N1H). The Group has sustained its growth despite the aggressive rise in the cost of funding and associated shift in market sentiment.

Profit of the Group is down by 51% to \$340,945 due to the goodwill impairment resulting from the Company's divestment of the rent roll asset and discontinuance of the associated property management business as well as the abovementioned increase in the cost of funding. The impairment is a temporary setback that, in the long term, will result a more streamlined business that management considers will position the Company for future growth.

Throughout the increase rate tightening cycle, the Group did not pass on a single rate rise to its back book of loan receivables and maintained profitability. Whilst future performance may be uncertain due to, amongst other things, upcoming interest rate decisions of the RBA, the Company's management is confident that its current strategy has resilience and scalability of the Company's business model. Additionally, by not passing on rate rises to the Company's back book, the Company has absorbed increase in the cost of funding on our pool of capital, yet we manage to gain a spot in the profitable territory.

In addition, the Group has maintained steady revenue stream from its Mortgage broking and Mortgage Management business, which forms the Group's defensive strategy and assists in customer stickiness by generating cross-sale opportunities to our existing client database.

In summary, the Group has evolved to become a private debt manager, with well-built risk management infrastructure to be able to attract and deploy capital efficiently via property-backed transactions, meanwhile possess a defensive buffer against market volatility via mortgage broking and mortgage management business, that is complementary to each other. Our growth has demonstrated the scalability of the business model, proven with consecutive periods of record revenue growth and profitability.

Further to challenges mentioned above, the Group seeks to provide comments on its material business risks that may affect the financial performance of the Group and its ability to continue generating revenue for future years, including risks which are not directly within the Group's control. The material business risks include:

Compliance risk

The Company is required to comply with various laws, regulations, industry standards, licence conditions and internal policies that are applicable to its business activities. The Company is exposed to risks of failure to act in accordance with all the requirements.

Key actions: The Company maintains a robust internal control and governance framework by conducting ongoing reviews and compliance risk assessments, utilising internal and external education as well as working closely with external consultants to ensure continuing compliance.

Credit risk

The core business of the Company is to lend commercial loans to borrowers. There is a risk of being unable to recoup the capital in default loans, which may be caused by deficiency in collateral value, adverse market sentiment or other unforeseen circumstances.

Key actions: The Company applies a disciplined execution of its comprehensive credit policy guideline with strong focus on the strength of collateral as well as overall credit history of borrowers and guarantors. The short term nature of our loan product also allows the Company to undertake regular reviews and adjustments of pricing and valuation.

Liquidity and funding risk

The continuity and resilience of the Company's funding sources, and capital liquidity is crucial for its business activities. The timing mismatch between the disbursement and repayment of funding may impact the Company's capacity to lend and may subsequently impact the Company's financial performance.

Key actions: The Company focuses on developing a set of diversified funding sources to divest from relying solely on a single set of funding sources.

Interest rate movements risk

The Company relies on funding sources that are subject to interest rates movements, which directly impact on the cost of funds.

Key actions: The Company ensures viable lending rates that are aligned to market sentiment. Meanwhile the Company continues to limit exposure to interest rate fluctuations by sourcing funding that provides stability in cost.

Market risk

The Company's business is subject to the macroeconomic impacts including across multiple segments of the market, namely, the property market, the lending market and Small and Medium Enterprises (SME) business sentiment.

Key actions: The Company mitigates the risks through the monitoring of key risk indicators and market conditions and conducting regular reviews of current exposures, lending parameters and pricing to enhance its business capabilities.

Financial crime and fraud risks

Financial crime has devastating human impacts. Accordingly, the Company has full awareness of the importance of protecting its customers, the community and the integrity of the financial system. The Company is also cognisant of the heightened risks caused by increasingly sophisticated technologies used by criminals targeting financial systems and conducting fraud.

Key actions: The Company continues to work closely with experts to develop a set of monitoring systems that aim to minimise the risks of financial crime and fraud. Meanwhile, the Company provides continuous education and training for staff and business partners focusing on how to detect and deter risk early in the process.

Cybersecurity risks

A cyber-attack on the Company can significantly disrupt its operations and compromise customer data privacy. Cyber criminals are becoming increasingly sophisticated, taking advantage of the adoption of the internet and remote working.

Key actions: The Company continues to educate staff and business partners on cybercrime risks and enhances the management of third parties to better understand and mitigate risks associated in digital communications. The company follows protocol by providers such as Amazon Web Services and Google. The Company also makes use of local server, not relying solely on web cloud settings.

Climate change and social risks

Frequent and severe weather conditions in climate patterns in Australian major cities may impact the Company's borrowers and clients. Certain climate and social events might result in impairment of collateral valuation.

Key actions: The Company consistently develops understanding of climate change and social risks exposures across our existing loan portfolio and scrutinise nature of lending scenarios that might be exposed to such risks and adopt a prudent approach.

Review of Financial Position

The Group has a net asset position of \$591,663 as at 30 June 2023 (restated \$153,246 as at 30 June 2022).

At 30 June 2023, the Group's current assets were \$87,491,974 and it's current liabilities were \$25,550,095. Non-current assets decreased by \$965,216 to \$2,724,824 (restated \$3,690,040 as at 30 June 2022) and non-current liabilities increased by \$11,663,742 to \$64,075,040 (restated \$52,411,298 at 30 June 2022).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 7 September 2023, the Group has received commitments for an additional \$10 million in debt capital.

No other matters or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of N1 Holdings Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of N1 Holdings Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report. Ms Yang (Bessie) Zhang is the lead audit partner of the Company's auditor, SW Audit.

Directors

The following persons were directors of N1 Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Ren Hor Wong (Executive Chairman, CEO, appointed 24 November 2015);
Ms Jia Penny He (Executive Director, CFO, appointed 24 November 2015);
Mr David Holmes (Independent Non-executive Director, appointed 15 January 2019); and
Mr Frank Ganis (Independent Non-executive Director, appointed 1 September 2020).

Company Secretary

Mr Anand Sundaraj (Company Secretary, appointed 24 November 2015)

Mr Ren Hor Wong (Executive Chairman, CEO)

Qualifications, experience
and special responsibilities

Mr Wong is the founder, Executive Chairman and Chief Executive Officer of the Company.

Mr Wong has been responsible for developing the Company's business strategy and expanding its business into Asia Pacific.

Prior to establishing the Company, Mr Wong had, over a span of 6 years, applied his entrepreneurial and management skills in industries ranging from courier services, printing services and real estate. He has previously founded and successfully exited various businesses including Copiko Printing, Sydneymove.com.au and Packers Unpackers.

Mr Wong holds a Bachelor of Engineering with Honours from University of New South Wales.

Interest in shares and
options in the Company
(**Shares** and **Options**,
respectively)

50,298,357 Shares

Directorships held in other
listed entities during the
three years prior to the
current year

None

Ms Jia Penny He (Executive Director, CFO)

Qualifications, experience
and special responsibilities

Ms He is a Fellow of Certified Practising Accountant (FCPA) with over 15 years combined industry experience in accounting, financial planning and mortgage broking.

Ms He joined the Group in May 2014 as the Accounting and Tax Adviser and Principal Financial Planner. Ms He was subsequently appointed as the Company's Chief Financial Officer. Her current role within the Company includes all financial management, tax and reporting functions of the business.

Prior to joining the Company, Ms He served as an executive for Cabot Square Chartered Accountants from July 2006 to May 2014.

Ms He holds a Master of Accounting degree from Macquarie University and is also an ATO registered tax agent holding a Public Practice Certificate.

Interest in Shares and
Options

709,468 Shares

Directorships held in other
listed entities during the
three years prior to the
current year

None

Mr David Holmes (Independent Non-Executive Director)

Qualifications, experience and special responsibilities

Mr Holmes has over 32 years' experience in the financial services industry having held senior roles in the UK and Australia. He was Head of Mortgage Credit for Citibank UK before becoming COO at Preferred Mortgages, one of the first non-conforming lenders in the UK. In August 2000 David moved to Australia and was one of the founding Executives at Pepper Money. While at Pepper Money he served as COO and Global Head of Credit with responsibility for the establishment and maintenance of credit policies throughout Australia, Ireland and South Korea. David was instrumental in Pepper Money gaining warehouse funding facilities from three of the major banks in Australia.

Mr Holmes holds a Bachelor of Arts (with Honours) from University of Warwick.

Interest in Shares and Options

Nil

Directorships held in other listed entities during the three years prior to the current year

None

Mr Frank Ganis (Independent Non-Executive Director)

Qualifications, experience and special responsibilities

Mr Ganis has over 40 years' domestic and international experience in banking and finance with an extensive background and deep knowledge of financial services. He is recognised as a pioneer and influential industry leader in Australia.

Prior to retirement from full time executive work in 2017, Mr Ganis spent 28 years at Macquarie Group including 17 years as an Executive Director. In addition to his executive responsibilities, Mr Ganis also fulfilled a broad range of board and chair roles for a number of Macquarie's domestic and international subsidiaries and was a member of various regulatory and credit committees.

Frank currently services as a board member for several public and private companies and various industry advisory roles.

Frank is a Fellow of the Australian Property Institute (FAPI) and a Graduate of the Australian Institute of Company Directors (GAICD).

Interest in Shares and Options

430,000 Shares

Directorships held in other listed entities during the three years prior to the current year

Former Non-Executive Director – Yellow Brick Road Holdings Limited (ASX: YBR)

Mr Anand Sundaraj (Company Secretary)

Qualifications, experience and special responsibilities

Anand Sundaraj is a corporate lawyer with over 20 years' experience. He is a principal of Sydney-based law firm, Sundaraj & Ker. Mr Sundaraj specialises in advising on mergers and acquisitions and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including listing rule compliance and corporate governance. Mr Sundaraj has worked for a number of pre-eminent law firms including Herbert Smith Freehills, King & Wood Mallesons, and Allen & Overy, as well as global investment bank, Credit Suisse AG.

Mr Sundaraj holds a Bachelor of Laws (with Honours) and a Bachelor of Science from Monash University and is admitted as a solicitor of the Supreme Courts of New South Wales and Victoria.

Interest in Shares and Options

10,000 Shares

Directorships held in other listed entities during the three years prior to the current year

None

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
Ren Hor Wong	5	5
Jia Penny He	5	5
David Holmes	5	3
Frank Ganis	5	5

Remuneration report

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel (**KMP**) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance in areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the Group, as well as create goal congruence between Directors, executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- The remuneration policy is to be developed by the Board (having regard to the Company's earnings and the consequences of the Company's performance on shareholder wealth, in each case in the most recent financial year and previous 4 financial years) and the Board may seek advice on the policy from independent external consultants at its discretion.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits options and performance incentives.
- Performance incentives are generally only paid once and conditional on key performance indicators (**KPIs**) having been met.
- Incentives paid in the form of options or rights are intended to align the interests of the Directors and the Company with those of the Shareholders. In this regard, KMP are prohibited from limiting the risk attached to those instruments by use of derivatives or other means.
- The Board reviews KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and Shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in Shareholder wealth.

KMP receive, at a minimum, the superannuation guarantee contribution required by law, which is currently 10.5% of the individual's ordinary earnings. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees that can be paid to a non-executive Director is contained in that Directors' consultancy service agreement.

Remuneration structure

There have been no significant changes after the Company's listing on ASX. The table below summarises the remuneration components of KMP of the Group.

Remuneration component	Reward Type	Purpose	Link to performance
Fixed remuneration	Salaries, superannuation and other fixed benefits	To provide competitive fixed remuneration set with reference to role, market and experience	Company and individual performance are considered during the annual review
Short-term incentive	Bonus paid in cash	Rewards executives for their contribution to achievement of Group outcome	Revenue of the Group
Long-term incentive	Share options	Rewards executives for their contribution to the creation of shareholder value over the longer term	Vesting of the awards is dependent on absolute total Shareholder return in addition to continuous service vesting conditions.

Performance-based Remuneration

The KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual involved is in and has a level of control over. The KPIs target areas that the Board believes hold greater potential for Group expansion and profit covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to achieving the Group's goals and shareholder value, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures, however, where the KPI involves comparison of the Group or a division within the Group to the market, independent reports are obtained from other research organisations.

Relationship between remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus (i.e. based on KPI), and the second being the issue of options to the majority of Directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy has been effective in increasing shareholder value over the past years.

Performance conditions linked to remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios, and continued employment with the Group.

The performance-related proportions of remuneration (based on KPI targets) are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between Management and Shareholders. There has been no alteration to the terms of the bonuses paid since the grant date.

The satisfaction of the performance conditions is based on a review of the audited consolidated financial statements of the Group and publicly available market indices and as such these figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

The performance-based bonus schedule is detailed below, which has only available to executive Directors since 17 May 2023. \$60,000 were paid to executive Directors during FY2023, of which \$40,000 were paid to Ren Hor Wong and \$20,000 were paid to Jia Penny He.

Minimum revenue achieved by the Company for a financial year	Bonus Ren Hor Wong	Bonus Jia Penny He
\$6 million	\$20,000	\$10,000
\$12 million	\$40,000	\$20,000
\$15 million	\$60,000	\$30,000
\$18 million	\$80,000	\$40,000
\$21 million	\$100,000	\$50,000
\$24 million	\$120,000	\$60,000

Maximum achievable bonus is used in below calculation.

	Fixed remuneration		Remuneration linked to performance	
	2023	2022	2023	2022
Directors and secretaries				
Ren Hor Wong	77.44%	95.15%	22.56%	4.85%
Jia Penny He	76.92%	95%	23.08%	5%
David Holmes	100%	100%	0%	0%
Frank Ganis	100%	100%	0%	0%

The following tables provide employment details of persons who were, during FY2023, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

Positions of KMPs and their employment details

	Position held	Contract duration	Employment type	Termination notice period
Ren Hor Wong	Chairman, CEO	18/03/2016 - Ongoing	Permanent	3 months
Jia Penny He	Executive Director, CFO	18/03/2016 - Ongoing	Permanent	3 months
David Holmes	Independent Non Executive Director	15/01/2019 - Ongoing	Consultancy agreement	10 business days
Frank Ganis	Independent Non Executive Director	01/09/2020 - Ongoing	Consultancy agreement	10 business days

Key terms of KMP contract

Chief Executive Officer

- The CEO receives fixed remuneration of \$400,000 per annum plus superannuation contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the *Superannuation Guarantee Charge Act 1992 (Cth)*.
- In addition to the fixed remuneration, the CEO will be entitled to a performance-based bonus.
- The Company provide a car benefit to the CEO and a car allowance of \$1,000 pm.
- Fixed and incentive remuneration is reviewed and determined annually.
- Termination notice period is 3 months or without notice in the event of breach of services agreement between Mr Wong and the Company or serious misconduct.
- Restraint period being up to 24 months.

Chief Financial Officer

- The CFO receives fixed remuneration of \$200,000 per annum plus superannuation contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the *Superannuation Guarantee Charge Act 1992 (Cth)*.
- In addition to the fixed remuneration, the CFO will be entitled to a performance-based bonus.
- Fixed and incentive remuneration will be reviewed and determined annually.
- Termination notice period is 3 months or without notice in the event of breach of services agreement between Ms He and the Company or serious misconduct.
- Restraint period being up to 24 months.

Independent Non-Executive Director – David Holmes

- The remuneration (Service Fee) of the Non-Executive Director is \$20,000 per annum including Superannuation.
- The Service Fee will be reviewed and determined annually.
- Termination notice period is 10 business days or immediately in the event of breach of services agreement between the relevant Non-Executive Director and the Company or serious misconduct.

Independent Non-Executive Director – Frank Ganis

- The remuneration (Service Fee) of the Non-Executive Director is \$144,000 per annum including Superannuation.
- The Service Fee will be reviewed and determined annually.
- Termination notice period is 10 business days or immediately in the event of breach of services agreement between the relevant Non-Executive Director and the Company or serious misconduct.

Remuneration of KMP

2023	Short term employee benefits			Post-employment benefits	Long term employee benefits	Share based payments		Total
	Salaries	Bonus	Other (note 1)	Superannuation	Long service leave	Options	Dividends paid	
Directors and Secretaries								
Ren Hor Wong	\$411,850	\$40,000	-	\$28,361	\$13,149	-	\$115,686	\$609,046
Jia Penny He	\$210,771	\$20,000	-	\$23,100	\$6,383	-	\$1,632	\$261,886
David Holmes	\$41,154	-	-	\$1,545	-	-	-	\$42,699
Frank Ganis	\$122,750	-	-	\$12,653	-	-	\$989	\$136,392

2022	Short term employee benefits			Post-employment benefits	Long term employee benefits	Share based payments		Total
	Salaries	Bonus	Other (note 1)	Superannuation	Long service leave	Options	Dividends paid	
Directors and Secretaries								
Ren Hor Wong	\$395,285	\$10,000	\$2,550	\$23,568	\$15,115	-	-	\$446,518
Jia Penny He	\$188,942	\$5,000	-	\$19,527	\$7,389	-	-	\$220,858
David Holmes	\$60,023	-	-	\$5,977	-	-	-	\$66,000
Frank Ganis	\$88,023	-	-	\$8,777	-	-	-	\$96,800

Note 1: The Company provides car benefits to the CEO.

Options and rights granted as remuneration

The options at the end of the current year are nil (FY22: nil)

KMP shareholdings

The number of ordinary shares in the Company held by each KMP of the Group during the financial year is as follows:

2023	Number of Shares beginning of the year	Received as remuneration during year	Received on exercising Options	Shares purchased	Number of Shares at the end of the year
Ren Hor Wong	50,298,357	-	-	-	50,298,357
Jia Penny He	709,468	-	-	-	709,468
Frank Ganis	430,000	-	-	-	430,000

2022	Number of Shares beginning of the year	Received as remuneration during year	Received on exercising Options	Shares purchased	Number of Shares at the end of the year
Ren Hor Wong	50,268,945	-	-	29,412	50,298,357
Jia Penny He	308,168	-	-	401,300	709,468
Frank Ganis	117,500	-	-	312,500	430,000

Other equity-related KMP transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to Options, Rights and Shares.

Loans to KMP

There are no loans from the Company to KMP as at 30 June 2023.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

There were no options over ordinary shares issued and/or granted to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

This concludes the remuneration report, which has been audited.

Auditor

On 28 June 2023, the Company removed Crowe Sydney as the Company's auditor and appointed SW Audit as the Company's auditor in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Ren Hor Wong
Executive Chairman and CEO

26 September 2023

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF N1 HOLDINGS LIMITED**

For personal use only

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



SW Audit
Chartered Accountants



Yang (Bessie) Zhang
Partner

Sydney, 26 September 2023

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N1 Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

N1 Holdings

			Consolidated 2022 (Restated)
	Note	2023 \$	\$
Revenue	4	13,993,574	10,610,911
Other income	5	96,354	275,288
Expenses			
Interest expense	6	(8,142,187)	(4,840,036)
Consulting and referral fees		(1,265,240)	(1,461,923)
Employee cost		(2,557,214)	(2,484,094)
IT and technology		(2,276)	(13,182)
Sales and marketing		(191,215)	(184,416)
Occupancy cost and utilities		(160,835)	(121,985)
Professional fee		(499,509)	(312,048)
Office and administrative expense		(195,649)	(185,375)
Finance cost	7	(75,580)	(84,731)
Travel cost		(119,875)	(48,318)
Depreciation and amortisation	7	(440,606)	(449,675)
Other operation cost		-	(4,297)
Gain on disposal of assets		-	948
Impairment loss on goodwill		(329,975)	-
Profit before income tax benefit		109,767	697,067
Income tax benefit	37	231,178	-
Profit after income tax benefit for the year	23	340,945	697,067
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>340,945</u>	<u>697,067</u>
		Cents	Cents
Basic earnings per share	2	0.39	0.84
Diluted earnings per share	2	0.39	0.84

Refer to note 1 for detailed information on Restatement of comparatives.

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

			Consolidated	
	Note	2023	2022	1 July 2021
		\$	(Restated)	(Restated)
			\$	\$
Assets				
Current assets				
Cash and cash equivalents	8	7,019,128	14,142,721	3,211,848
Trade and other receivables	9	2,837,458	1,619,105	1,321,889
Contract assets	10	324,039	259,428	235,139
Commercial loan receivables	11	76,974,937	59,522,817	6,534,389
Other financial assets	12	140,382	170,382	371,507
Other current assets	13	196,030	31,045	152,455
Total current assets		87,491,974	75,745,498	11,827,227
Non-current assets				
Contract assets	10	886,204	698,651	341,207
Investments in associate and joint venture		-	1	51
Other financial assets	12	157,927	157,927	167,047
Property, plant and equipment	14	742,717	1,035,325	1,404,294
Deferred tax assets	38	548,218	334,609	213,225
Intangible assets	15	123,708	1,198,162	1,270,831
Other non-current assets	13	266,050	265,365	245,803
Total non-current assets		2,724,824	3,690,040	3,642,458
Total assets		90,216,798	79,435,538	15,469,685
Liabilities				
Current liabilities				
Trade and other payables	16	1,290,142	1,278,210	948,672
Contract liabilities	17	73,294	71,683	11,291
Loan and borrowings	18	21,380,000	23,261,073	5,704,780
Lease liabilities		286,825	331,833	326,117
Deferred income	19	2,280,466	1,685,369	121,786
Provisions	20	239,368	242,826	152,909
Total current liabilities		25,550,095	26,870,994	7,265,555
Non-current liabilities				
Contract liabilities	17	200,451	193,044	16,383
Loan and borrowings	18	63,009,601	51,072,064	8,441,073
Lease liabilities		343,798	630,625	962,459
Deferred tax liabilities	38	317,040	334,609	213,225
Provisions	20	204,150	180,956	114,811
Total non-current liabilities		64,075,040	52,411,298	9,747,951
Total liabilities		89,625,135	79,282,292	17,013,506
Net assets/(liabilities)		591,663	153,246	(1,543,821)
Equity				
Issued capital	21	6,954,061	6,654,061	5,654,061
Options reserve	22	206,524	206,524	206,524
Retained earnings	23	(6,568,922)	(6,707,339)	(7,404,406)
Total equity/(deficiency)		591,663	153,246	(1,543,821)

Refer to note 1 for detailed information on Restatement of comparatives.

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

Consolidated	Issued capital \$	Share-based payment reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	5,654,061	206,524	(7,338,212)	(1,477,627)
Restatement (note 1)	-	-	(66,194)	(66,194)
Balance at 1 July 2021 - restated	5,654,061	206,524	(7,404,406)	(1,543,821)
Profit after income tax expense for the year	-	-	697,067	697,067
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	697,067	697,067
<i>Transactions with owners in their capacity as owners:</i>				
Conversion of convertible notes	1,000,000	-	-	1,000,000
Balance at 30 June 2022	<u>6,654,061</u>	<u>206,524</u>	<u>(6,707,339)</u>	<u>153,246</u>

Refer to note 1 for detailed information on Restatement of comparatives.

Consolidated	Issued capital \$	Share-based payment reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	6,654,061	206,524	(6,707,339)	153,246
Profit after income tax benefit for the year	-	-	340,945	340,945
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	340,945	340,945
<i>Transactions with owners in their capacity as owners:</i>				
Conversion of convertible notes	300,000	-	-	300,000
Dividends paid (note 24)	-	-	(202,528)	(202,528)
Balance at 30 June 2023	<u>6,954,061</u>	<u>206,524</u>	<u>(6,568,922)</u>	<u>591,663</u>

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

		Consolidated	2022
	Note	2023	(Restated)
		\$	\$
Cash flows from operating activities			
Receipts from customers		13,418,714	12,779,180
Receipt of government grants		-	258,166
Interest received from bank deposit		75,995	2,540
Payments to suppliers and employees		(5,125,815)	(5,260,899)
Net increase in fund lent as commercial loans		(17,586,626)	(53,393,729)
Net increase in fund received for commercial loans		11,227,537	62,070,000
Interest and other finance costs paid for commercial loans		(8,072,255)	(4,600,824)
Net cash from/(used in) operating activities	39	(6,062,450)	11,854,434
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(84,082)	(14,893)
Purchase of Intangible assets	15	(8,260)	(4,225)
Investment in other financial assets		-	19,311
Loan to third parties		30,000	197,125
Proceeds from disposal of plant and equipment		-	16,000
Proceeds from disposal of SBP		588,400	-
Net cash from investing activities		526,058	213,318
Cash flows from financing activities			
Repayment of borrowings and loans		(871,072)	(504,780)
Payment of finance cost and interest		(149,615)	(239,212)
Dividends paid	24	(202,528)	-
Repayment of other financial liability		-	(21,600)
Repayment of lease liabilities		(363,986)	(371,287)
Net cash used in financing activities		(1,587,201)	(1,136,879)
Net increase/(decrease) in cash and cash equivalents		(7,123,593)	10,930,873
Cash and cash equivalents at the beginning of the financial year		14,142,721	3,211,848
Cash and cash equivalents at the end of the financial year	8	7,019,128	14,142,721

* The presentation of the comparative figures have been adjusted to conform with the presentation in the current period.

Note 1. Restatement of comparatives

Correction of error

The Group made an ASX announcement on 23 December 2022 to restate the commercial loans receivable by including establishment fee as an integral part of generating commercial loan receivables when applying effective interest rate method in its financial report. The commercial loans receivable was overstated by \$471,496 as at 30 June 2022 (2021: \$66,194). The commercial lending fee and interest income was overstated by \$405,302 for the year ended 30 June 2022. As a result of the restatement, the restated profit after tax for the year ended 30 June 2022 had decreased from \$1,102,369 to \$697,067.

In prior years, loan establishment fee revenue was recognised when the loan facility was established. This accounting policy was not in compliance with AASB 9 'Financial Instruments'. During the year commencing 1 July 2021, the commercial lending business evolved with the loan establishment fee becoming a material source of the Group's revenue. This is therefore an error which has resulted in a material overstatement of revenue recognised for the financial year ended 30 June 2022 and a corresponding overstatement of Commercial loan receivable.

To correct this error, the loan establishment fee should be treated as an integral part of generating commercial loan receivables and therefore is to be accounted for using the effective interest rate.

A part of loan establishment fee recognised as revenue is referral fee that the borrower has agreed to pay to the referrers and of which N1 withheld the fund at loan disbursement. N1 subsequently paid the referral fee to the referrers and recorded this as referral fee expenses. However, the Group was not entitled to the referral fees in accordance with the agency agreement. To correct this error, the referral fee revenue should be netted off against referral fee expense.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of profit or loss and other comprehensive income

	Consolidated		
Extract	2022	2022	2022
	\$	\$	\$
	Reported	Adjustment	Restated
Revenue	11,016,213	(405,302)	10,610,911
Expenses			
Interest expense	(4,600,824)	(239,212)	(4,840,036)
Professional fee	(313,560)	1,512	(312,048)
Finance cost	(323,943)	239,212	(84,731)
Travel cost	(46,806)	(1,512)	(48,318)
Profit before income tax expense	1,102,369	(405,302)	697,067
Income tax expense	-	-	-
Profit after income tax benefit for the year	1,102,369	(405,302)	697,067
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>1,102,369</u>	<u>(405,302)</u>	<u>697,067</u>

Note 1. Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

Extract	1 July 2021 \$ Reported	Consolidated \$ Adjustment	1 July 2021 \$ Restated
Assets			
Current assets			
Commercial loan receivables	6,600,583	(66,194)	6,534,389
Total current assets	11,893,421	(66,194)	11,827,227
Total assets	15,535,879	(66,194)	15,469,685
Net liabilities	(1,477,627)	(66,194)	(1,543,821)
Equity			
Accumulated losses	(7,338,212)	(66,194)	(7,404,406)
Total deficiency in equity	(1,477,627)	(66,194)	(1,543,821)

Statement of financial position at the end of the earliest comparative period

Extract	30 June 2022 \$ Reported	Consolidated \$ Adjustment	30 June 2022 \$ Restated
Assets			
Current assets			
Commercial loan receivables	59,994,313	(471,496)	59,522,817
Total current assets	76,216,994	(471,496)	75,745,498
Total assets	79,907,034	(471,496)	79,435,538
Net assets	624,742	(471,496)	153,246
Equity			
Accumulated losses	(6,235,843)	(471,496)	(6,707,339)
Total equity	624,742	(471,496)	153,246

Note 2. Earnings per share

	Consolidated 2022 2023 \$	Consolidated 2022 (Restated) \$
Profit after income tax	340,945	697,067
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	87,832,285	82,541,874

Note 2. Earnings per share (continued)

Basic and diluted earnings per share	0.39	0.84
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Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into four operating segments: financial services, real estate services, migration services and other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Financial services

This segment refers to the operating activities in the area of financial service business mainly including:

- Commercial loan lending
- Mortgage broking
- Advisory service

The Group lends privately raised funds to commercial borrowers and earns loan facility set up related fees, interest income as well as management fees from mortgage funds issued and managed by N1 Venture Pty Ltd.

The Group acts as a mortgage broker that provides its customers with advice and support and receives commission payments on loans originated through its network of customers.

The Group provides financial advisory, trustee and fund management services to its customers and receives advisory service fees.

Real estate services

The Group conducts real estate services through N1 Realty Pty Ltd and Sydney Boutique Properties Pty Ltd (sold and discontinued on 10 March 2023). The services are focused on rental property management and property sales.

The Group has signed a contract to dispose its rent roll assets held under Sydney Boutique Properties Pty Ltd on 24 November 2022 and to discontinue the property management business at completion of the transaction on 10 March 2023.

Migration services

The Group provides migration services to its customers through N1 Migration Pty Ltd which holds a migration agent licence.

Other business operations that are not separately reportable, as well as costs associated with enterprise functions (such as Administration, Finance and Treasury) are included in 'Other'.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

Note 3. Operating segments (continued)

Operating segment information

	Financial services	Real estate services	Migration services	Other	Total
	\$	\$	\$	\$	\$
Consolidated - 2023					
Revenue					
Revenue	13,510,932	423,828	58,814	-	13,993,574
Interest income	72,762	-	174	3,059	75,995
Other income	(17)	10,874	-	9,502	20,359
Total revenue	<u>13,583,677</u>	<u>434,702</u>	<u>58,988</u>	<u>12,561</u>	<u>14,089,928</u>
Segment operating profit/(loss) before income tax	<u>1,858,037</u>	<u>(275,874)</u>	<u>(61,264)</u>	<u>(1,411,132)</u>	<u>109,767</u>
Profit/(loss) before income tax benefit	<u>1,858,037</u>	<u>(275,874)</u>	<u>(61,264)</u>	<u>(1,411,132)</u>	<u>109,767</u>
Income tax benefit					231,178
Profit after income tax benefit					<u>340,945</u>
<i>Material items include:</i>					
Interest expense	(7,931,352)	(33,233)	-	(177,602)	(8,142,187)
Depreciation and amortisation	(306,690)	(22,047)	-	(111,869)	(440,606)
Assets					
Segment assets	<u>95,606,307</u>	<u>20,781</u>	<u>32,101</u>	<u>27,701,615</u>	<u>123,360,804</u>
Intersegment eliminations					(33,144,006)
Total assets					<u>90,216,798</u>
Liabilities					
Segment liabilities	<u>89,787,396</u>	<u>1,884,797</u>	<u>170,198</u>	<u>20,262,570</u>	<u>112,104,961</u>
Intersegment eliminations					(22,479,826)
Total liabilities					<u>89,625,135</u>

Note 3. Operating segments (continued)

	Financial services	Real estate services	Migration services	Other	Total
Consolidated - 2022 (Restated)	\$	\$	\$	\$	\$
Revenue					
Revenue	10,090,629	447,443	72,839	-	10,610,911
Interest	2,238	-	15	287	2,540
Other income	224,231	616	38,304	9,597	272,748
Total revenue	<u>10,317,098</u>	<u>448,059</u>	<u>111,158</u>	<u>9,884</u>	<u>10,886,199</u>
Segment operating profit/(loss) before income tax	1,498,600	99,969	(5,263)	(896,239)	697,067
Profit/(loss) before income tax expense	<u>1,498,600</u>	<u>99,969</u>	<u>(5,263)</u>	<u>(896,239)</u>	<u>697,067</u>
Income tax expense					-
Profit after income tax expense					<u>697,067</u>
<i>Material items include:</i>					
Interest expense	(4,602,088)	(29,009)	-	(208,939)	(4,840,036)
Depreciation and amortisation expense	(267,082)	(64,125)	-	(118,468)	(449,675)
Assets					
Segment assets	82,718,542	2,934,677	65,566	34,997,128	120,715,913
Intersegment eliminations					(41,280,375)
Total assets					<u>79,435,538</u>
Liabilities					
Segment liabilities	80,627,936	4,852,796	142,397	24,262,458	109,885,587
Intersegment eliminations					(30,603,295)
Total liabilities					<u>79,282,292</u>

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2022 (Restated)
	2023 \$
Mortgage broking and commercial lending origination commission	725,249
Mortgage broking trail commission	378,915
Net movement in trail commission asset valuation	243,146
Commercial lending interest income	7,731,717
Other services relating to commercial lending	4,072,905
Real estate service	423,828
Migration service	58,814
Advisory service	359,000
	<u>13,993,574</u>
	<u>10,610,911</u>

Note 4. Revenue (continued)

Geographical regions

	Consolidated	2022
	2023	(Restated)
	\$	\$
Australia	13,993,574	10,610,911

Timing of revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations based on the services rendered for its real estate service and the interest earned over time for its commercial lending interest income. The analysis of the revenue recognition point is as below:

	2023	2023	2022	2022
	At point in	Over time	(Restated)	(Restated)
	time		At point in	Over time
	\$	\$	time	\$
Mortgage origination commission	725,249	-	1,116,312	-
Mortgage broking trail commission	378,915	-	252,003	-
Net movement in trail commission asset valuation	243,146	-	136,104	-
Commercial lending interest income	-	7,731,717	-	4,356,641
Other service fees relating to commercial lending	4,072,905	-	4,131,819	-
Real estate service	157,245	266,583	218,362	229,081
Migration service	58,814	-	72,839	-
Advisory service	359,000	-	97,750	-
	<u>5,995,274</u>	<u>7,998,300</u>	<u>6,025,189</u>	<u>4,585,722</u>

Mortgage broking services

The Group provides a service of introducing applicants to lenders as part of the process to originate a loan and receive commissions for the service provided. The service activities that form part of this process are interrelated and interdependent of each other and form a single performance obligation. The Group recognises commission as revenue upon the settlement of loans, which is when the performance obligation is completed.

The deferral of a portion of the commission as trail commission is a mechanism by which lenders incentivise brokers to introduce quality applicants that will not refinance their loans and therefore maximise the life of the loan. This mechanism affects the transaction price, but it does not give rise to a separate performance obligation. As a result, trail commission is also recognised as revenue upon settlement of loans and at the same time, the right to trail commission is recognised as a contract asset on the statement of financial position. The contract asset will only become a financial asset (i.e. a receivable) when the right to the consideration is unconditional. This is expected to be as each month's entitlement to the trail commission is established, i.e. when an invoice is raised to the aggregator.

The Group recognises trailing commission as revenue only if it is highly probable that a change in the estimate of the variable consideration would not result in a significant reversal of the cumulative revenue already recognised.

The upfront origination commission is recognised at its transactions price and the trailing commission is recognised by using the expected value approach constrained by avoiding possible future downward revenue adjustments (i.e., revenue reversals).

The Group is a principal because it controls its service activities during the loan application process and is entitled to gross commissions from lenders/aggregators. As a result the revenue for commission earned is presented on a gross basis. The portion payable to commission-based brokers is recorded separately and recognised as trail commission liabilities at reporting date.

Note 4. Revenue (continued)

Commercial lending interest income

Commercial lending interest income (including loan establishment fee received) from commercial loan receivables is recognised using the effective interest method.

Management fees from funds under management

Management fees received from funds under management are recognised when the fund's performance results exceed its performance target for the period and the Group is entitled to the performance fee.

Loan processing and administration service fee

Loan processing and administration service fees are recognised when the service is delivered.

Other service fees relating to commercial lending

Other service fees include discharge fee, break fee, and monthly line fee. Other service fees are recognised when the services are delivered.

Real estate service

The Group enters into contracts with its customers to manage and/or sell properties on the customer's behalf. Under these contracts, the Group provides rental management and/or selling agent services. As a result, the Group receives property management fees which are based on a percentage of rental collected on behalf of the landlords. Income is recognised in the period when the services are rendered. In terms of the real estate selling agent services, the Group receives commissions and fees derived from real estate sales. They are recognised at the time that unconditional exchange of contracts between vendors and purchasers take place. This service had been disposed during the year, refer to Note 9 for further details.

Migration service fee and advisory service fee

Migration service fee and advisory service fee are recognised at the point in time when the services are delivered.

Note 5. Other income

	Consolidated 2023 \$	Consolidated 2022 (Restated) \$
Government grants	-	258,165
Interest income	75,995	2,539
Others	20,359	14,584
Other income	<u>96,354</u>	<u>275,288</u>

Government grants represent the COVID-19 stimulus incentive received by the Group, including Jobkeeper and cash flow boost payments.

Note 6. Interest expense

	Consolidated 2023 \$	Consolidated 2022 (Restated) \$
Commercial lending interest expense	7,992,572	4,600,824
Corporate interest expense	<u>149,615</u>	<u>239,212</u>
	<u>8,142,187</u>	<u>4,840,036</u>

Note 7. Expenses

	Consolidated 2023 \$	Consolidated 2022 (Restated) \$
Finance cost		
Interest expense in relation to leases	32,151	45,444
Bank fees	43,429	39,287
	<u>75,580</u>	<u>84,731</u>
Depreciation and amortisation		
Depreciation expense in relation to leases	315,930	315,931
Depreciation expense	60,760	53,242
Amortisation costs	63,916	80,502
	<u>440,606</u>	<u>449,675</u>
Superannuation expense		
Defined contribution superannuation expense	210,949	196,124

Note 8. Cash and cash equivalents

	Consolidated 2023 \$	Consolidated 2022 (Restated) \$
Current assets		
Cash on hand	100	-
Cash and cash equivalents	7,019,028	14,142,721
	<u>7,019,128</u>	<u>14,142,721</u>

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Trade and other receivables

	Consolidated	2022
	2023	(Restated)
	\$	\$
<i>Current assets</i>		
Interest receivable	434,375	260,657
Trade receivables	2,333,718	1,321,525
Agent commission clawback receivable	69,365	36,923
	<u>2,837,458</u>	<u>1,619,105</u>

Trade and other receivables are initially recognised at their transaction price (as defined in AASB 15) and subsequently measured at amortised cost (on the basis that the Group's business model is to hold and collect contractual cash flows which are solely for payments of trade and other receivables).

The impairment assessment required by AASB 9 for financial assets is based on the forward-looking expected credit loss ('ECL') model.

The simplified approach is adopted to assess the impairment of trade and other receivables. Under the simplified approach, life time expected credit losses are estimated based on historically incurred and forward expected credit losses, both of which are examined and assessed to determine the amount of impairment as at reporting date. Specifically, the Group applies credit loss factors determined from estimation of customer default probability and loss percentage on current observable data which include:

- forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- conditions specific to the asset to which the receivable relates.

Debts that are known to be uncollectable are written off when identified.

Credit risk

The Group has credit risk exposure in relation to commercial lending interest and fees receivable from multiple companies.

On a geographic basis, the Group has significant credit risk exposures in Australia only.

As at 30 June 2023, the Group has recorded a provision of \$47,135 (2022 (Restated): \$47,135) for trade and other receivables assessed to be impaired. Refer to note 16 for detailed information.

As at 30 June 2023, the amount of all trade and other receivables past due but not impaired is \$1,680,138 (2022 (Restated): \$888,672).

Note 10. Contract assets

	Consolidated	2022
	2023	(Restated)
	\$	\$
<i>Current assets</i>		
Contract assets - current	<u>324,039</u>	<u>259,428</u>
<i>Non-current assets</i>		
Contract assets	<u>886,204</u>	<u>698,651</u>

Note 10. Contract assets (continued)

The contract asset relates to future trail income for the mortgage broking service. It is recognised and measured by using the expected cashflow approach. The contract asset will only become a financial asset (i.e. a receivable) when the right to the consideration is unconditional. This is at the point when monthly trail commission is invoiced to the aggregator.

	2023 \$	2022 (Restated) \$
Reconciliation of the contract assets at the beginning and end of the current financial year are set out below:		
Opening balance	958,079	576,346
Expected trail commission from new loans and commission step up and effect of the change in the valuation model	631,079	633,736
Trail commission received	(378,915)	(252,003)
	<u>1,210,243</u>	<u>958,079</u>

The Group receives trailing commissions from lenders on settled loans over the life of the loan based on the loanbook balance outstanding subject to the loan continuing to perform. The Group also makes trailing commission payments to brokers based on their individual loanbook balance outstanding.

The contract assets and the corresponding payable to brokers (contract liabilities) are determined by using the discounted cash flow valuation technique. The expected cashflow approach requires the use of key assumptions to determine the amortised cost at balance sheet date including the future run-off rate of the underlying loan portfolio, the discount rate and the percentage paid to individual brokers working under the Group's management. The future run-off rate used is actually a series of rates applied to the underlying loans based primarily on their age at the date of valuation. The weighted average life shown below is the result of the series of future run-off rates applied to the specific loan data at the balance sheet date.

The determination of the assumptions to be used in the valuation is made by management based primarily on a variety of contributing factors including: an annual assessment of the underlying loan portfolio, historical run-off rate analysis and consideration of current and future economic factors. These factors are complex and the determination of assumptions requires a high degree of judgement.

	2023 %	Consolidated 2022 (Restated) %
Discount rate	8.87%	8.87%
Average percentage of trailing commission entitled by the Group	76.66%	72.30%
Weighted average loan life (in years)	4.05	3.57

Sensitivity

The sensitivity of contract asset value is mainly raised from discount rate used in the valuation. The sensitivity analysis is shown as below:

	2023 \$	2022 \$
Discount rate - increase 2% (2022: 2%)	1,148,504	922,228
Discount rate - decrease 2% (2022: 2%)	1,345,149	997,018

Note 11. Commercial loan receivables

	Consolidated 2022 (Restated)	2023
	\$	\$
<i>Current assets</i>		
Commercial loan receivables	59,522,817	76,974,937

The Group raises funds to lend money to commercial entities on a short-term basis and earns interest income. The loans are secured with established real property or land in line with the Group's lending requirements.

Recognition and measurement

Loan receivables are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the loan and subsequently measured at amortised cost (on the basis that the Group's business model is to hold and collect contractual cash flow that are solely for payments of principals and interest on principal amounts outstanding).

Credit risk management

The Group continuously monitors the credit quality of the borrowers based on a credit rating scorecard. The Group assesses each of its commercial loans by using a credit scoring model that is based on current and historical past due statuses, indebtedness, loan-to-value measures ('LTV measures'), and the loan size. The forecasted business default rates, price of property and mortgage default rates may be factored into the Credit Scoring. The Credit Scoring Level and corresponding Probability of Default is documented and reviewed regularly by both Accounting and Credit Management Department.

Credit quality - Security held against loans

	Consolidated 2022 (Restated)	2023
	\$	\$
Secured by mortgage over real estate	58,373,548	76,328,637
Secured by other credit enhancement	1,149,269	646,300
	59,522,817	76,974,937

	Consolidated 2022 (Restated)	2023
	\$	\$
Loan to valuation ratio of equal to or less than 70% - first mortgage	36,999,230	48,030,807
Loan to valuation ratio of equal to or less than 70% - second mortgage	13,427,887	7,452,147
Loan to valuation ratio of more than 70% - first mortgage	4,473,498	20,078,398
Loan to valuation ratio of more than 70% - second mortgage	4,622,202	1,413,585
	59,522,817	76,974,937

Note 11. Commercial loan receivables (continued)

	Consolidated	
	2023	2022
	\$	(Restated) \$
LVR buckets		
0-60%	18,134,694	19,464,366
60.01%-70%	35,406,960	30,962,751
70.01%-75%	21,491,983	6,504,302
75%+	1,295,000	1,442,129
Other *	646,300	1,149,269
	<u>76,974,937</u>	<u>59,522,817</u>

*The security property of this default loan will be listed on market for sale. Following the completion of this potential sale, the entire remaining loan balance reduced by any credit enhancement received will be sold via a nonrecourse assignment. The credit enhancement includes financial guarantees from the directors of the borrower's parent entity. The Group's board of directors has reviewed and approved the potential transaction.

Concentration of loans

Concentration risk is a measurement of the Group's exposure to an individual counterparty (or a group of related parties). Concentration exposures to counterparties are closely monitored.

	Consolidated	
	2023	2022
	\$	(Restated) \$
<i>Geographical concentrations</i>		
New South Wales	54,078,443	40,845,091
Victoria	10,035,400	13,748,642
Queensland	8,377,500	2,625,307
South Australia	2,988,500	1,979,808
Australian Capital Territory	1,495,094	323,969
	<u>76,974,937</u>	<u>59,522,817</u>

Note 11. Commercial loan receivables (continued)

Impairment assessment

The impairment assessment required by AASB 9 for financial assets are based on a forward-looking expected credit loss ('ECL') model.

The general approach is adopted to assess the impairment of loan receivables.

Under the general approach, 12 month's credit losses or life time credit losses are estimated based on whether the credit risk on that financial instrument (loan receivables) has increased significantly since initial recognition to determine the amount of impairment as at reporting date. Specifically, if the credit risk has not increased significantly since initial recognition, then a loss allowance equal to 12 month's credit losses should be measured and recognised. Otherwise life time expected credit losses should be measured and recognised. The Group will apply credit loss factors determined from estimation of customer default probability and loss percentage. As the Group's loan book has a term of 3-12 months, the Group measures a life time expect credit loss for the stage 1 and 2.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances at an amount equal to lifetime (3-12 months) ECL on loan receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the loan receivable and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Debts that are known to be uncollectable are written off when identified.

Credit risk stage	Gross carrying amount	Impairment loss allowance	Credit impaired
30 June 2023			
Credit risk stage 1 and stage 2	76,328,637	-	No
Credit risk stage 3	646,300	-	Yes
30 June 2022 (Restated)			
Credit risk stage 1 and stage 2	54,243,548	-	No
Credit risk stage 3	5,279,269	-	Yes

The loan receivables have been assessed at individual loan level for ECL by the Group where the estimated recoverable amounts from disposal of the security held against the loans are all higher than the losses given default. Therefore, the Group assessed that the expected credit loss provision is nil at 30 June 2023 (30 June 2022: nil).

Use of judgements and estimates

The Group reviews individually commercial lending loans at each reporting date to assess whether an impairment loss should be recorded in the income statement. Judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors including forward looking information available at the time. Actual results may differ, resulting in future changes to the allowance.

Note 12. Other financial assets

	Consolidated 2023 \$	2022 (Restated) \$
<i>Current assets</i>		
Other financial assets	140,382	170,382
<i>Non-current assets</i>		
Investment in Stropro Technologies Pty Ltd	157,927	157,927

Other financial assets represent investment loans receivable that are initially recognised at fair value, adjusted for transaction costs that are directly attributable to the acquisition or issue of the loan (as defined in para 5.1.1 in AASB 9) and subsequently measured at amortised cost (on the basis that the Group's business model is to hold and collect contractual cash flows that are solely for payments of principal and interest on principal amounts outstanding (as defined in para 4.1.2 in AASB 9)).

Other investments are financial assets at fair value through profit or loss which are equity interests owned by the Group. They are initially measured at fair value with subsequent changes in fair value recognised in profit or loss.

Refer to note 27 for further information on fair value measurement.

Note 13. Other current and non-current assets

	Consolidated 2023 \$	2022 (Restated) \$
<i>Current assets</i>		
Bond	56,520	-
Other receivables	139,510	31,045
	196,030	31,045
<i>Non-current assets</i>		
Bond	182,574	239,094
Other receivables	83,476	26,271
	266,050	265,365

Other assets primarily consist of bank guarantee deposits to secure leases disclosed in note 14, and other receivables to a related party.

Note 14. Property, plant and equipment

	Consolidated	
	2023	2022
	\$	(Restated)
		\$
<i>Non-current assets</i>		
Office equipment	116,038	113,914
Less: Accumulated depreciation	<u>(105,313)</u>	<u>(95,508)</u>
	10,725	18,406
Motor vehicles	69,481	-
Less: Accumulated depreciation	<u>(15,184)</u>	<u>-</u>
	54,297	-
Furniture & fittings	530,807	586,041
Less: Accumulated depreciation	<u>(394,168)</u>	<u>(426,108)</u>
	136,639	159,933
Premises - right-of-use	1,520,596	1,520,596
Less: Accumulated depreciation	<u>(979,540)</u>	<u>(663,610)</u>
	541,056	856,986
	<u>742,717</u>	<u>1,035,325</u>

Property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. Impairment losses are recognised in the profit or loss.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included elsewhere in an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a diminishing basis over the asset's useful life commencing from the time the asset is held ready for use. Currently the depreciation rate is in the range of 10% to 50%.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The range of lease terms for current leases are between 1 to 5 years.

Movements in carrying amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

Note 14. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office Equipment \$	Motor Vehicles \$	Furniture & Fittings \$	Office - right-of-use \$	Total \$
Balance at 1 July 2021 (Restated)	14,979	16,434	199,964	1,172,917	1,404,294
Disposals	-	(14,689)	-	-	(14,689)
Additions	14,893	-	-	-	14,893
Depreciation expense	(11,466)	(1,745)	(40,031)	(315,931)	(369,173)
Balance at 30 June 2022 (Restated)	18,406	-	159,933	856,986	1,035,325
Write off of assets by sale of SBP	-	-	(67,711)	-	(67,711)
Write off of accumulated depreciation by sale of SBP	-	-	67,711	-	67,711
Additions	2,124	69,481	12,477	-	84,082
Depreciation expense	(9,805)	(15,184)	(35,771)	(315,930)	(376,690)
Balance at 30 June 2023	<u>10,725</u>	<u>54,297</u>	<u>136,639</u>	<u>541,056</u>	<u>742,717</u>

The Group entered into a 7-year office lease with Venus Chatwood Pty Ltd for premises located at Shop 63, Platform, Chatwood Interchange, 436 Victoria Ave, Chatwood in 2016, and a 5-year office lease with ARE Noble Pty Ltd for premises located at 77 King Street, Sydney in 2020. The weighted average incremental borrowing rates applied to lease liabilities at the date of initial application are 4.765% and 3.937%, respectively, for the existing two leases. The rate is determined by referring to the interest rate on the group's existing loans with similar terms, in accordance signed lease agreements.

The 7-year office lease with Venus Chatwood Pty Ltd ends on 14 August 2023.

Note 15. Intangible assets

	Consolidated 2022 (Restated)	
	2023 \$	\$
<i>Non-current assets</i>		
Goodwill	-	536,216
Finance licence	99,988	99,988
Rent roll	-	2,217,048
Less: Accumulated amortisation	-	(1,682,484)
	-	534,564
Website and IT system	357,270	349,010
Less: Accumulated amortisation	(333,550)	(321,616)
	23,720	27,394
	<u>123,708</u>	<u>1,198,162</u>

Note 15. Intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill ^(a) \$	Finance licence \$	Rent Roll ^(a) \$	Website and IT system ^(b) \$	Total \$
Balance at 1 July 2021 (Restated)	536,216	99,988	593,636	40,991	1,270,831
Additions	-	-	-	4,225	4,225
Amortisation/written-down	-	-	(59,072)	(17,822)	(76,894)
Balance at 30 June 2022 (Restated)	536,216	99,988	534,564	27,394	1,198,162
Additions	-	-	-	8,260	8,260
Disposals	(206,241)	-	(518,836)	-	(725,077)
Impairment of assets	(329,975)	-	-	-	(329,975)
Amortisation/written-down	-	-	(15,728)	(11,934)	(27,662)
Balance at 30 June 2023	-	99,988	-	23,720	123,708

a) Goodwill and rent roll assets

The Group's wholly owned subsidiary N1 Realty Pty Ltd (N1 Realty) operates in the real estate segment. N1 Realty has disposed of its 100% ownership of Sydney Boutique Property Pty Ltd (SBP) which manages 138 commercial and residential properties under management agency agreements (Rent Roll) on 24 November 2022. N1 Realty has agreed to dispose of its 100% interest in SBP to SBP NO. 1 Pty Ltd for cash consideration of \$725,077 (the Disposal). Accordingly, the Rent Roll and associated goodwill are recognised as non-current assets or disposal group classified as held for sale on 24 November 2022. The Disposal was completed on 10 March 2023. 20% of the purchase price was held by the buyer's solicitor's bank account as a retention.

Non-current assets or disposal group held for sale was recognised at the lower of its carrying amount and its fair value less costs to sell. Impairment losses of \$329,975 for write-downs of the associated goodwill to the lower of its carrying amount and its fair value less costs to sell have been included in the statement of profit or loss and other comprehensive income as impairment loss on goodwill. The remaining balances of non-current assets or disposal group held for sale was de-recognised on the completion date of the Disposal.

b) Website and IT System

	Consolidated 2022 2023 \$	2022 (Restated) \$
Website and IT system – Cost	357,270	349,010
Website and IT system – Accumulated amortisation	(333,550)	(321,616)
Website and IT system – Net	<u>23,720</u>	<u>27,394</u>

Acquired website and computer software licences are capitalised on the basis of costs incurred to acquire them.

These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Amortisation is recognised in the profit or loss statement on a diminishing basis over the estimated useful life of the intangible assets from the date that they are considered suitable for use. The estimated useful life of website and IT system is 5 years. The current amortisation charges for website and IT system are included under depreciation and amortisation expenses.

Note 16. Trade and other payables

	Consolidated 2022 (Restated)	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	425,192	621,018
Superannuation and salary withholding tax payable	566,770	418,583
Other creditors and accruals	286,248	250,541
	<u>1,278,210</u>	<u>1,290,142</u>

An expected credit loss provision of \$47,135 (2022 (Restated): \$47,135) has been recorded under the other creditors and accruals.

Refer to note 26 for further information on specific financial risk exposures and management.

Trade and other payable are recognised at fair value initially and subsequently measured at amortised cost.

Note 17. Contract liabilities

	Consolidated 2022 (Restated)	2023
	\$	\$
<i>Current liabilities</i>		
Contract liabilities - current	71,683	73,294
<i>Non-current liabilities</i>		
Contract liabilities	193,044	200,451

Contract liabilities is related to contract assets and represents the Group's obligation to pay the commission based brokers under the Group's management a portion of the future trail commissions to be received by the Group from lenders.

Note 18. Loan and borrowings

	Consolidated 2022 (Restated)	Consolidated 2023
	\$	\$
Current		
Bank loan (i)	681,073	-
Loans received for commercial lending (ii)	20,580,000	19,200,000
Loans received in advance for commercial lending (iii)	-	400,000
Convertible debts (v)	370,000	-
Loans from other lenders (vi)	680,000	580,000
Loans from related parties (vii)	950,000	1,200,000
	<u>23,261,073</u>	<u>21,380,000</u>

Note 18. Loan and borrowings (continued)

	Consolidated 2023 \$	Consolidated 2022 (Restated) \$
Non-current		
Loans received for commercial lending (ii)	3,780,000	650,000
Loans from other lenders (vi)	-	200,000
Loans from financial institution (iv)	59,229,601	50,222,064
	<u>63,009,601</u>	<u>51,072,064</u>

i) The bank loan borrowed from National Australia Bank was renewed in May 2020. The repayment term of the loan is 3 years and expired on 31 March 2023. The interest rate is 7.088% per annum with principal and interest repayments. The loan is secured by guarantee and indemnity given by N1 Realty Pty Ltd and Sydney Boutique Property. The outstanding loan balance as at 30 June 2023 is nil (30 June 2022: \$681,073). Upon disposal of SBP rent roll, the NAB loan was fully repaid using the proceeds from the sale of the SBP rent roll and internal funds.

ii) Loans received for commercial lending are the funds being raised for commercial loan lending to customers. They are unsecured. The loan terms of the loans are from 6 months to 2 years. Interest rates are fixed rate within each loan term, and the interest range is from 6% per year to 10% per year depends on the different loan terms. The outstanding loan balance as at 30 June 2023 is \$22,980,000 (30 June 2022 is \$21,230,000).

iii) Loan received in advance for commercial lending

This represents fund received before 30 June 2023, although actual loan has not commenced until 1 July 2023. No interest has been charged as of 30 June 2023.

iv) Loans received from financial institutions

On 1 July 2021, N1 Holdings Limited raised \$35 million in debt capital provided under a debt facility between the Company and GCI SME Mortgage Fund (GCI Facility). On 2 November 2021, the facility limit was increased by a further \$20 million to the company's previously announced \$35 million debt facility, bringing the total debt facility limit to \$55 million.

The GCI Facility was initially recognised at the amounts received in cash from the lender, net of transaction costs. It has been subsequently measured at amortised costs using the effective interest method.

The Facility is interest only with a term of 24 months with an interest rate at 7.9% plus 30 days BBSW per annum. The Facility contains a number of undertakings and is secured by a general security deed over the Group's assets.

On 17 March 2023, the Group signed the Deed of Amendment and Restatement of the GCI Facility to extend the loan period for another 24 months to July 2025.

As of 30 June 2023, the Company has drawn down \$50.6 million (FY22: \$50.6 million) of the \$55 million facility limit (FY22: \$55 million facility limit).

On 25 January 2023, N1 Holdings Limited raised \$10 million in debt capital provided under a debt facility between the Company and FC Capital (FC Facility). As of 30 June 2023, the Company has drawn down \$9 million of the \$10 million FC Facility.

The facility operates on an interest-only basis, spanning a duration of 24 months. The applicable interest rate is 9.2% plus the greater of 2.8% per annum and the Australian Bank Bill Swap Reference Rate as administered by ASX Benchmarks Pty Limited.

Note 18. Loan and borrowings (continued)

v) Convertible debts

	Consolidated 2023 \$	Consolidated 2022 (Restated) \$
As at the beginning of the period	370,000	1,370,000
Converted to ordinary shares	(300,000)	(1,000,000)
Converted to loan received for commercial lending	(70,000)	-
As at end of the period	<u>-</u>	<u>370,000</u>

In FY17, the Company issued 1.85 million unlisted unsecured convertible notes in exchange for a cost fund of \$370,000. The holders of the convertible notes may choose to convert the notes to shares in the Company at \$0.20 per share at any time before the maturity date, which was extended to 11 May 2021, then further extended to 11 May 2023.

On 27 September 2017, the Company issued 5 million unlisted unsecured convertible notes with a total value of \$1,000,000. On 20 April 2022, these 5 million convertible notes were converted to shares in the Company at a price of \$0.20 per share, increasing share capital by \$1,000,000.

On 17 August 2022, 1 million convertible notes were converted to shares in the Company at a price of \$0.20 per share, increasing share capital by \$200,000. On 5 September 2022, 500,000 convertible notes were converted to shares in the company at a price of \$0.20 per share, increasing share capital by \$100,000. The interest rate payable on outstanding convertible notes is a fixed interest rate of 8%.

On 11 May 2023, 350,000 of the convertible notes had not converted to shares. A 2-year fixed term loan agreement has been signed and the loan amount is \$70,000 with a fixed interest of 10%. This has been now recorded as part of the loans received for commercial lending.

vi) Loans from other lenders

Loans from other lenders consist of five unsecured loans from non-related parties with principal amount from \$100,000 to \$380,000. Repayment terms are from 6 months to 2 years and interest rates vary from 5% to 8%. The outstanding loan balance as at 30 June 2023 is \$580,000 (30 June 2022 is \$880,000).

vii) Loans from related parties

Loans from related parties consist of three unsecured loans from related parties with principal amount from \$50,000 to \$600,000. Repayment terms are within 1 years and interest rates are fixed at 8% per year. The outstanding loan balance as at 30 June 2023 is \$1,200,000 (30 June 2022 is \$950,000).

Note 19. Deferred income

	Consolidated 2023 \$	Consolidated 2022 (Restated) \$
<i>Current liabilities</i>		
Prepaid interest from commercial borrowers	<u>2,280,466</u>	<u>1,685,369</u>

Note 20. Provisions

	Consolidated	
	2023	2022
	\$	(Restated)
		\$
<i>Current liabilities</i>		
Employee benefit provision - current	116,573	141,916
Refund liabilities (i)	122,795	100,910
	<u>239,368</u>	<u>242,826</u>
<i>Non-current liabilities</i>		
Employee benefit provision	<u>204,150</u>	<u>180,956</u>
	2023	2022
	\$	\$
Movement of provision for refunds		
Beginning of the year	100,910	55,102
Additions/(Reductions) during the year	21,885	45,808
Ending of the year	<u>122,795</u>	<u>100,910</u>

(i) Refund liabilities

Refund liabilities represent the estimated upfront commission to be clawed back by lenders if the mortgage loans are terminated before the clawback period as defined by lenders, which are generally between 18 to 24 months.

Critical accounting estimates and Judgements - Clawback Receivable and Provision

There is potential for origination commissions to be clawed back by lenders after loans have settled. In the event a lender claws back the commission, a corresponding clawback will be deducted from the authorised brokers contracted by the Group where the clawback relates to a broker derived borrower. As a result, the group assess the probability of the clawbacks and determines both provision for clawbacks and clawback receivable from agents at each reporting date. The provision is based on the historical record of actual clawback and recovery. The probability used in estimate of the clawbacks is 13.20% (FY22: 9.98%).

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. The probability of long service leave being taken is based on historical data.

Note 21. Issued capital

	Consolidated 2023 \$	2022 (Restated) \$
Fully paid ordinary shares	6,954,061	6,654,061

	2023 Shares	Consolidated 2022 (Restated) Shares	2023 \$	2022 (Restated) \$
Issued capital	88,055,573	86,555,573	6,954,061	6,654,061

Movements in ordinary share capital

Details	Date	Shares	\$ per share	\$
Balance	1 July 2021	81,555,573		5,654,061
Conversion of convertible notes	20 April 2022	5,000,000	\$0.2	1,000,000
Balance	30 June 2022	86,555,573		6,654,061
Conversion of convertible notes	17 August 2022	1,000,000	\$0.2	200,000
Conversion of convertible notes	5 September 2022	500,000	\$0.2	100,000
Balance	30 June 2023	88,055,573		6,954,061

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital management

Management controls the capital of the group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, convertible notes and other financial liabilities, supported by financial assets.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. No debt has been retired during the current year.

Note 22. Shared-based payment reserve

	Consolidated 2023 \$	2022 (Restated) \$
Shared-based payment reserve	206,524	206,524

The Group operated an Employee Option Plan during the period from 2017 to 2020. All options outstanding under the Employee Option Plan expired on 14 December 2020. No options were exercised.

Share-based payments to employees are remeasured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are remeasured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date that the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the binomial approximation and Black Scholes valuation methodology. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Note 23. Retained earnings

	Consolidated 2023 \$	2022 (Restated) \$
Accumulated losses at the beginning of the financial year	(6,707,339)	(7,404,406)
Profit after income tax benefit for the year	340,945	697,067
Dividends paid (note 24)	(202,528)	-
Accumulated losses at the end of the financial year	(6,568,922)	(6,707,339)

Note 24. Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2023 \$	2022 (Restated) \$
Dividends	202,528	-

On 23 September 2022, the directors declared an interim dividend of \$0.0023 per ordinary share which has been paid on 28 October 2022.

Note 25. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, other payables, loans and borrowings, convertible notes, and other financial liabilities.

Note 26. Specific financial risk exposures and management

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments primarily exposed the Group to interest rate risk are disclosed as below:

As of 30 June 2023, the Company has drawn down \$50,625,000 of the \$55 million facility limit from a financial institution (Facility 1). The Facility was initially recognised at the amounts received in cash from the lender, net of transaction costs. It has been subsequently measured at amortised costs using the effective interest method. The Facility is interest only with a term of 24 months with an interest rate at 7.9% plus 30 days BBSW per annum. The Facility contains a number of undertakings and is secured by a general security deed over the Company's assets. An increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of \$506,000 per annum.

As of 30 June 2023, the Company has drawn down \$9,038,000 of the \$10 million facility limit established on 25 January 2023 from a financial institution (Facility 2). The facility operates on an interest-only basis, spanning a duration of 24 months. The applicable interest rate is 9.2% plus the greater of 2.8% per annum and the Australian Bank Bill Swap Reference Rate as administered by ASX Benchmarks Pty Limited. An increase/decrease in interest rates of 100 basis points would have an adverse/favorable effect on profit before tax of \$90,380 per annum.

Other loans are fixed term with fixed interest rate, which were not tested for the interest rate risk.

The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

	Consolidated	
	2023	2022
	\$	(Restated) \$
Bank loans	-	681,073
Financial institution loans	59,229,601	50,625,000
	<u>59,229,601</u>	<u>51,306,073</u>

The Group's bank loan has been paid off on 10 March 2023, and there is nil bank loans as of 30 June 2023 (2022 (Restated): \$785,853).

Loans received for commercial lending, from related parties, and other lenders, as disclosed in note 18, have fixed interest rates ranging between 6% and 10%. These loans do not pose interest rate risk.

Note 26. Specific financial risk exposures and management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk of the financial asset at the reporting date is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the consolidated financial statements. The Group does not hold any collateral for trade and other receivables, but it holds the Australian properties and other properties as collateral for commercial loan receivables. Collaterals held by the entity are real estate properties located in Australia. These include residential properties, commercial properties and lands. The total value as of 30 June 2023 is \$177,065,000.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Credit risk related to balances with banks and other financial institutions is managed by the Board. All the group's cash assets are deposited with Australian major banks.

The majority of outstanding receivables are commissions (including contract assets) owed from Aggregators Finsure Finance and Insurance Pty Ltd (ABN 72 068 153 926) (Finsure), Vow Financial Pty Ltd (ABN 66 138 789 161) (Vow), Specialist Finance Group (ABN 48 612 422 178) (SFG) and lenders who make commission payments directly to the Group. Finsure, Vow and SFG are aggregators of retailing loan brokers and act as intermediaries between the group and the lenders (financial institutions) to pass through the commission paid by those lenders to the Group.

The Group has credit risk associated with trade and other receivables (\$2,768,093 as at 30 June 2023 and \$1,582,182 as at 30 June 2022), commercial loan receivable (\$76,974,937 as at 30 June 2023 and \$59,522,817 as at 30 June 2022), and other investments (\$140,382 as at 30 June 2023 and \$170,382 as at 30 June 2022). These balances were within their terms of trade respectively except for the loans made to 1 Australian private company of \$646,300 in principle. A related entity of KMP has expressed intention to acquire the entire remaining loan balance. The proposed transaction is at arm's length and approved by the board of directors. The directors concluded that there is no expected credit losses provision required as at 30 June 2023.

There are generally no guarantees against trade and other receivables, except where the amounts relate to existing commercial loans. Collateral in the form of property is taken against commercial loans receivable to mitigate credit risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect Management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Note 26. Specific financial risk exposures and management (continued)

Financial liability maturity analysis

	Total contractual cash flows \$	No more than 1 year \$	1-2 years \$	2-5 years \$	More than 5 years \$
2023					
Trade and other payables	1,290,142	1,290,142	-	-	-
Convertible debts	-	-	-	-	-
Bank loan and other borrowings	84,389,601	21,380,000	63,009,601	-	-
Lease liabilities	630,623	286,825	343,798	-	-
	<u>86,310,366</u>	<u>22,956,967</u>	<u>63,353,399</u>	<u>-</u>	<u>-</u>
	Total contractual cash flows \$	No more than 1 year \$	1-2 years \$	2-5 years \$	More than 5 years \$
2022 (Restated)					
Trade and other payables	1,278,210	1,278,210	-	-	-
Convertible debts	370,000	370,000	-	-	-
Bank loan and other borrowings	74,366,073	22,891,073	51,475,000	-	-
Lease liabilities	962,458	331,833	559,977	70,648	-
	<u>76,976,741</u>	<u>24,871,116</u>	<u>52,034,977</u>	<u>70,648</u>	<u>-</u>

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. Fair value measurement

AASB 13: fair value measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input which is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) maybe valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the consolidated financial statements.

The Group has equity interests in Stropro Technologies Pty Ltd which are recognised and subsequently measured at fair value Level 3 on a recurring basis. (Refer to note 12 for details)

Note 28. Related party transactions

Parent entity

N1 Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Joint ventures

Interests in joint ventures are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the directors' report.

Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with other related parties:

The following transactions occurred with related parties:

	Consolidated 2023 \$	2022 (Restated) \$
Sale of goods and services:		
Management and processing fee from Funds Under Management	1,174,197	1,209,182
Rental property management income from a key management personnel	1,379	1,389
Payment for goods and services:		
Finosource Sdn Bhd - Malaysia	113,599	102,990
Other transactions:		
Sale of a motor vehicle to a key management personnel	-	16,000

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2023 \$	2022 (Restated) \$
Current receivables:		
Trade receivables from Funds Under Management	1,302,627	969,975

Loans to/from related parties

There were 2 unsecured loans totaling \$1,200,000 as of 30 June 2023 (2022 (Restated): \$950,000) from 2 related entities of key management personnel. Term is in 1 year, and the fixed interest rate is 8% per annum. The total interest paid to the related parties in 2023 is \$91,375 (2022 (Restated): \$25,864).

There were no loans to related parties at the current reporting date.

There were no loans to related parties at the previous reporting date.

Note 28. Related party transactions (continued)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	(Restated)
		\$
Loss after income tax	(3,621,488)	(2,208,701)
Total comprehensive income	(3,621,488)	(2,208,701)

Statement of financial position

	Parent	
	2023	2022
	\$	(Restated)
		\$
Total current assets	302,766	42,277
Total assets	27,345,094	34,823,739
Total current liabilities	213,662	22,705,357
Total liabilities	20,213,701	24,168,329
Equity		
Issued capital	17,124,119	16,824,119
Shared-based payment reserve	206,524	206,524
Accumulated losses	(10,199,250)	(6,375,233)
Total equity	7,131,393	10,655,410

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity provided a guarantee in relation to the GCI facility as at 30 June 2023. The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022.

Contingent liabilities

The parent entity has given bank guarantees as at 30 June 2023 of \$56,520 (2022 (Restated): \$56,520) to Venus Chatwood Pty Ltd for its lease.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 33, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 30. Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 (Restated) %
N1 Loans Pty Ltd (i)	Australia	100.00%	100.00%
N1 Migration Pty Ltd (ii)	Australia	100.00%	100.00%
N1 Realty Pty Ltd (iii)	Australia	100.00%	100.00%
N1 Project Pty Ltd (iv)	Australia	-	100.00%
N1 Venture Pty Ltd (v)	Australia	100.00%	100.00%
Sydney Boutique Property Pty Ltd (vi)	Australia	-	100.00%
N1 Franchise Pty Ltd (vii)	Australia	-	100.00%
N1 Capital Singapore Pte. Ltd (viii)	Singapore	100.00%	100.00%
Everone Consulting Pty Ltd (ix)	Australia	100.00%	100.00%
Yizhihao (Shanghai) Business Consulting Co. Ltd (x)	China	100.00%	100.00%
Zillion Finance Pty Ltd (xi)	Australia	100.00%	100.00%
N1 WH2 Pty Ltd (xii)	Australia	100.00%	100.00%
N1 WH3 Pty Ltd (xiii)	Australia	100.00%	-
N1SY Pty Ltd (xiv)	Australia	100.00%	100.00%

(i) N1 Loans was incorporated on 25 February 2010 and was initially owned by Mr Ren Hor Wong. Upon the completion of the IPO on 18 March 2016, the company became fully owned by the Group.

(ii) N1 Migration Pty Ltd was incorporated on 14 September 2015 and has been fully owned by the Group since 11 April 2016.

(iii) N1 Realty was incorporated on 3 May 2016 and, since then, it has been fully owned by the Group.

(iv) N1 Project was incorporated on 12 December 2016 and, since then, it has been fully owned by the Group. The company has been deregistered on 18 June 2023.

(v) N1 Venture was incorporated on 19 November 2014 and was acquired on 1 September 2016. Since then it has been fully owned by the Group.

(vi) Sydney Boutique Property Pty Ltd was acquired on 14 November 2016. It has been fully owned by the Group since acquisition. The Group has signed a contract to dispose its rent roll assets held under Sydney Boutique Properties Pty Ltd on 24 November 2022 and to discontinue the property management business at completion of the transaction on 10 March 2023.

(vii) TACQ International Pty Ltd was incorporated on 21 July 2017 and renamed to N1 Franchise Pty Ltd on 5 March 2018. It has been fully owned by the group since incorporation. The company has been deregistered on 18 June 2023.

(viii) N1 Capital Singapore Pte. Ltd was incorporated on 1 February 2019 and it has been fully owned by the group since incorporation.

(ix) Everone Consulting Pty Ltd was incorporated on 14 May 2019 and it has been fully owned by the group since incorporation.

(x) Yizhihao (Shanghai) Business Consulting Co. Ltd was incorporated on 8 August 2019 and it has been fully owned by the group since incorporation.

(xi) Zillion Finance Pty Ltd was acquired on 30 July 2020. It has been fully owned by the Group since acquisition.

(xii) N1 WH2 Pty Ltd was incorporated on 6 June 2021, it has been fully owned by the Group since incorporation.

Note 30. Interests in subsidiaries (continued)

(xiii) N1 WH3 Pty Ltd was incorporated on 12 January 2023, it has been fully owned by the Group since incorporation.

(xiv) N1SY Pty Ltd was incorporated on 8 December 2021, it has been fully owned by the Group since incorporation.

Note 31. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 (Restated) %
Aura N1 Lending Pty Ltd	Australia	-	50.00%

Aura N1 Lending Pty Ltd was incorporated on 23 July 2020, it has been a joint venture of the Group since its incorporation. Aura N1 Lending Pty Ltd had no trading activity during the period. \$1 in share capital was invested in Aura N1 Lending Pty Ltd by N1 Loans Pty Ltd. The company has deregistered on 18 December 2022.

Note 32. Key management personnel

Other key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered KMP.

Compensation

Please refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's KMP for the year ended 30 June 2023. The total of remuneration paid to or payable to KMP of the Group during the year was:

	Consolidated	
	2023 \$	2022 (Restated) \$
Short-term employee benefits	846,525	749,823
Post-employment benefits	65,659	57,849
Other long-term benefits	19,532	22,504
Dividend paid	118,307	-
	<u>1,050,023</u>	<u>830,176</u>

Short-term employee benefits

These amounts include fees and benefits paid to non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts represent amounts paid under the defined superannuation contribution.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

Note 32. Key management personnel (continued)

Dividend paid

These amounts represent the dividend payment to the KMP during the year.

Note 33. Other principal accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 34.

Parent entity information

In accordance with the *Corporations Act 2001*, these consolidated financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of N1 Holdings Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. N1 Holdings Limited and its subsidiaries together are referred to in these consolidated financial statements as the 'Group'.

Subsidiaries are all those 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 de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Note 33. Other principal accounting policies (continued)

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the maximum extent that the underlying gain or loss can be recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use.

Note 33. Other principal accounting policies (continued)

Employee benefits

Retirement benefit obligations

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligations for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are remeasured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its consolidated financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The group has adopted all of the new and revised standards and interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operation and effective for the current reporting period. The adoption of these amendments and new standards has not resulted in any significant changes to the group's accounting policies or any significant effect on the measurement or disclosure of the amounts reported for the current or prior reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Note 34. Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated 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 (refer to the respective notes) within the next financial year are discussed in the relevant notes and below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the consolidated financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 35. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by auditors of the Group:

	Consolidated	
	2023	2022
	\$	(Restated)
	\$	\$
<i>Remuneration of the auditor for:</i>		
Audit or review of the consolidated financial statements	93,070	97,312

Note 36. Contingent liabilities and contingent assets

In relation to the leases entered by the Group, as disclosed in note 14, the Group has given bank guarantees as at 30 June 2023 of \$237,221 (2022 (Restated): \$237,221) to various landlords.

There are no contingent assets as at 30 June 2023 (2022 (Restated): nil).

Note 37. Income tax expense

(a) Income Tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense (benefit) charged to profit or loss is the tax payable (recoverable) on taxable income (loss). Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Note 37. Income tax expense (continued)

Deferred income tax expense (benefit) reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which Management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

	2023	2022
	\$	(Restated) \$
(i) The components of tax (benefit)/expense comprise:		
Current income tax	-	195,254
Deferred income tax	(231,178)	(195,254)
	<u>(231,178)</u>	<u>-</u>
(ii) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Profit/(loss) before income tax	109,767	697,067
Tax rate at 25% (2022 (Restated): 25%)	27,441	174,266
Entertainment	-	975
Goodwill impairment	82,494	-
Depreciation	-	935
Utilisation of prior year tax losses	(108,604)	(176,176)
Tax loss from controlled foreign companies	(1,331)	-
Recognition of deferred tax assets on tax losses	(231,178)	-
Income tax (benefit)/expense	<u>(231,178)</u>	<u>-</u>

As at 30 June 2023, the tax loss carried forward for the Group is \$4,953,870 (2022 (Restated): \$5,112,171).

The Group has been tax consolidated since 11 March 2016.

(b) Tax position

The Group's current tax payable is \$nil (2022 (Restated): \$nil)

Note 38. Deferred tax assets

Deferred tax liabilities

2023

	Opening balance \$	Charge to income statement \$	Charge to equity \$	Closing balance \$
Trailing income	239,518	63,040	-	302,558
Intangible assets	80,609	(80,609)	-	-
Investment - unrealised capital gain	14,482	-	-	14,482
Balance at 30 June 2023	334,609	(17,569)	-	317,040

2022 (Restated)

	Opening balance \$	Charge to income statement \$	Charge to equity \$	Closing balance \$
Trailing income	69,723	169,795	-	239,518
Intangible assets	128,441	(47,832)	-	80,609
Investment - unrealised capital gain	15,061	(579)	-	14,482
Balance at 30 June 2022	213,225	121,384	-	334,609

Deferred tax assets

2023

	Opening balance \$	Charge to income statement \$	Charge to equity \$	Closing balance \$
Clawback and accrued	15,997	(2,639)	-	13,358
Tax losses	99,511	223,529	-	323,040
Other temporary differences	192,733	(3,305)	-	189,428
Lease	26,368	(3,976)	-	22,392
Balance at 30 June 2023	334,609	213,609	-	548,218

2022 (Restated)

	Opening balance \$	Charge to income statement \$	Charge to equity \$	Closing balance \$
Clawback and accrued	9,085	6,912	-	15,997
Tax losses	77,993	21,518	-	99,511
Other temporary differences	101,614	91,119	-	192,733
Lease	24,533	1,835	-	26,368
Balance at 30 June 2022	213,225	121,384	-	334,609

Note 38. Deferred tax assets (continued)

Critical accounting estimates and Judgements - Taxation

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 for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Note 39. Reconciliation of profit after income tax to net cash from/(used in) operating activities

	Consolidated 2022 (Restated)	
	2023	2022
	\$	\$
Profit after income tax benefit for the year	340,945	697,067
Adjustments for:		
Depreciation and amortisation	404,352	449,675
Impairment of goodwill	329,975	-
Write off of investments	-	50
Net gain on disposal of investments	(10,423)	(10,192)
Net gain on disposal of property, plant and equipment	-	(1,311)
Interest expense for financing activities	181,766	284,656
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,071,253)	(297,215)
Increase in contract assets	(252,164)	(381,733)
Increase in deferred tax assets	(213,609)	(121,384)
Decrease/(increase) in prepayments	(108,465)	99,671
Increase in commercial loan receivables	(17,452,120)	(52,988,427)
Increase in trade and other payables	11,933	179,093
Increase/(decrease) in deferred tax liabilities	(17,568)	121,384
Increase/(decrease) in employee benefits	(2,150)	110,255
Increase in other operating assets	(57,206)	2,574
Increase/(decrease) in contract liabilities	9,018	237,053
Increase in funds received for commercial loans	11,227,537	62,070,000
Increase in other operating liabilities	616,982	1,403,218
Net cash from/(used in) operating activities	<u>(6,062,450)</u>	<u>11,854,434</u>

Note 39. Reconciliation of profit after income tax to net cash from/(used in) operating activities (continued)

The negative cash flow of current period was a result of "Net cash from commercial lending" of \$6,224,583. "Net cash from commercial lending" is more accurately interpreted as the net of balance sheet capital lent and repaid by borrowers, minus the net of capital raised and repaid by investors in the form of debt on balance sheet. Technically, the higher outflow the "Net cash from commercial lending" means line item is, the more capital is lent than repaid, taking into account of capital raised or repaid to investors. Adjusted net cash from operating activities hence is positive \$162,133.

Note 40. Changes in liabilities arising from financing activities

Consolidated	Loans and borrowings \$	Lease liability \$	Total \$
Balance at 1 July 2021 (Restated)	3,435,853	1,288,576	4,724,429
Net cash used in financing activities	(504,780)	(392,887)	(897,667)
Other changes	(1,000,000)	66,769	(933,231)
Balance at 30 June 2022 (Restated)	1,931,073	962,458	2,893,531
Net cash used in financing activities	(871,072)	(363,986)	(1,235,058)
Other changes	(480,001)	32,151	(447,850)
Balance at 30 June 2023	<u>580,000</u>	<u>630,623</u>	<u>1,210,623</u>

Note 41. Events after the reporting period

On 7 September 2023, the Group has received commitments for an additional \$10 million in debt capital.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 33 to the consolidated financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Ren Hor Wong
Executive Chairman and CEO

26 September 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF N1 HOLDINGS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of N1 Holdings Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of N1 Holdings Limited is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended, and
- complying with Australian Accounting Standards 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 & 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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of commercial loan receivables

Area of focus	How our audit addressed the area of focus
As disclosed in Note 11 of the financial report, the Group holds commercial loan receivables of \$76,974,937 (2022 (Restated): \$59,522,817).	Our procedures performed, amongst others:
The requirements of AASB 9 <i>Financial Instruments</i> involve significant judgements and estimates in assessing expected credit losses to be incurred based on past performance, the current economic environment, as well as expectations around future conditions.	<ul style="list-style-type: none"> - obtained understanding and tested the control environment around the initial recognition and measurement of commercial loan receivables; - tested a sample of commercial loan receivables to ensure that the balance at the year end complies with the requirements of AASB 9 <i>Financial Instruments</i>;
The carrying value of commercial loan receivables is considered a key audit matter due to the subjectivity involved in determining the expected credit losses and judgements made by management.	<ul style="list-style-type: none"> - evaluated whether the expected credit loss model prepared by management complies with the requirements of AASB 9 <i>Financial Instruments</i>; - held discussions with management regarding non-performing loans; and - verified management's assessment of expected credit losses, including checking the fair values of the collateral assets valued by real estate valuation specialists, in support of the recoverability of the loan.
	We assessed the adequacy and appropriateness of the disclosures in the financial statements,

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, 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 inconsistent 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 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 the directors.
- Conclude on the appropriateness of the directors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of N1 Holdings Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



SW Audit
Chartered Accountants



Yang (Bessie) Zhang
Partner

Sydney, 26 September 2023

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Additional information required by the Australian Securities Exchange Ltd (ASX) and not disclosed elsewhere in this report is set out below. The information is current as at **15 September 2023**.

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number of shares	%	Number of holders	%
1 to 1,000	1,143	0.00%	6	2.07%
1,001 to 5,000	48,417	0.05%	18	6.21%
5,001 to 10,000	831,283	0.94%	85	29.31%
10,001 to 100,000	4,904,437	5.57%	126	43.45%
100,001 and Over	82,270,292	93.43%	55	18.97%
Total	88,055,573		290	

b. The number of shareholdings held in less than marketable parcels is 17,153.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
REN H WONG PTY LTD	50,000,000	56.78%
SIEW BEE TONG	5,000,000	5.68%
Total	55,000,000	62.46%

d. 20 Largest Shareholders — Ordinary Shares

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. REN H WONG PTY LTD	50,000,000	56.78%
2. CITICORP NOMINEES PTY LIMITED	5,125,764	5.82%
3. MR YOKE MENG CHAN	4,313,500	4.90%
4. TIN FAMILY SMSF PTY LTD	2,614,940	2.97%
5. BNP PARIBAS NOMS PTY LTD	2,297,367	2.61%
6. MS YUEXIAN ZHAO	1,388,718	1.58%
7. MR HO YAN MAK	1,361,982	1.55%
8. JIANRONG SUN	1,357,500	1.54%
9. SUPERHERO SECURITIES LIMITED	1,072,389	1.22%
10. MR TONG CHAI TAN	908,500	1.03%
11. MS MUN CHING WANG	908,500	1.03%
12. HUEY WONG	820,798	0.93%
13. IPOH YAP SMSF CO PTY LTD MISS	800,000	0.91%
14. MR ENG LEK LAU	713,524	0.81%
15. STAR PLUS SUPER PTY LTD	709,468	0.81%
16. MR ANDREW THOMAS BARRY KENNEDY	535,706	0.61%
17. TAN (NSW) PTY LTD	500,000	0.57%
18. LC FAMILY SUPER PTY LTD	500,000	0.57%
19. SILOTUS PTY LTD	500,000	0.57%
20. AUSTRALIA WIDE DEVELOPMENT GROUP PTY LTD	500,000	0.57%
Total	76,928,656	87.36%

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e. **Escrowed Shares**

No

f. **Vested Options**

No

g. **Convertible notes**

The Company previously had 350,000 unlisted, unsecured convertible notes on issue. On 11 May 2023, the amount outstanding under the convertible notes (being \$70,000) was converted into loan agreement for a 2-year fixed term loan and an interest rate of 10%.

h. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

There are no other classes of equity securities.

i. **Current on-market buy-back**

There is no current on-market buy-back in relation to the Company's ordinary shares.

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