

25 October 2024

N1H Quarterly activity report and trading update (for the period of 1 July 2024 to 30 September 2024)

N1 Holdings Limited (ASX: **N1H** or the “**Company**”) is pleased to announce the September 2024 quarter business update and cashflow results. The Company continues to experience growth across various financial performance metrics whilst also maintaining robust risk management practices. The Company has observed continued high levels of customer enquiries, although these have predominantly been related to refinancing activities rather than new purchase transactions. Separately, management continues to streamline OPEX costs (excluding cost of funds), fostering revenue and profitability growth for the Company.

Due to the Company’s risk management approach, the Company has always been averse to construction and development lending. Instead, the Company has chosen to focus principally on lending secured by established properties together with a focus in yield-generating commercial properties, investment residential properties and prestige properties. This approach is tied to a set of pre-defined pool parameters that ensures the Company maintains a strong equity buffer and liquidity in its loan portfolio, whilst also achieving a balanced risk-reward.

The pool parameters of the Company’s loan book remain consistent and aligned with the Company’s risk appetite. The pool parameters are a set of key metrics to manage risk such as average loan size, weighted average Loan to Value Ratio (**LVR**), average loan term, geographical diversification and property type allocation. The Company’s management is extremely pleased with the quality of the current loan book, the maintenance of an uninterrupted immaculate record of capital and risk management. The Company’s management team continues to focus on the three factors that directly contribute to the financial performance of the business, being, funding size, cost of funds and risk management.

As highlighted below, the Company is excited to present key performance metrics that are a testament to the successful execution of management’s strategy.

Highlights of first quarter of FY25 (1 July 2024 to 30 September 2024) cash flow and financial performance:

- Net profit for the quarter ended 30 September 2024 (**Q1 FY25**) was approximately \$555,000 (unaudited), with EBIDTA of \$630,000 (unaudited).
- Revenue for Q1 FY25 was \$5.28 million (unaudited). An uplift of 32.99% compared with the same period last financial year.
- Cash receipts from customers amounted to \$4.63 million for Q1 FY25, representing a decrease of 13.18% compared to the same period last financial year, as a result of the timing of interest payments received from customers.
- The Company’s SME lending business (including management fees derived from One Lending Fund through N1 Asset Management) continued to be the major revenue generator of the Company, accounting for 89% of total cash receipts from customers for Q1 FY25. Total cash receipts from customers via the SME Lending business were \$4.12 million for the quarter.
- Net cash outflow from operating activities for Q1 FY25 was \$4.024 million. “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 the balance sheet. Technically, the higher outflow the “Net cash from commercial lending” line item is, the more capital is lent than repaid, taking into account capital raised or repaid to investors. Adjusted net cash outflow from operating activities hence became \$131,000.
- The Company’s cash balance as of 30 September 2024 was \$9.01 million.

Company Business activities

During Q1 FY25, the Company recorded gross revenue of \$5.28 million (unaudited) with a net profit at approximately \$555,000 (unaudited).

The Company's management continues to monitor various economic indicators released in the market so that the Company may respond in the most optimal way. The Company's management considers that the strong jobs data that has been released diminishes market hope for pre-Christmas interest rate cut. In light of this, the Company's management will adjust their capital deployment plan accordingly in the coming months. The Company recognises the fact that cash rate movements dictate real estate sentiment, and form a big part of the Company's risk management approach in actively managing Net Interest Margin (**NIM**) and equity buffer (for instance, weighted average LVR) metrics. The Company is currently discussing expanding its funding size whilst balancing risk management and cost of funds. Separately, the Company is also actively allocating resources in marketing activities, including through third-party channels such as the Company's network of mortgage brokers and referral partners in the real estate industry, to strengthen deal flow quality and in preparation for funding growth and further improvements to the loan book quality. The Company is also actively managing operational expenses by actively and efficiently negotiating and restructuring major cost centers.

One Lending Fund's revenue was \$669K (unaudited) for Q1 FY25. Please note that One Lending Fund's revenue does not form part of the Company's revenue (as this is a separate SME lending fund managed by N1 Asset Management, a 100% owned subsidiary of the Company).

As of the date of this report, the total lending capacity that the Company is able to access and manage is approximately \$213 million, which consists of approximately \$42 million of balance sheet capital raised from private debt, \$150 million under various debt facilities and approximately \$21 million from One Lending Fund, mortgage funds under management. Please note that One Lending Fund is not consolidated into the Company's financial statements and is managed by N1 Venture Pty Ltd, a 100% owned subsidiary of N1H.

The Company continues to raise funds for SME lending purposes, including via One Lending Fund.

Payments to related parties of the entity and their associates

- Salary and super to executive directors of \$251,338; and
- Services provided by director related entities of \$39,600. Costs are determined on an arm's length basis.

Authorised for release by the Chairman.

For more information, please contact:

Ren Hor Wong

Chairman & Chief Executive Officer
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About N1 Holdings Limited (ASX: N1H)

N1 Holdings is positioned in the market as a property-backed private credit lender in the Australian SMEs sector. N1 is funded by a set of resilient funding source including balance sheet capital, N1-managed mortgage fund, debt and warehouse facilities. With the growth in lending from non-traditional sources, such as alternative banks and non-bank lenders, N1 with its unique competitive advantages is perfectly placed to advise businesses and sophisticated property investors through this changing lending landscape and to be the preferred private debt asset manager for HNWIs, family offices and institutions.

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N1 Holdings

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

N1 Holdings Limited

ABN

44 609 268 279

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	4,632	4,632
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(456)	(456)
	(c) advertising and marketing	(53)	(53)
	(d) leased assets	-	-
	(e) staff costs	(768)	(768)
	(f) administration and corporate costs	(386)	(386)
1.3	Dividends received (see note 3)		
1.4	Interest received	83	83
1.5	Interest and other costs of finance paid	(3,157)	(3,157)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Net cash from commercial lending	(3,893)	(3,893)
1.9	Proceeds from sale of trailbook	-	-
1.10	Other (provide details if material)	(26)	(26)
1.11	Net cash from / (used in) operating activities	(4,024)	(4,024)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(15)	(15)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(231)	(231)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	33	33
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(285)	(285)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(498)	(498)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,532	13,532
4.2	Net cash from / (used in) operating activities (item 1.11 above)	(4,024)	(4,024)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(498)	(498)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	9,010	9,010

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,023	13,555
5.2	Call deposits		
5.3	Bank overdrafts	(13)	(23)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,010	13,532

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

291

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

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

No unsecured financing facility after quarter end.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.11)	(4,024)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,010
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	9,010
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.24

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

25 October 2024

Date:



Authorised by:

Ren Hor Wong (CEO)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.