N1 Holdings Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	N1 Holdings Limited
ABN:	44 609 268 279
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	82.9%	to	7,051,381
Profit from ordinary activities after tax	up	612.0%	to	165,745
Profit for the half-year	up	612.0%	to	165,745

Dividends

	Amount per security Cents	Franked amount per security Cents
Dividends declared and paid during the current financial period	0.230	-

There were $202,528 dividends declared and paid during the current financial period.

Comments
The profit for the Group after providing for income tax amounted to $165,745 (31 December 2021: loss of $32,374).

	Consolidated Group	
	31 December 2022 $	31 December 2021 (Restated) $
Profit/Loss before income tax	165,745	(32,374)
Add: Interest expense – Corporate*	117,952	158,144
Add: Depreciation and amortisation	206,400	232,592
Add: Goodwill impairment resulting from sale of rent roll*	329,975	-
Normalised EBITDA	820,072	358,362

* 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.

* In November 2022, the Company committed to selling its rent roll asset which has created a once off impairment on Goodwill of $329,975.

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in this Appendix 4D, and should be read in conjunction with, the Interim Report for the half-year ended 31 December 2022.

The information in this Appendix 4D should be read in conjunction with the Annual Report of N1 Holdings Limited for the year ended 30 June 2022.

3. Net tangible assets

	Reporting period Cents	Previous period (Restated) Cents
Net tangible assets per ordinary security	(0.39)	(1.09)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Dividends declared and paid during the current financial period	0.230	-

There were $202,528 dividends declared and paid during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $**	**Previous period $**
Loan 77 Pty Ltd	-	50.00%	-	-
Aura N1 Lending Pty Ltd	-	50.00%	-	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			-	-

Loan 77 Pty Ltd was incorporated on 12 July 2019, it had been a joint venture of the Group since its incorporation. Loan 77 Pty Ltd had no trading activity during the period. $50 in share capital was invested in Loan 77 Pty Ltd by N1 Loans Pty Ltd. Loan 77 Pty Ltd is deregistered on 18 May 2022.

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. It has been deregistered since 18 December 2022.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of N1 Holdings Limited for the half-year ended 31 December 2022 is attached.

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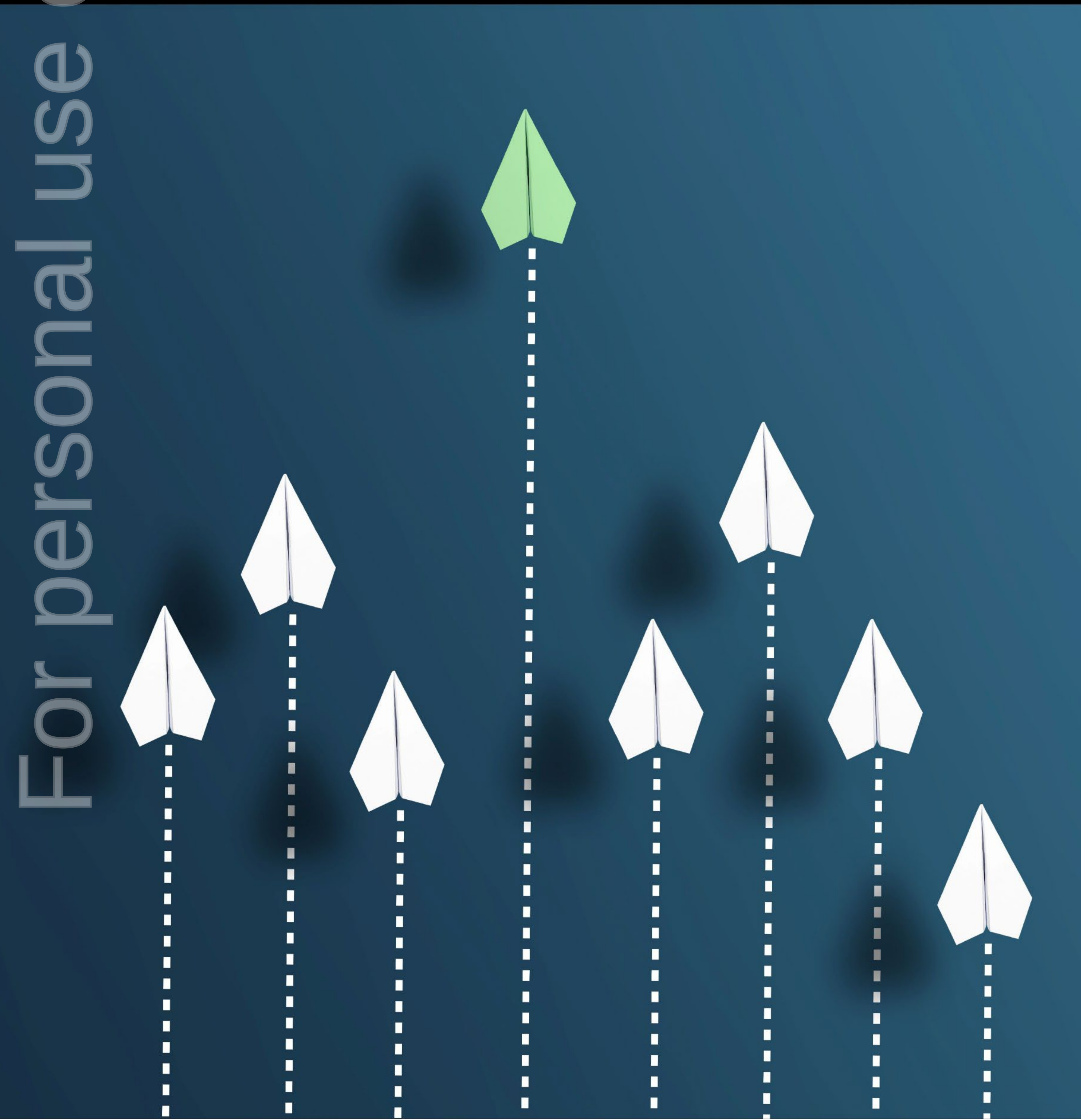
12. Signed

Signed ____________________________ Date: 28 February 2023

N1 HOLDINGS LIMITED

ACN 609 268 279

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2023



Directors	Ren Hor Wong Executive Chairman, CEO Jia Penny He Executive Director, CFO Frank Ganis Non-Executive Director David Holmes Non-Executive Director
Company secretary	Anand Sundaraj
Registered office	Suite 502, 77 King Street Sydney NSW 2000
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000
Auditor	Crowe Sydney Level 24, 1 O'Connell 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 2022 corporate governance statement reflects the corporate governance practices in place during the financial year ended 30 June 2022. The 2022 corporate governance statement was approved by the board on 23 September 2022. 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/

The directors present their report, together with the financial statements, on the consolidated entity (hereafter, **the Group**) consisting of N1 Holdings Limited (hereafter, **the company** or **N1**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2022. (**HY23**).

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

Mr Ren Hor Wong;
Ms Jia Penny He;
Mr David Holmes; and
Mr Frank Ganis

Company Secretary
Mr Anand Sundaraj (Company Secretary)

Review of operations
During HY23, the Group generated revenue of $7,051,381 (HY22: restated $3,855,214) and delivered a profit of $165,745 (HY22: restated loss of $32,374). The Group has achieved Normalised EBITDA improvement of $461,710 in HY23 compared to the same period last year.

	HY2023 $	**HY2022 (Restated) $**
Profit before income tax	165,745	(32,374)
Add: Interest expense – Corporate*	117,952	158,144
Add: Depreciation and amortisation	206,400	232,592
Add: Goodwill impairment resulting from sale of rent roll	329,975	-
Normalised EBITDA	820,072	358,362

* 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.

* In November 2022, the Company committed to selling its rent roll asset which has created a once off impairment on Goodwill of $329,975.

During HY23, the Group's Commercial lending business continued to be the major revenue generator, accounting for 81.4% of the Group's total revenue. A complete breakdown of the Group's revenue for the period is as the follows:

- Commercial lending (including the management fee income from the Funds under management) revenue was $5,739,795, which equals to 81.4% of the Group's revenue. This is an increase of 102.99% over the prior period (HY22: restated $2,827,631).
- Mortgage brokering revenue (including trail commissions) was $888,335, which equals to 12.6% of the Group's revenue;
- Advisory service revenue was $108,500, which equals to 1.54% of the Group's revenue;
- Real estate business revenue was $278,670, which equals to 3.95% of the Group's revenue; and
- Migration services revenue was $36,081, which equals to 0.51% of the Group's revenue.

N1 has transformed its business model into a property backed SME lender, that derives revenue predominantly via lending fees and interest income. Revenue composition stated as per above clearly indicates the change of the Company's revenue model. The management of N1H has committed to maintain the company's pivot to its current sustainable and efficient business model, via product-led growth.

There are two distinctive competitive advantages held by the company in the evolving lending landscape. On one hand, N1H holds consecutive years of impressive track record in deploying debt capital that enables confidence in the capital market that gives competitive edge to the company to raise more capital for lending. On the other hand, N1H distributes its own unique lending solution, via expansive distribution channels partnering brokers, aggregators and mortgage brokers in Australia. The catalyst to pushing the company's growth trajectory comes from continuing track record of prudent risk management in lending which has enhanced its ability to raise more capital and lend more actively in the market. The management of the company goes beyond the growth horizon, being the frontier in growth efficiency, by adopting the B2B strategy as outlined in previous financial reports.

The RBA's commitment to rein in inflation via monetary tools, with consecutive rate rises pose challenges to the company. Rate rises directly leads to rising cost of funds for the company. In addition, persistent rate rises have also disrupted the market for property transactions. The management of the company continues to closely monitor market sentiment to ensure the effective navigation of the company's operations. The management of the company in the last six months has prioritised pricing and valuation reset of our loan receivables book, made possible by our unique short-term lending product. Pricing reset enables the subsequent months in the financial year to increase the net interest margin, while valuation reset ensures the security held by the Company remains in a very comfortable level of equity buffer.

Further to the above challenges, 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.

Mortgage broking and Mortgage Management remains the Group's defensive strategy and assists in customer stickiness by generating cross-sale opportunities to our existing client database. The growth of recurring trail commission income remains steady, and the company expects further growth driven by the better margin mortgage management business, N1 Plus. The cumulative recurring trail income via mortgage management business is generally higher margin than traditional mortgage broking, and in the long term provides better branding power for client retention, extending the lifespan of loan book.

As disclosed previously, the board and management of the company further strengthened the efficiency of the company's business model by divesting our realty business. This sale has trim unnecessary costs and improve resource allocation within the company for more efficient growth trajectory.

In conclusion, consecutive periods of record growth in revenue and profitability are a testament to the successful execution of planned strategy. The following periods is the path to a more focused implementation of proven strategy, and continuing build-up of the company's competitive advantages in capital raising and efficient deployment. The company has set itself up as one of the leading players in the sector of property-backed SME lending, creating barriers of entry to potential competition, allowing a healthy business growth and operating environment for N1H.

Review of Financial Position
The Group has a net asset position of $416,463 as at 31 December 2022 (restated $153,246 as at 30 June 2022).

At 31 December 2022, the Group's current assets were $74,811,706 and it's current liabilities were $73,649,811.

Non-current assets decreased by $997,559 to $2,692,481 (restated $3,690,040 as at 30 June 2022) and non-current liabilities decreased by $48,973,385 to $3,437,913 (restated $52,411,298 at 30 June 2022). The decrease in non-current liabilities was largely attributable to borrowings from external parties used to fund commercial lending and working capital requirements becoming due in the next 12 months. The Group is in the process of extending its existing $55m debt facility to 5 July 2025.

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

Matters subsequent to the end of the financial half-year
On 12 January 2023, N1 WH3 Pty Ltd was incorporated and has been fully owned by the group since then.

On 25 January 2023. the Group has received commitments for an additional $15 million in debt capital.

No other matter or circumstance has arisen since 31 December 2022 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.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Ren Hor Wong
Executive Chairman and CEO

28 February 2023

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28 February 2023

The Board of Directors
N1 Holdings Limited
77 King Street
Sydney NSW 2000

Dear Board Members

N1 Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of N1 Holdings Limited and its controlled entities.

As lead audit partner for the review of the financial report of N1 Holdings Limited and its controlled entities for the financial half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

Crowe Sydney

Crowe Sydney

Suwarti Asmono
Partner

N1 Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated Group 31 December 2022 $	31 December 2021 (Restated)* $
Revenue	4	7,051,381	3,855,214
Other income	5	17,500	269,667
Expenses			
Interest expense calculated using the effective interest method	6	(3,700,211)	(1,883,786)
Consulting and referral fees		(738,552)	(518,209)
Interest expense on lease		(17,781)	(24,151)
Employee cost	7	(1,329,793)	(1,168,266)
IT and technology		(2,276)	(5,062)
Sales and marketing		(99,237)	(46,905)
Rent and utilities		(69,125)	(52,963)
Professional fee		(232,724)	(128,742)
Office and administrative expense		(84,358)	(79,581)
Finance cost	7	(7,712)	(6,299)
Travel cost		(84,992)	(9,225)
Depreciation and amortisation	7	(206,400)	(232,592)
Other expense		-	(2,785)
Gain/loss on disposal of assets		-	1,311
Impairment loss on goodwill	12	(329,975)	-
Profit/(loss) before income tax expense		165,745	(32,374)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year		165,745	(32,374)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income/(loss) for the half-year		165,745	(32,374)
		Cents	**Cents**
Basic earnings per share	23	0.19	(0.04)
Diluted earnings per share	23	0.19	(0.04)

* Refer to note 2 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

N1 Holdings Limited
Consolidated statement of financial position
As at 31 December 2022

	Note	31 December 2022 $	30 June 2022 (Restated)* $	1 July 2021 (Restated)* $
		Consolidated Group		
Assets				
Current assets				
Cash and cash equivalents	8	15,907,923	14,142,721	3,211,848
Trade and other receivables	9	3,243,326	1,619,105	1,321,889
Contract assets	10	326,868	259,428	235,139
Commercial loans receivable	11	54,154,023	59,522,817	6,534,389
Other financial assets		170,382	170,382	371,507
Other current assets		284,107	31,045	152,455
		74,086,629	75,745,498	11,827,227
Non-current assets or disposal group classified as held for sale	12	725,077	-	-
Total current assets		74,811,706	75,745,498	11,827,227
Non-current assets				
Contract assets	10	819,171	698,651	341,207
Investments in associate and joint venture		1	1	51
Other financial assets		157,927	157,927	167,047
Property, plant and equipment		928,032	1,035,325	1,404,294
Deferred tax assets		377,668	334,609	213,225
Intangible assets	13	137,801	1,198,162	1,270,831
Other non-current assets		271,881	265,365	245,803
Total non-current assets		2,692,481	3,690,040	3,642,458
Total assets		77,504,187	79,435,538	15,469,685
Liabilities				
Current liabilities				
Trade and other payables	14	1,287,673	1,278,210	948,672
Contract liabilities	15	77,471	71,683	11,291
Loan and borrowings	16	70,333,870	23,261,073	5,704,780
Lease liabilities		327,751	331,833	326,117
Deferred income		1,388,942	1,685,369	121,786
Provisions		234,104	242,826	152,909
Total current liabilities		73,649,811	26,870,994	7,265,555
Non-current liabilities				
Contract liabilities	15	194,153	193,044	16,383
Loan and borrowings	16	2,200,000	51,072,064	8,441,073
Lease liabilities		472,432	630,625	962,459
Deferred tax liabilities		377,668	334,609	213,225
Provisions		193,660	180,956	114,811
Total non-current liabilities		3,437,913	52,411,298	9,747,951
Total liabilities		77,087,724	79,282,292	17,013,506
Net assets/(liabilities)		416,463	153,246	(1,543,821)

* Refer to note 2 for detailed information on Restatement of comparatives.

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

N1 Holdings

	Note	Consolidated Group 31 December 2022 $	30 June 2022 (Restated)* $	1 July 2021 (Restated)* $
Equity				
Issued capital	17	6,954,061	6,654,061	5,654,061
Reserves		206,524	206,524	206,524
Retained earnings		(6,744,122)	(6,707,339)	(7,404,406)
Total equity/(deficiency)		416,463	153,246	(1,543,821)

* Refer to note 2 for detailed information on Restatement of comparatives.

N1 Holdings Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

Consolidated Group	Issued capital $	Option Reserve $	Retained earnings $	Total deficiency in equity $
Balance at 1 July 2021	5,654,061	206,524	(7,338,212)	(1,477,627)
Restatement (note 2)	-	-	(66,194)	(66,194)
Balance at 1 July 2021 - restated	5,654,061	206,524	(7,404,406)	(1,543,821)
Loss after income tax expense for the half-year	-	-	(32,374)	(32,374)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(32,374)	(32,374)
Balance at 31 December 2021 - restated	5,654,061	206,524	(7,436,780)	(1,576,195)

Consolidated Group	Issued capital $	Option Reserve $	Retained earnings $	Total equity $
Balance at 1 July 2022	6,654,061	206,524	(6,235,843)	624,742
Restatement (note 2)	-	-	(471,496)	(471,496)
Balance at 1 July 2022 - restated	6,654,061	206,524	(6,707,339)	153,246
Profit after income tax expense for the half-year	-	-	165,745	165,745
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	165,745	165,745
Transactions with owners in their capacity as owners:				
Conversion of convertible notes (note 17)	300,000	-	-	300,000
Dividends paid (note 18)	-	-	(202,528)	(202,528)
Balance at 31 December 2022	6,954,061	206,524	(6,744,122)	416,463

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

N1 Holdings Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	Consolidated Group 31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Interest revenue received		2,976,661	3,383,903*
Cash receipts from fees, commissions, and other revenues		1,966,567	1,814,645*
Payments to suppliers and employees		(3,088,564)	(1,952,701)
Net fund received from/(lent to) customers in commercial lending		5,581,466	(41,886,779)
Proceed from loans for commercial lending		4,250,000	50,780,593*
Repayment of loans for commercial lending		(5,900,000)	(2,578,340)*
Interest and other finance costs paid		(3,504,799)	(1,530,786)
		2,281,331	8,030,535
Receipt of government incentive for COVID-19		-	258,166
Other interest received from bank deposit		12,644	2,084
Net cash from operating activities		2,293,975	8,290,785
Cash flows from investing activities			
Payments for property, plant and equipment		(77,855)	(8,172)
Payments for intangibles assets	13	(15,943)	(25,967)
Loans repaid by third party		-	100,800
Proceeds from disposal of investments		-	19,312
Proceeds from disposal of property, plant and equipment		-	16,000
Net cash from/(used in) investing activities		(93,798)	101,973
Cash flows from financing activities			
Payment of borrowing cost		-	(158,144)
Repayment of loans		(52,391)	(252,665)
Repayment of lease liabilities and interest expense		(180,056)	(194,432)
Dividends paid	18	(202,528)	-
Net cash used in financing activities		(434,975)	(605,241)
Net increase in cash and cash equivalents		1,765,202	7,787,517
Cash and cash equivalents at the beginning of the financial half-year	8	14,142,721	3,211,848
Cash and cash equivalents at the end of the financial half-year		15,907,923	10,999,365

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

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. 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 half year 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 (for the 6 months ended 31 December 2021: $420,586). 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 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:

Note 2. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

	Consolidated Group		
	31 December 2021		31 December 2021
	$	$	$
Extract	**Reported**	**Adjustment**	**Restated**
Revenue	4,615,503	(760,289)	3,855,214
Expenses			
Consulting and referral fees	(857,912)	339,703	(518,209)
Profit/(loss) before income tax expense	388,212	(420,586)	(32,374)
Income tax expense	-	-	-
Profit/(loss) after income tax expense for the half-year	388,212	(420,586)	(32,374)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income/(loss) for the half-year	388,212	(420,586)	(32,374)

	31 December 2021		31 December 2021
	Cents	Cents	Cents
	Reported	Adjustment	Restated
Basic earnings per share	0.48	(0.52)	(0.04)
Diluted earnings per share	0.48	(0.52)	(0.04)

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

	Consolidated Group		
	1 July 2021		1July 2021
	$	$	$
Extract	**Reported**	**Adjustment**	**Restated**
Assets			
Current assets			
Commercial loans receivable	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)

Note 2. Restatement of comparatives (continued)

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

	Consolidated Group		
	30 June 2022		30 June 2022
	$	$	$
Extract	**Reported**	**Adjustment**	**Restated**
Assets			
Current assets			
Commercial loans receivable	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 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 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 customer 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 service
The Group conducts real estate services through N1 Realty Pty Ltd and Sydney Boutique Properties Pty Ltd. The services are currently 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 or about 10 March 2023. Refer to note 12 for more detailed information.

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

Other segments represent the services provided by the Group other than the above three categories.

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 financial statements.

Note 3. Operating segments (continued)

Operating segment information

Consolidated Group - 31 December 2022	Financial services $	Real estate service $	Migration service $	Other $	Total $
Revenue					
Revenue	6,736,630	278,668	36,081	2	7,051,381
Interest income	12,580	-	64	-	12,644
Other income	(15)	303	-	4,568	4,856
Total revenue	6,749,195	278,971	36,145	4,570	7,068,881
Segment profit/(loss) before income tax	1,914,573	31,039	(24,761)	(1,755,106)	165,745
Profit/(loss) before income tax expense	1,914,573	31,039	(24,761)	(1,755,106)	165,745
Income tax expense					-
Profit after income tax expense					165,745
Material items include:					
Interest expense calculated using the effective interest method	(3,700,211)	-	-	-	(3,700,211)
Depreciation and amortisation	(135,182)	(17,380)	-	(53,838)	(206,400)
Assets					
Total Segment assets	75,466,181	2,868,689	44,683	31,861,112	110,240,665
Intersegment eliminations					(32,736,478)
Total assets					77,504,187
Liabilities					
Total Segment liabilities	71,460,996	4,755,770	146,274	22,454,107	98,817,147
Intersegment eliminations					(21,729,423)
Total liabilities					77,087,724

Note 3. Operating segments (continued)

Consolidated Group - 31 December 2021 (Restated)	Financial services $	Real estate service $	Migration service $	Other $	Total $
Revenue					
Revenue	3,617,905	181,527	55,782	-	3,855,214
Interest income	2,070	-	11	3	2,084
Other income	224,235	183	38,304	4,861	267,583
Total revenue	3,844,210	181,710	94,097	4,864	4,124,881
Segment profit/(loss) before income tax	865,504	(2,356)	36,893	(932,415)	(32,374)
Profit/(loss) before income tax expense	865,504	(2,356)	36,893	(932,415)	(32,374)
Income tax expense					-
Loss after income tax expense					(32,374)
Material items include:					
Interest expense calculated using the effective interest method	(1,883,786)	-	-	-	(1,883,786)
Depreciation and amortisation	(193,975)	(40,006)	-	1,389	(232,592)

Consolidated Group - 30 June 2022 (Restated)	Financial services $	Real estate service $	Migration service $	Other $	Total $
Assets					
Total Segment assets	82,718,542	2,934,677	65,566	34,997,128	120,715,913
Intersegment eliminations					(41,280,375)
Total assets					79,435,538
Liabilities					
Total Segment liabilities	80,627,936	4,852,796	142,397	24,262,458	109,885,587
Intersegment eliminations					(30,603,295)
Total liabilities					79,282,292

Note 4. Revenue

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

	Consolidated Group 31 December 2022 $	31 December 2021 (Restated) $
Mortgage brokering origination commission	521,020	482,406
Mortgage brokering trail commission	186,252	148,618
Trail valuation movement	181,063	120,000
Commercial lending interest income	4,469,054	1,911,592
Management fees from funds under management	888,501	327,387
Loan processing and administration service fee	201,414	505,106
Other service fees relating to commercial lending	180,826	83,546
Real estate service	278,670	181,527
Migration service	36,081	55,782
Advisory service	108,500	39,250
	7,051,381	3,855,214
Geographical regions		
Australia	7,051,381	3,855,214

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:

	Half year ended 31 December 2022 At point in time $	Half year ended 31 December 2022 Over time $	Half year ended 31 December 2021 (Restated) At point in time $	Half year ended 31 December 2021 (Restated) Over time $
Mortgage origination commission	521,020	-	482,406	-
Mortgage brokering trail commission	186,252	-	148,618	-
Trail valuation movement	181,063	-	120,000	-
Management fees from funds under management	888,501	-	327,387	-
Loan processing and administration service fee	201,414	-	505,106	-
Other service fees relating to commercial lending	180,826	-	83,546	-
Real estate service	150,140	128,530	37,521	144,006
Migration service	36,081	-	55,782	-
Advisory service	108,500	-	39,250	-

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.

Note 4. Revenue (continued)

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.

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.

Migration service fee and advisory service fee
Migration service fee and advisory service fee are recognised in the accounting period in which the services are rendered. For fixed-price services, revenue is recognised based on the actual services provided till the end of the reporting period as a proportion of the total services to be provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period when the change in circumstances becomes known to management.

Note 5. Other income

	Consolidated Group 31 December 2022 $	31 December 2021 (Restated) $
Government grants	-	258,165
Other income	4,857	9,418
Interest income	12,643	2,084
Other income	17,500	269,667

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

Note 6. Interest expense calculated using the effective interest method

	Consolidated Group 31 December 2022 $	31 December 2021 (Restated) $
Commercial lending interest expense	3,600,039	1,749,793
Corporate interest expense	100,172	133,993
	3,700,211	1,883,786

Note 7. Expenses

	Consolidated Group 31 December 2022 $	31 December 2021 (Restated) $
Bank fees	5,521	4,846
Fund establishment fee	2,191	1,453
Finance cost	7,712	6,299

	Consolidated Group 31 December 2022 $	31 December 2021 (Restated) $
Depreciation expense in relation to leases	157,965	157,965
Depreciation expense	27,183	26,862
Amortisation costs	21,252	47,765
Depreciation and amortisation	206,400	232,592

Note 7. Expenses (continued)

	Consolidated Group	
	31 December 2022 $	31 December 2021 (Restated) $
Defined contribution superannuation expense	106,783	93,108

Note 8. Cash and cash equivalents

	Consolidated Group	
	31 December 2022 $	30 June 2022 (Restated) $
Current assets		
Cash and cash equivalents	15,907,923	14,142,721

Note 9. Trade and other receivables

	Consolidated Group	
	31 December 2022 $	30 June 2022 (Restated) $
Current assets		
Trade receivables	2,285,413	1,321,525
Interest receivables	915,271	260,657
Agent commission clawback receivable	42,642	36,923
	3,243,326	1,619,105

Note 10. Contract assets

	Consolidated Group	
	31 December 2022 $	30 June 2022 (Restated) $
Current assets		
Contract assets - current	326,868	259,428
Non-current assets		
Contract assets - non-current	819,171	698,651

Note 10. Contract assets (continued)

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 are determined by using the discounted cash flow valuation technique. The Group made the decision to change the trail commission valuation approach from the expected value approach to the expected cashflow approach at 30 June 2022

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.

	31 December 2022	**30 June 2022 (Restated)**
Weighted average loan life	4.11 years	3.57 years
Discount rate	8.87%	8.87%
Average percentage paid to broker	75.50%	72.30%

Note 11. Commercial loans receivable

	Consolidated Group	
	31 December 2022 $	**30 June 2022 (Restated) $**
Current assets		
Commercial loans receivable	54,154,023	59,522,817

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 (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 flow that are solely for payments of principals and interest on principal amounts outstanding (as defined in para 4.1.2 in AASB 9)).

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.

Note 11. Commercial loans receivable (continued)

Credit quality - Security held against loans

	Consolidated Group 31 December 2022 $	Consolidated Group 30 June 2022 (Restated) $
Secured by mortgage over real estate	53,427,032	58,373,548
Secured by other credit enhancement*	726,991	1,149,269
	54,154,023	59,522,817

	Consolidated Group 31 December 2022 $	Consolidated Group 30 June 2022 (Restated) $
Loan to valuation ratio of equal to or less than 70% - first mortgage	33,823,180	36,999,230
Loan to valuation ratio of equal to or less than 70% - second mortgage	8,561,236	13,427,887
Loan to valuation ratio of more than 70% - first mortgage	10,348,849	4,473,498
Loan to valuation ratio of more than 70% - second mortgage	1,420,758	4,622,202
	54,154,023	59,522,817

	Consolidated Group 31 December 2022 $	Consolidated Group 30 June 2022 (Restated) $
LVR buckets		
0-60%	11,435,283	19,464,366
60.01%-70%	30,949,133	30,962,751
70.01%-75%	7,042,616	6,504,302
75%+	4,000,000	1,442,129
Other *	726,991	1,149,269
	54,154,023	59,522,817

* The security property of this default loan has been listed to market in January 2023 for sale. Following the completion of this potential sale, the loan and the remaining credit enhancement received will be sold via a non-recourse assignment. The credit enhancement includes financial guarantees from the directors of the borrower's parent entity. The Group has received a letter of intent to purchase the loan at the book value and has received a deposit of $800,000. 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.

Note 11. Commercial loans receivable (continued)

	Consolidated Group 31 December 2022 $	Consolidated Group 30 June 2022 (Restated) $
Geographical concentrations		
New South Wales	37,948,051	40,845,091
Victoria	10,060,865	13,748,642
Queensland	4,034,273	2,625,307
South Australia	2,110,834	1,979,808
Australian Capital Territory	-	323,969
	54,154,023	59,522,817

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
31 December 2022			
Credit risk stage 1 and stage 2	49,015,032	-	No
Credit risk stage 3	5,138,991	-	Yes
30 June 2022			
Credit risk stage 1 and stage 2	54,243,548	-	No
Credit risk stage 3	5,279,269	-	Yes

N1 Holdings

Note 11. Commercial loans receivable (continued)

The loan receivables have been assessed at individual loan level for ECL by the Group where the estimated recoverable amounts are all higher than the losses given default. Therefore, the Group assessed that the expected credit loss provision is nil at 31 December 2022 (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. Non-current assets or disposal group classified as held for sale

The Group's wholly owned subsidiary N1 Realty Pty Ltd (N1 Realty) operates in the real estate segment. N1 Realty has agreed to dispose 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 presented as non-current assets or disposal group classified as held for sale. 5% of the purchase price was received by the Group as deposit. 75% of the purchase price will be paid as at the completion date. The remaining 20% of the purchase price will be held by the buyer's solicitor's bank account as a retention. Completion of the Disposal is expected to occur on or about 10 March 2023.

Non-current assets or disposal group held for sale is 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.

It is the Group's judgement that the disposal of SBP is not a discontinued operation because SBP itself is not considered a major line of business. SBP is only a component of the real estate service segment. After the disposal of SBP, N1 Realty business will continue operations, the licensed real estate agent stays in the group to facilitate related businesses. SBP's operation is not considered material to the Group's overall business.

At 31 December 2022, the disposal group was stated at the lower of carrying value and fair value less costs to sell and comprised the following assets and liabilities.

	Consolidated Group	
	31 December 2022 $	30 June 2022 (Restated) $
Goodwill	206,241	-
Rent roll	518,836	-
	725,077	-

Note 13. Intangible assets

	Consolidated Group 31 December 2022 $	30 June 2022 (Restated) $
Non-current assets		
Goodwill	-	536,216
Formation costs	15,943	-
Finance license	99,988	99,988
Rent roll	-	2,217,048
Less: Accumulated amortisation	-	(1,682,484)
	-	534,564
Website and IT system	349,010	349,010
Less: Accumulated amortisation	(327,140)	(321,616)
	21,870	27,394
	137,801	1,198,162

Reconciliations

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

Consolidated Group	Goodwill $	Finance license $	Rent Roll $	Website and IT System $	Formation Cost $	Total $
Balance at 1 July 2022	536,216	99,988	534,564	27,394	-	1,198,162
Additions	-	-	-	-	15,943	15,943
Impairment of assets	(329,975)	-	-	-	-	(329,975)
Amortisation/ written-down	-	-	(15,728)	(5,524)	-	(21,252)
Classified as held for sale (note 12)	(206,241)	-	(518,836)	-	-	(725,077)
Balance at 31 December 2022	-	99,988	-	21,870	15,943	137,801

Note 14. Trade and other payables

	Consolidated Group 31 December 2022 $	30 June 2022 (Restated) $
Current liabilities		
Trade payables	448,794	425,192
Employee payables	536,521	566,770
Other creditors and accruals	302,358	286,248
	1,287,673	1,278,210

Note 15. Contract liabilities

	Consolidated Group 31 December 2022 $	30 June 2022 (Restated) $
Current liabilities		
Contract liabilities	77,471	71,683
Non-current liabilities		
Contract liabilities	194,153	193,044

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 16. Loan and borrowings

	Consolidated Group 31 December 2022 $	30 June 2022 (Restated) $
Current		
Bank loan (i)	628,682	681,073
Loans received for commercial lending (ii)	18,330,000	21,530,000
Convertible debt (iii)	70,000	370,000
Loans from other lenders (iv)	880,000	680,000
Loans from financial institution (v)	50,425,188	-
	70,333,870	23,261,073

	Consolidated Group 31 December 2022 $	30 June 2022 (Restated) $
Non-current		
Loans received for commercial lending (ii)	2,200,000	650,000
Loans from other lenders (iv)	-	200,000
Loans from financial institution (v)	-	50,222,064
	2,200,000	51,072,064

i) The bank loan borrowed from National Australia Bank was renewed in May 2020. The repayment term of the loan is 3 years expiring 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 31 December 2022 is $628,682 (30 June 2022: $681,073). Upon disposal of SBP rent roll, the NAB loan will be fully repaid using the proceeds from the sale of the SBP rent roll and internal funds.

ii) Loan received for commercial lending is 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 with fixed interest rates from 5% to 8%. The outstanding loan balance as at 31 December 2022 is $20,530,000 (30 June 2022 is $22,180,000).

iii) Convertible debt

Note 16. Loan and borrowings (continued)

	Consolidated Group 31 December 2022 $	30 June 2022 (Restated) $
As at the beginning of the period	370,000	1,370,000
Converted to ordinary shares	(300,000)	(1,000,000)
As at end of the period	70,000	370,000

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%.

iv) Loan from other lenders

Loan from other lenders consists of five unsecured loans from non-related parties with principal amount from $100,000 to $380,000. Repayment terms are from one to two years and interest rates vary from 6% to 8%. The outstanding loan balance as at 31 December 2022 is $880,000 (30 June 2022: $880,000).

v) Loan from financial institution

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 (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.

As of 31 December 2022, the Company has drawn down $50.6 million of the $55 million facility limit.

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.

On 20 December 2022, the Group signed a deed of amendment and restatement of the Facility to extend the loan period for another 24 months to July 2025. The extension is currently under process with anticipated completion date in March 2023.

Note 17. Issued capital

	Consolidated Group 31 December 2022 $	30 June 2022 (Restated) $
Fully paid ordinary shares	6,954,061	6,654,061

Note 17. Issued capital (continued)

	Consolidated Group			
	31 December 2022 Shares	30 June 2022 (Restated) Shares	31 December 2022 $	30 June 2022 (Restated) $
Issued capital	88,055,573	86,555,573	6,954,061	6,654,061

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	86,555,573		6,654,061
Conversion of convertible notes	17 August 2022	1,000,000	$0.20	200,000
	5 September 2022	500,000	$0.20	100,000
Balance	31 December 2022	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.

Share buy-back
There is no current on-market share buy-back.

Note 18. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated Group	
	31 December 2022 $	31 December 2021 (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 19. 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 financial statements.

The Group has equity interests with $157,927 in Stropro Technologies Pty Ltd which are recognised and subsequently measured at fair value Level 3 on a recurring basis.

Note 20. Contingent liabilities

There are no contingent liabilities or contingent assets as at 31 December 2022 (30 June 2022: nil).

Note 21. Related party transactions

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 Group	
	31 December 2022 $	31 December 2021 (Restated) $
Sale of goods and services:		
Management and processing fee from funds under management	888,501	376,787
Rental property management income from a key management personnel	580	645
Purchases of services/goods from other related parties		
Finosource Sdn Bhd (previously known as "N1 Consultants Group Sdn Bhd") - Malaysia	55,947	47,871

Note 21. Related party transactions (continued)

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

	Consolidated Group	
	31 December 2022 $	30 June 2022 (Restated) $
Current receivables:		
Trade receivables from funds under management	1,276,611	369,900

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated Group	
	31 December 2022 $	30 June 2022 (Restated) $
Current borrowings:		
Loans from RHC Partners Pty Ltd	800,000	-
Non-current borrowings:		
Loans from other related parties	450,000	-

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

Note 22. Events after the reporting period

On 12 January 2023, the Group incorporated N1 WH3 Pty Ltd.

On 25 January 2023, the Group has received commitments for an additional $15 million in debt capital.

No other matter or circumstance has arisen since 31 December 2022 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.

N1 Holdings

Note 23. Earnings per share

	Consolidated Group	
	31 December 2022 $	31 December 2021 (Restated) $
Profit/(loss) after income tax	165,745	(32,374)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	87,612,638	81,555,573
Weighted average number of ordinary shares used in calculating diluted earnings per share	87,612,638	81,555,573
	Cents	Cents
Basic earnings per share	0.19	(0.04)
Diluted earnings per share	0.19	(0.04)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Ren Hor Wong
Executive Chairman and CEO

28 February 2023

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Independent Auditor's Review Report to the Members of N1 Holdings Limited

Conclusion

We have reviewed the half-year financial report of N1 Holdings Limited (the Company and its controlled entities (the Group)), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of N1 Holdings Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of N1 Holdings Limited's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Crowe Sydney

Crowe Sydney

Suwarti Asmono
Partner

28 February 2023

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