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N1 Holdings

N1H Operational Update FY22/23

August 2022

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The logo for N1 Holdings, featuring the text "N1 Holdings" in a white, sans-serif font on a dark rectangular background.

Executive Summary

Opportunities in Property-backed Alternative Lending in
Rising Rates Environment

Who is N1H

N1 Holdings Limited (**N1**) is a property-backed lender in the Australian SMEs sector, the largest employer group in Australia. N1 is funded by a set of resilient funding sources including balance sheet capital, N1-managed mortgage fund and debt facility. With the growth in non-traditional sources of lending, such as alternative banks and non-bank funders and lenders, N1 (with its unique competitive advantages) is perfectly placed to advise businesses and sophisticated property investors through this changing lending environment.

N1 also provides strategic financing advice to SMEs, project developers and property investors seeking new capital/debt or refinancing existing debt. We assist borrowers through the complex processes of obtaining debt capital from Australian major banks, private funds, and offshore debt capital providers.

Apart from business lending, N1's core business also includes mortgage management (N1 Plus), cross-border corporate financing, project funding, and fund trustee services.

For more information, please visit our website www.n1holdings.com.au



N1H Milestones

- 2022:** **Lending Capital reached \$100m**
Expansion of distribution channel to tap 17,000 mortgage brokers network
- 2021: N1's OneLend product is added to the approved lender list with multiple mortgage aggregators
- 2020: Top 10 Commercial Broker
N1 re-positions its core focus as SME lender
- 2019: N1 Plus lending products launched
Everone Consulting Shanghai launched
- 2018: N1 Fund launched
- 2017: N1 Realty reached revenue milestone
2017
N1 ranked among top 10 brokerage & AFR top 46 fast growing companies
- 2016:** **N1 IPO on ASX**
N1 Realty established
Ren Wong ranked Top 10 Commercial Broker
- 2016:** **N1 ranked among top 10 brokerage & AFR top 46 fast growing companies**
N1 Realty reached revenue milestones
- 2016:** **N1 IPO on ASX**
N1 Realty established
Ren Wong ranked top 10 Commercial broker
- 2015: N1 ranked Top 10 Brokerage firm
N1 Migration established
N1 launched chengdai.com.au
- 2014: N1 Group was formed by starting accounting & financial planning business
N1 recognised with 5 aggregator awards
Ren Wong ranked national #7 broker
- 2014: N1 recognised with 5 awards
Ren Wong ranked national #7 broker
- 2013: Ren Wong ranked national #17 broker
- 2013: Ren Wong ranked national #17 broker
- 2012: N1 achieved first \$100m home loan volume
- 2011:** **N1 Finance established**

N1H
N1 Holdings

2022 Lending Capital reached \$100m
Expansion of distribution channel to tap 17,000 mortgage brokers network

2021 OneLend on approved lender list with multiple mortgage aggregators

2020
Top 10 Commercial Broker
N1 positioned as SME Lender

2019 N1 Plus lending products launched
EverOne Consulting Shanghai Launched

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N1 Holdings Ltd Board



Ren Hor Wong
Executive Chairman and
CEO

Mr Wong is the founder, Executive Chairman and Chief Executive Officer for N1 Holdings Ltd. Mr Wong has been responsible for developing N1's business strategy and expanding the business into Asia Pacific.



Jia Penny He
Executive Director & CFO,
AFSL Responsible Manager

Ms He is a Certified Practising Accountant with over 15 years combined industry experience in accounting, finance and mortgage broking. Ms He is the Responsible Manager of N1's Australian Financial Services Licence.



Anand Sundaraj
Company Secretary

Mr Sundaraj is a principal of Sundaraj & Ker, a corporate law firm based in Sydney. Mr Sundaraj has worked at international law firms Herbert Smith Freehills, King & Wood Mallesons and Allen & Overy, as well as for global investment bank Credit Suisse.



David Holmes
Non-Executive Director

Mr Holmes has over 30 years' experience in the financial services industry having held senior roles in the UK and Australia. He was one of the founding Executives at Pepper Money and served as COO and Global Head of Credit with responsibility for the establishment and maintenance of credit policies throughout Australia, Ireland and South Korea.

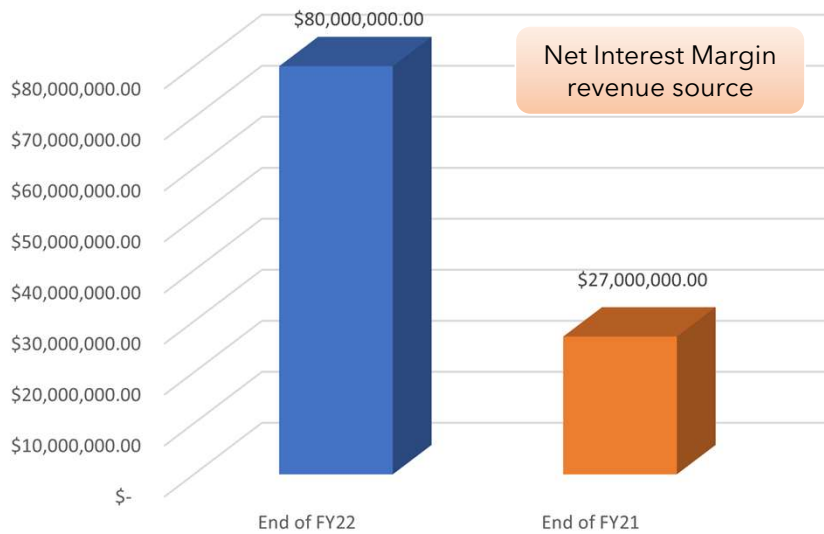


Frank Ganis
Non-Executive Director

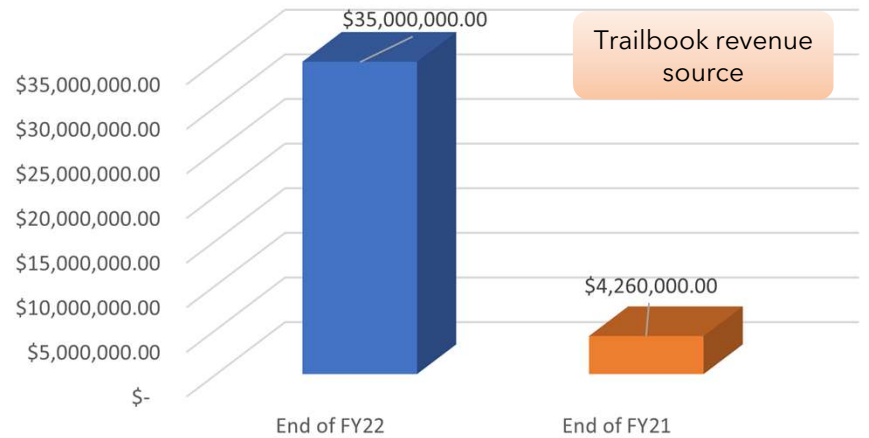
Mr Ganis has over 38 years' domestic and international experience in banking and finance and is recognised as a pioneer and influential industry leader in Australia. Mr Ganis spent 28 years at Macquarie Group including 17 years as an Executive Director. He also fulfilled a broad range of board and chair roles for a number of Macquarie's domestic and international subsidiaries and was a member of various regulatory and credit committees.

Lending Portfolio Summary

SME Lending Receivables FY22 vs FY21



Mortgage Management Book FY22 vs FY21

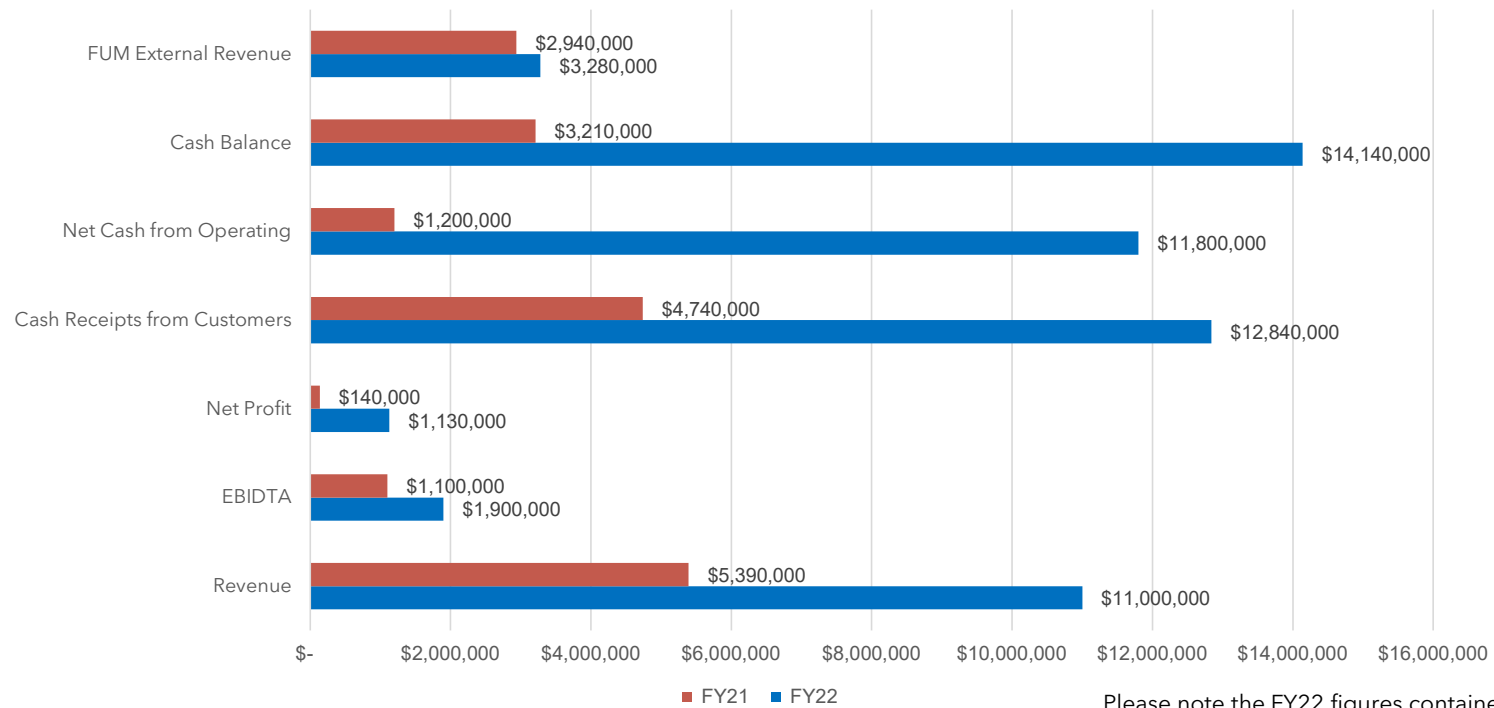


Total trail income-generating book size is **\$163 million** including broking trailbook and mortgage management trailbook.

Please note the FY22 figures contained in this slide are unaudited.

Financial Summary FY22 vs FY21

FY22 vs FY21 Financial Summary



Please note the FY22 figures contained in this slide are unaudited.

Financial Summary FY22 vs FY21

- Revenue \$11 million vs \$5.39 million
- EBIDTA \$1.9 million vs \$1.1 million
- Net Profit \$1.13 million vs \$0.14 million
- Cash Receipts from Customers \$12.84 million vs \$4.74 million
- Net cash from operating activities \$11.8 million vs \$1.2 million
- Cash Balance \$14.14 million vs \$3.21 million
- FUM external revenue \$3.28 million vs \$2.94 million

Please note the FY22 figures contained in this slide are unaudited.

Key Business

Business unit	Description	Revenue %
SME Lending	Short term lending solutions to empower growth of Australia's largest group of employers. Allows asset strong SME owners to tap into their property equity for business purposes.	81%
Broking & Mortgage Management	A complimentary business unit of N1. Focuses on helping self employed property investors and home buyers attaining home ownership dream, investment property portfolio growth as well as regular review of existing home loans either via refinancing or review of products.	12%
Asset Management	N1 acts as custodian and provides trustee services. Expansion of fund managers' capabilities via authorisation under N1's AFS licences. Enables fund managers to unload administrative tasks	2%
Others	Complimenting business units centred around N1's core business of lending which assists with client retention and improves repeat business. Services include financial planning services and property services.	5%

Core Revenue



N1 business model includes both lending and broking in the residential and commercial sector.

Revenue model:

1. Net interest margin & other fees from lending
2. Commissions from mortgage management
3. Commissions from mortgage broking



Market Opportunities (Australia only)

2.3m

Australia has approx. 2.3 million SMEs.

20b

The potential market opportunity of SME lending is about \$20 billion.

1 in 5

Small business owners need cash flow finance at least once a year

The major banks and other traditional lenders have been retreating from the SME lending space, particularly in respect of loans of \$5m or less and less funders are entertaining deals below \$50m. SMEs are seeking alternative lenders.

Top Reason for SMEs seeking finance



Maintain short-term cash flow or liquidity



32%

of small innovation-active businesses say that a barrier to innovation is a lack of access to additional funds.

Source: "SME lending in Australia", Australian Banking Association Economic Report Aug 2019

Market outlook and investment strategy

Outlook:

Alternative lending and private credit gaining awareness and acceptance

Long-term real estate demand aligned to population growth

Rising rate environment empowers alternative lending

Rising rate environment improve Net Interest Margin

Investment Strategy:

Focus on short term 3mth to 36mth portfolio, resilient to pricing and valuation reset

Focus on strength of property and borrower's financial position

Income-generating asset with no construction loan

Residential-heavy portfolio, risk-adjusted return via income-generating commercial property

N1H unique strength

N1H has been Australia's Top 10 Independent Mortgage Brokerage and Australia's Top 20 Mortgage Brokerage Group. Top 10 Commercial and business loan writer in 2019 and 2020.
Strong credit experience across lenders' policy in the market.

N1H has access to **strong deal flows** which is a major consideration in lending sector, allowing investment manager to pick and choose quality deals, balancing risk return ratio, with considerations given to Leverage ratio, security location, borrower financial position, funding purpose and exit strategy.

N1H's multiple business lines with over **2,000** client data base provide a robust **cross-referral** origination network.



N1H possesses **efficient infrastructure** for direct and rapid capital deployment, uniquely positioned as a direct lender in the market that access to large pool of quality borrowers with the ability to deploy capital up to **\$400m** under current operational capacity.



N1H's internal credit risk team has significant credit experience with over **\$2.2b** settlement in both residential and commercial loans since inception.

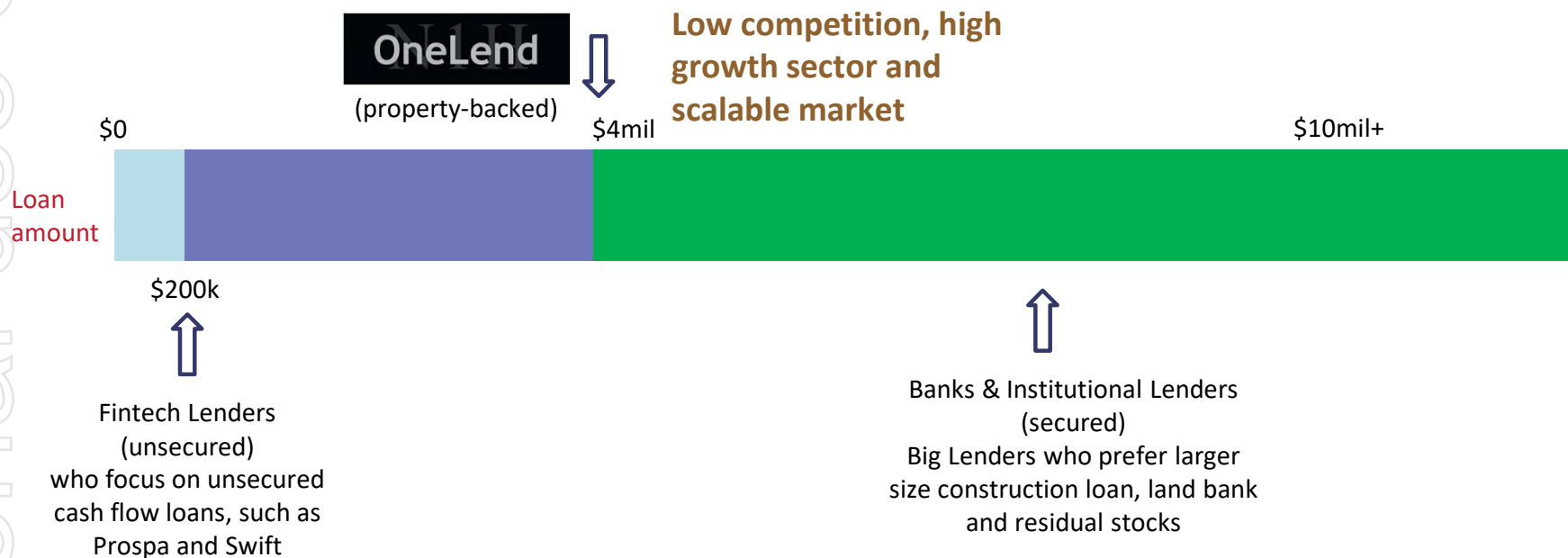


N1H has established a **vast network of brokers and SME clients** with needs in the non-coded business lending space.



N1H's fully owned subsidiaries hold multiple licences. N1 Loans holds an Australian Credit Licence **#473016**, Zillion Finance holds Australian Credit Licence **#389330**. N1 Asset Management holds an Australian Financial Services Licence **#477879**.

N1H property-backed lending business model



Clear-defined target customers



SME owners, property developers and professional investors in need of alternative funding, short term, or temporary/interim financing solution



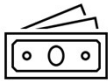
Possess existing properties as asset, Australia-wide



In need of quick financing for interim purposes



Competitive rate in relative to fintech unsecured loans



In need of larger sized loan (typically over \$200k)



In need of credit repair solution in transition to banks' products

Acceptable Securities Types

Commercial Property

- Office
- Retail shop
- Warehouse
- Farm/Hotel/Childcare etc
- Residual Stock
- Landbanking

Residential Property

- House/Townhouse
- Apartment/Unit
- Land

Execution of strategic plan



Origination strategy

Plan for future and sustainable growth

Distribution strategy

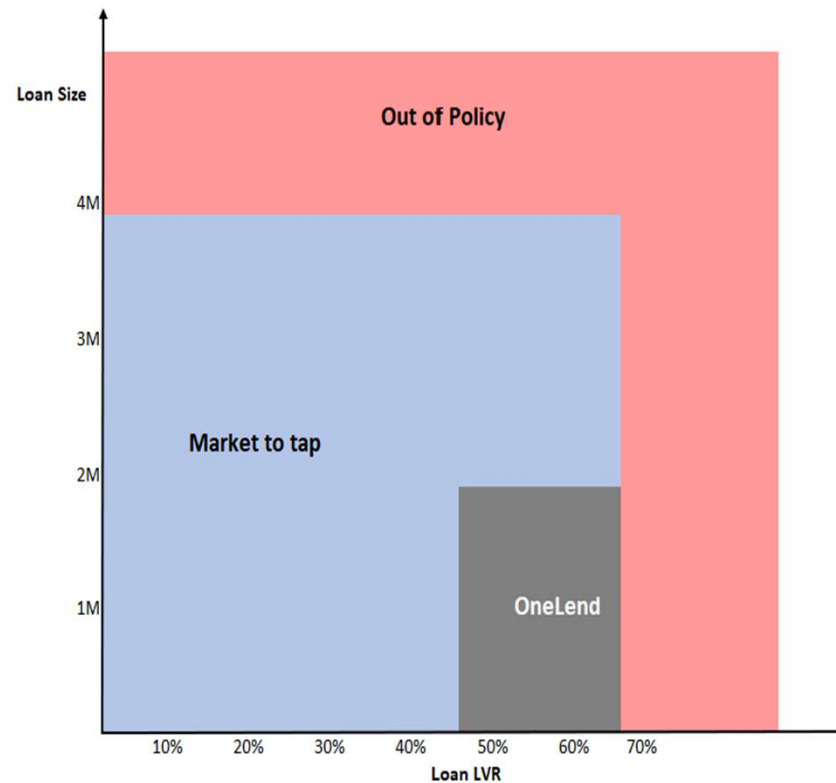
Current:

- Average loan size sub \$1mil, Average LVR sub 65%
- Strong asset rich SME borrower

Future:

- Sharpen pricing to attract lower LVR blue-chip locations
- Increase funding size
- On more lender panels

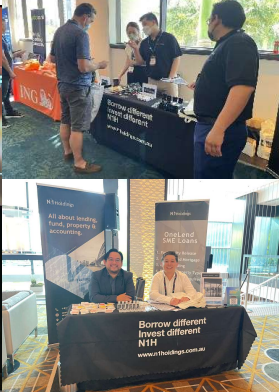
*We don't intend to amend credit policy



Distribution strategy built on relationships and reputation

Channels	Existing	%	Future	%
Internal Sales Team	✓	25%	✓	10%
Independent Mortgage Brokers Network	Major	35%	✓	35%
Aggregators Panel of Lenders	✓	25%	2000	30%
<u>Pending</u> Aggregators Panel of Lenders	X	N/A	5000	N/A
Accountants, Liquidation firm, Legal, Financial Planners	✓	10%	✓	20%
Commercial associations / Chamber of Business / Events	✓	5%	✓	5%

Distribution strategy - recent activities



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Distribution strategy - recent activities



Credit & Underwriting

Solid risk management plan, track record in zero capital loss

Current lending pool parameters

AVERAGE LOAN SIZE

Loan size at a relatively conservative range to ensure liquidity

\$ 982,520
(since inception)

220 days
(since inception)

AVERAGE LOAN TO VALUE RATIO

Risk is kept as low as possible via low leverage ratio, subject to security type

Weighted LVR 62.67 %
(since inception)

\$ 80 m

AVERAGE LOAN TERM

All of our loan terms are between 3 - 12 months

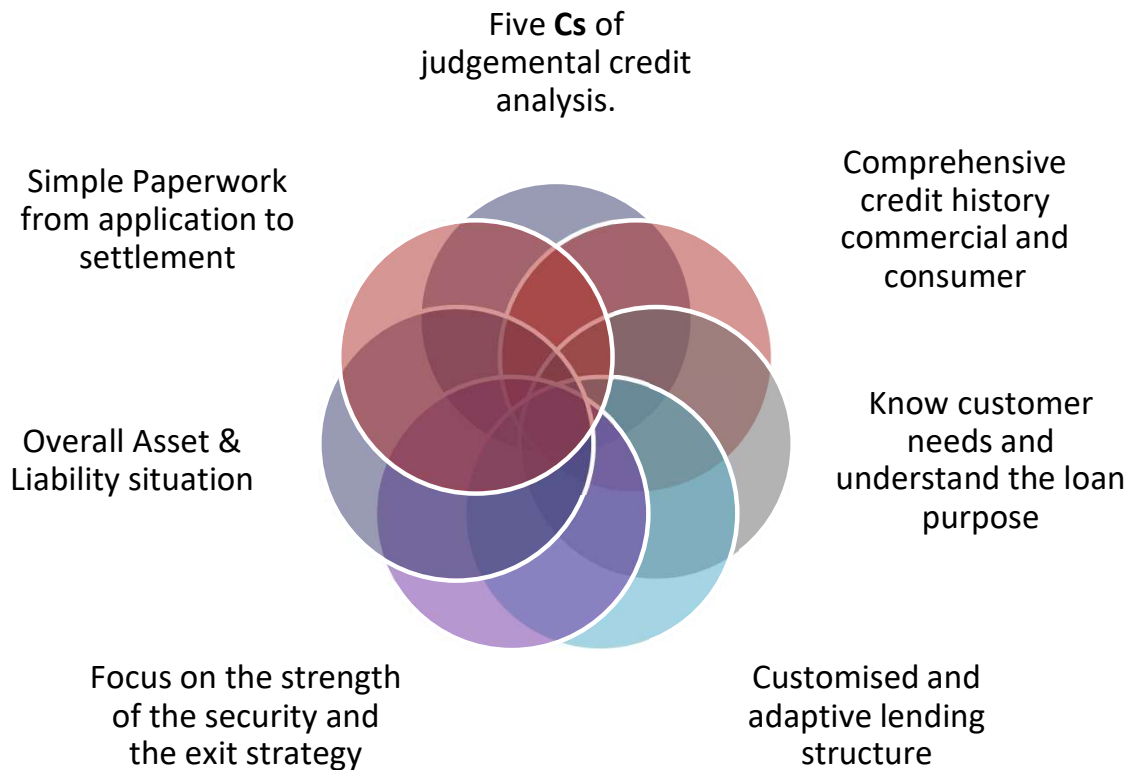
LOAN RECEIVABLE



Performance data as at 30/06/2022

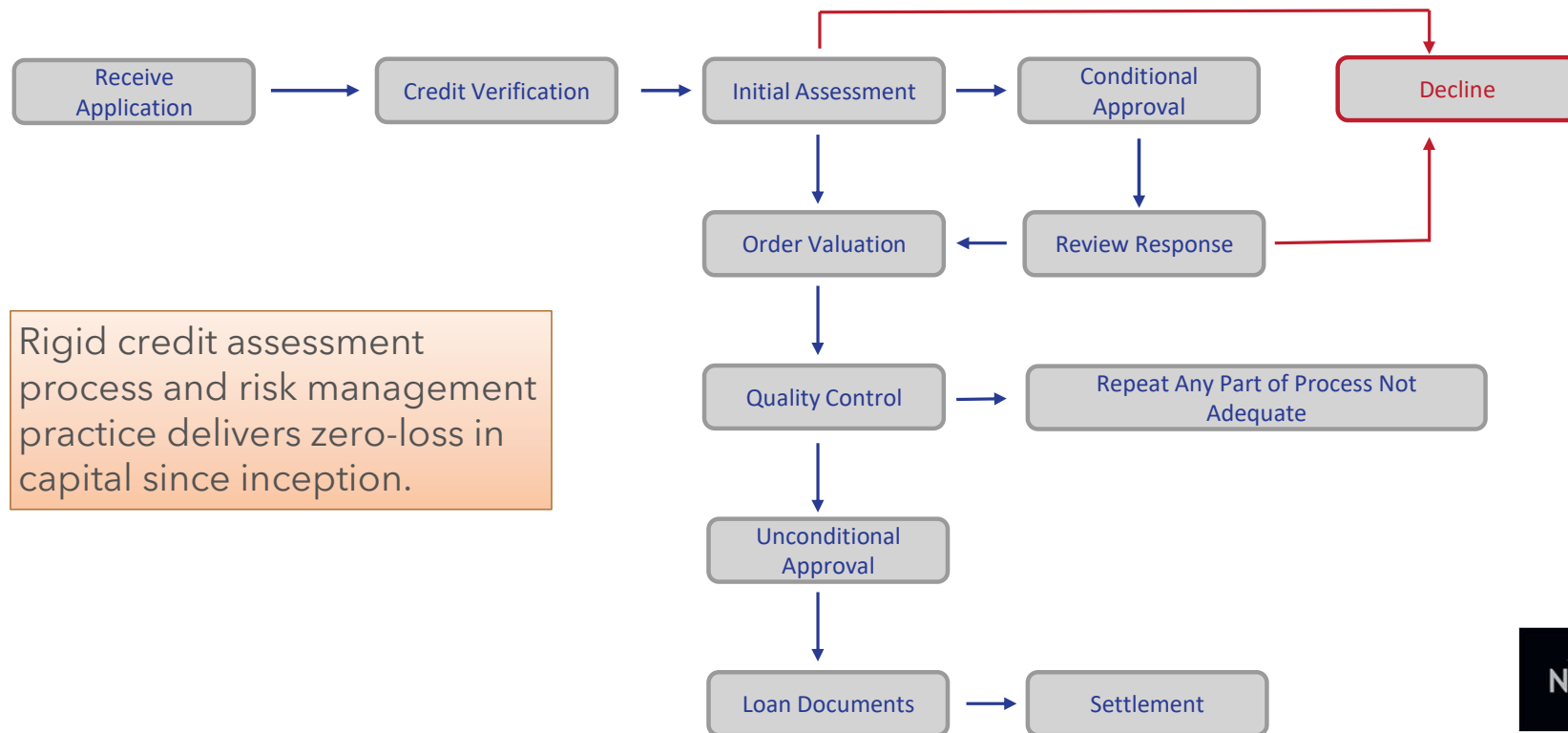
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Key points in credit risk management



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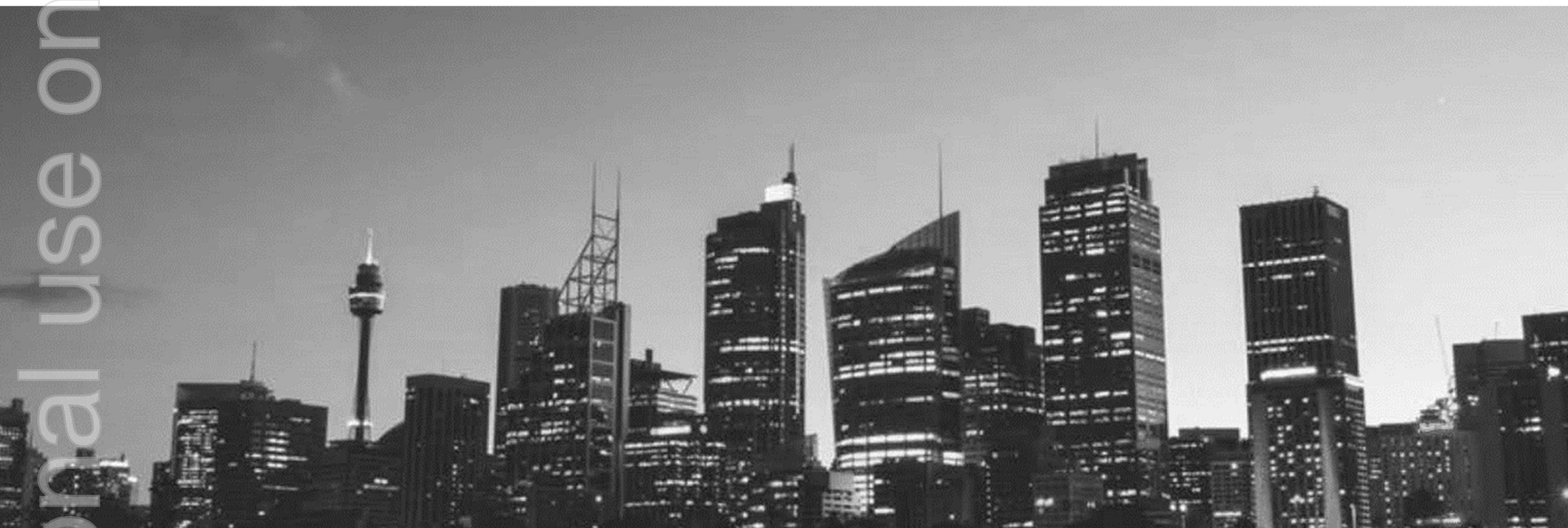
Credit timeline



Rigid credit assessment process and risk management practice delivers zero-loss in capital since inception.

THANK YOU

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