

31 July 2019

## June 2019 Quarterly Review

### Highlights

- Net operating cash inflow of \$0.565 million for the quarter ended 30 June 2019, up 76% on prior quarter.
- Cash receipts from customers of \$1.048 million for the quarter ended 30 June 2019, down 13% on prior quarter.
- Cash receipts from customers for FY19 of \$4.35 million, up 6% on FY18 (audited figure).
- N1 Plus home lending product suite launches, providing the Company with its own residential home loan offering, that can be offered to the Company's mortgage broking customers.
- \$10 million secured for commercial lending, with demand for credit continuing to outstrip supply.
- The Company is well funded to support its day to day operations and continues to deploy excess cash into supporting its commercial lending activities

**N1 Holdings Limited (ASX:N1H)** ('N1H' or 'the Company') has today released its Appendix 4C for the quarter ended 30 June 2019 (Q4 FY19) and is pleased to provide an overview of its activity for the period.

### Operational Overview

Following the successful launch of One Lending Fund (**Fund**), which issued its first units in February 2019, N1H has continued to capitalise on the strong demand for its short-term commercial loan offering that targets small to medium sized (**SME**) Australian businesses.

*N1 Plus branded home lending product suite launched in July*

Capitalising on the strong and growing demand for home loans from the Company's SME customer base, N1H was pleased to launch N1 Plus – its own branded suite of home lending products – subsequent to quarter end. The range of prime, specialist and 'alt doc' loans will be offered to N1H's mortgage broking client base and provides the Company with the opportunity to have better control of the loan application post-settlement process, whilst leveraging its existing resources, including N1H's internal credit team and operational capabilities of the business.

The products are expected to be met with strong customer demand, with features, such as loans at an 85% loan to valuation ratio (**LVR**) and no requirement for lender's mortgage insurance, expatriate loans and interest-only loans expected to appeal directly to SME borrowers, who normally face higher hurdles than most borrowers when applying for home loans with traditional lenders.

*\$10 million secured for commercial lending, as demand continues to exceed supply*

During the quarter, the Company secured an additional \$10 million to support its commercial lending activities, comprising a further \$6.2 million raised by the Fund and \$3.8 million from the Company's balance sheet. The funds raised were deployed, and demand for short-term

commercial loans from SME customers continues to outstrip the Company's supply of capital.

N1H continues to advance its discussions with numerous potential wholesale investors in the Fund, as it seeks raise further capital to grow its commercial loan book to meet the strong customer demand. For further information please refer to the Company's ASX announcement on 8 May 2019.

*Partnership with Chinese advisory firm provides direct access to high net worth investors*

In June, N1H partnered with Chinese-based advisory firm, FuHeng Family Office Consultancy (**FuHeng**), providing the Company with access to FuHeng's network of Chinese-based high net worth clients.

With offices in Beijing and Shanghai, FuHeng offers its clients investment opportunities, including from Australia, and delivered key investment into the Fund, upon its inception. The partnership provides N1H with enhanced capital raising abilities in China, adding to the Company's existing strong reach in Australia, Singapore and Malaysia. For further information please refer to the Company's ASX announcement on 4 June 2019.

*Joint venture will refer mortgage brokering opportunities to N1 Loans*

Subsequent to quarter end, the Company's loan business N1 Loans entered into a joint venture with Smartkey Property, to form Loan 77 Pty Ltd (**Loan 77**). Smartkey Property provides full-service settlement solutions in Australia, New Zealand, Asia, the UK and the US to residential developers and agencies of all sizes. Under the joint venture, Loan 77 will refer opportunities to N1H's mortgage broking business, from its current pipeline of over 2,000 property settlements. For further information please refer to the Company's ASX announcement on 23 July 2019.

*Strategic investment in fintech start-up*

In July, the Company made a strategic investment Stropro Technologies, a fintech start-up founded in 2017. Stropro is building a platform that enhances the customer experience in the purchase of structured investment products. For further information please refer to the Company's ASX announcement on 23 July 2019.

## **Corporate Overview**

The noteholders of 1,850,000 Convertible Bonds agreed to a 24-month extension in maturity date, to 11 May 2021. Interest will increase to 10% p.a., up from 7% p.a., from 12 May 2019. The agreement demonstrates the ongoing confidence in the Company's strategic direction and growth from the Company's lenders.

## **Financial Overview**

For the quarter ended 30 June 2019, net operating cash inflows was \$0.565 million, up 73% on prior quarter (3Q FY19: \$0.321 million). Cash received from customers was \$1.048 million, down 13% on last quarter (3Q FY19: \$1.203 million). For the full year ended 30 June 2019, cash receipts from customers were \$4.35 million, up 37% on the prior year (FY18: \$3.99 million), reflecting a strong year of growth, and the significant contribution from recently launched Fund, which has been a strong contributor to cash generation for the second half of FY19.

The Company remains well funded to support its day to day operations and continues to deploy excess cash into supporting its commercial lending activities.



**Ren Hor Wong, Executive Chairman and Chief Executive Officer comments:**

“This has been a pleasing quarter which has benefitted from the strong momentum of our commercial lending activities, driven by the recent launch of the One Lending Fund. We continue to see big opportunities to grow the Fund’s commercial lending loan book and meet the strong demand from new and existing customers, which currently exceeds the amount of capital we have available to lend. We are confident in our ability to drive strong future growth and are determined to raise additional capital into the Fund, to increase the value of loans that can be written and deliver strong revenue growth.”

Ends.

**For more information, please contact:**

**Ren Hor Wong**

Chairman & Chief Executive Officer

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**About N1 Holdings Limited (ASX: N1H)**

N1 Holdings Limited is a business, financial and property services firm that operates under the brand “N1 Loans”, “N1 Realty”, “N1 Migration” and “N1 Venture”. N1 as an ACL and AFSL holder aims to deliver the complete value chain of a business, individual and real estate financial transactions, and possesses the unique strength of having a strong position in the niche Australian Asian community market. N1’s current services span across commercial lending, residential property loans, business finance, equipment finance, property sales and rental management. N1 consistently delivers robust growth across multiple complementary business entities, aiming to establish itself as a market leader in customer satisfaction with its unique and diversified business model.

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## Appendix 4C

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

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

**Name of entity**

N1 Holdings Limited

**ABN**

44 609 268 279

**Quarter ended ("current quarter")**

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,048	4,353
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(227)	(895)
(c) advertising and marketing	(34)	(134)
(d) leased assets	(4)	(16)
(e) staff costs	(618)	(2,678)
(f) administration and corporate costs	(334)	(1,470)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	11
1.5 Interest and other costs of finance paid	(164)	(580)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Net cash from commercial lending	925	2,114
1.9 Other (provide details if material)	(30)	(178)
<b>1.10 Net cash from / (used in) operating activities</b>	<b>565</b>	<b>527</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(10)
(b) businesses (see item 10)	-	-
(c) investments	(476)	(527)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
(d) intellectual property	-	-
(e) other non-current assets	(12)	(23)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	(1)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(493)</b>	<b>(561)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(14)	(56)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(14)</b>	<b>(56)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	861	1,009
4.2 Net cash from / (used in) operating activities (item 1.11 above)	565	527
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(493)	(561)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(14)	(56)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>919</b>	<b>919</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	920	861
5.2	Call deposits		
5.3	Bank overdrafts	(1)	-
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>919</b>	<b>861</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	181
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to director and director related parties above include:

- Salary and super to executive directors of \$147,754; and
- Services provided by director related entities of \$33,344. Costs are determined on an arm's length basis.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,831	2,831
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

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

<p>Facility 1 Limit: \$655,551 (Secured, Original loan amount is \$1,000,000)  Lender: National Australia Bank  Interest rate: 5.403% pa  Facility 2 Limit: \$180,000 (Unsecured)  Lender: Tin Family Super Fund  Interest rate: 10% pa  Facility 3 Limit: \$200,000 (Unsecured)  Lender: Li Meng  Interest rate: 10% pa  Facility 4 Limit: \$200,000 (Unsecured)  Lender: Yongyi Liang  Interest rate: 10% pa  Facility 5: Convertible Notes of \$200,000 with face value of \$0.20 per Convertible Note  Lender: Yoke Meng Chan  Interest rate: 7% pa  Facility 6: Convertible Notes of \$100,000 with face value of \$0.20 per Convertible Note  Lender: Ven Tan Pty Ltd Superannuation Fund  Interest rate: 7% pa  Facility 7: Convertible Notes of \$70,000 with face value of \$0.20 per Convertible Note  Lender: Peng Yeow Yong and Teng Heong Gan  Interest rate: 7% pa  Facility 8: Convertible Notes of \$1,000,000 with face value of \$0.20 per Convertible Note  Lender: Siew Bee Tong  Interest rate: 7% pa  Facility 9 Limit: \$225,000 (Secured. Original loan amount is \$225,000)  Lender: National Australia Bank  Interest rate: 5.315% pa</p> <p>No additional facility after quarter end.</p>
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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	(180)
9.3	Advertising and marketing	(48)
9.4	Leased assets	(4)
9.5	Staff costs	(654)
9.6	Administration and corporate costs	(307)
9.7	Other (provide details if material)	(60)
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(1,253)</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

### Compliance statement

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



Sign here: .....  
(CEO)

Date: 31/07/2019

Print name: Ren Hor Wong

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed



by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.