

7 April 2020

Quarterly activity report (for the quarter ended 31 March 2020)

N1 Holdings Limited (ASX: **N1H** or the **Company**) is pleased to announce record cash receipts from customers for the quarter ended 31 March 2020, notably due to growth in its commercial lending, commercial broking and mortgage management businesses. N1H has grown to transition its core business since 2018 from being a residential mortgage brokerage into a commercial and residential mortgage management business.

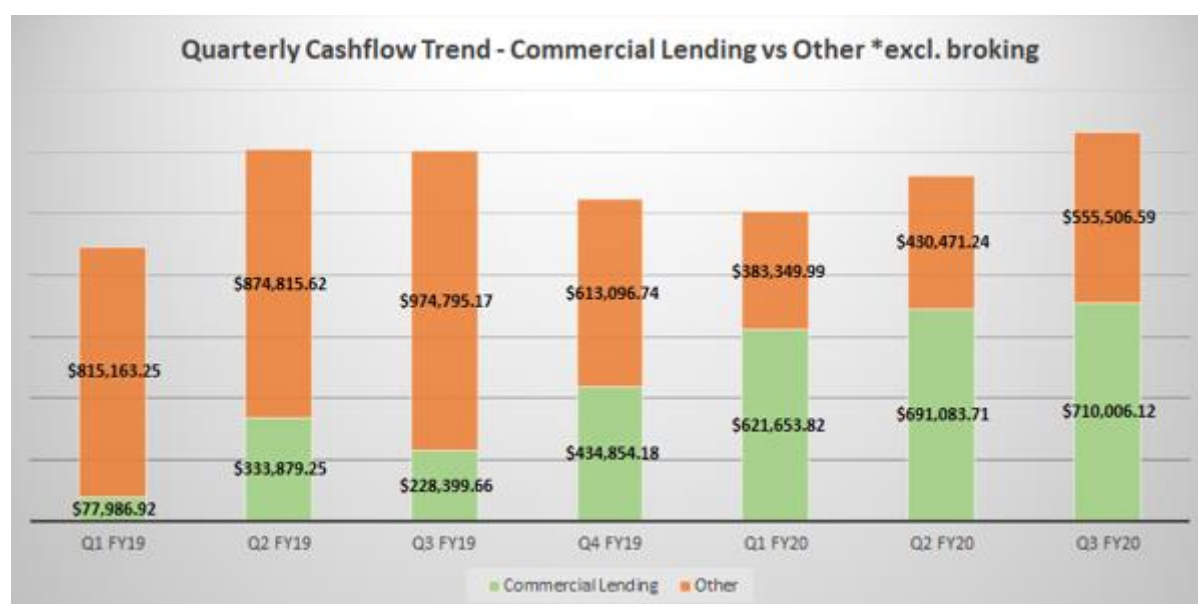
Highlights of the quarter's cash flow performance

- Record cash receipts from customers of \$1,265,513 for the quarter.
- Growth of cash receipts from customers by 12.84% compared to the previous period (quarter ended 31 December 2019 of \$1,121,555).
- Growth of cash receipts from customers by 5.18% compared to the same period in the previous year (quarter ended 31 March 2019 of \$1,203,195).

Company's business activities

Revenue from the Company's commercial lending business (which includes collecting the management fee derived from One Lending Fund through N1 Asset Management) continued to be the major revenue generator for the Company. The commercial lending business accounted for 56.10% of the total cash receipts from customers for the quarter. This represents a 2.74% increase from previous quarter and 210.86% increase compared to the same period in the previous year.

The Company currently has committed commercial lending capital of up to \$25m, comprised of \$16.9 million of capital committed to the One Lending Fund and \$8.1 million of capital from the Company's balance sheet. The Company continues to raise funds for commercial lending purposes, including through One Lending Fund. The below graph excludes commercial broking cash receipts.

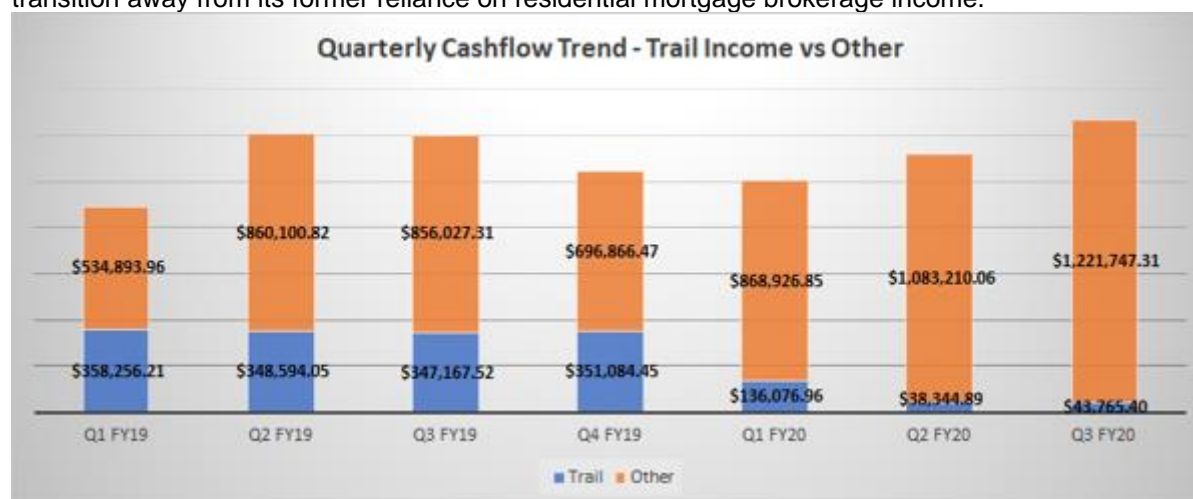


Direct interest costs related to commercial lending during the quarter was \$138,716. Product manufacturing and operating costs related to commercial lending were \$47,520.

Commercial loan broking accounted for 6.34% of total cash receipts from customers for the quarter and residential loan broking accounted for 24.36%. It is notable that total non-aggregator based broking revenue

accounted for 73% of the total broking revenue. Product manufacturing and operating costs related to the broking business were \$152,400.

The Company sold its Finsure-aggregated trail commission book in August 2019, which has resulted reduction of revenue of approximately \$96,681 per month (estimated based on June 2019 Finsure trail). This has been recovered by the increase in commercial lending revenue. The mortgage broking trail revenue represents only 3.46% of the cash receipts from customers during March 2020 quarter. This demonstrates the Company's transition away from its former reliance on residential mortgage brokerage income.



N1 Realty's revenue represents 11.12% of the cash receipts from customers in this quarter. N1 Realty's retail office in Chatswood NSW is temporarily closed due to the COVID-19 pandemic. All staff are working from home and private inspections of properties for sale and for lease are organised in accordance with Federal and State Government guidelines. N1 Realty has a rent roll loan with NAB and interest costs on the loan were \$10,185 during the quarter. Total product manufacturing and operating costs were \$11,535.

In response to the COVID-19 pandemic, the Company has also reviewed its operational expenses and negotiated some of its costs to be reduced, including a 20% reduction for directors' fees for non-executive directors. The Company's management and staff would like to thank our non-executive directors for their support to the business in agreeing to this reduction in their remuneration. Investors should refer to the Company's "COVID-19 update on business operations" for more details on the Company's response to the pandemic.

There are no other substantive business activities during the quarter other than all previously announced.

Payments to related parties of the entity and their associates

Payments to related parties of the Company and its associates included the following:

- salary and super to executive directors of \$148,242; and
- payments for services provided by the directors' related entities of \$39,916. Costs are determined on an arm's length basis.

Authorised for release by the Chairman.

For more information, please contact:

Ren Hor Wong

Chairman & Chief Executive Officer

renwong@n1holdings.com.au



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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity

N1 Holdings Limited

ABN

44 609 268 279

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,266	3,393
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(211)	(951)
	(c) advertising and marketing	(25)	(130)
	(d) leased assets	(4)	(12)
	(e) staff costs	(654)	(1,922)
	(f) administration and corporate costs	(327)	(1,044)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	12
1.5	Interest and other costs of finance paid	(221)	(736)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Net cash from commercial lending	(167)	1,129
1.9	Proceeds from sale of trailbook	(17)	1,774
1.10	Other (provide details if material)	(29)	(85)
1.11	Net cash from / (used in) operating activities	(389)	1,428
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1)	(21)
	(d) investments	-	(101)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(25)	(4)
2.6	Net cash from / (used in) investing activities	(26)	(126)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(14)	(42)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(14)	(42)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,609	919
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(389)	1,428

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(26)	(126)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	(42)
4.5	Effect of movement in exchange rates on cash held	-	1
4.6	Cash and cash equivalents at end of period	2,180	2,180

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,186	2,609
5.2	Call deposits		-
5.3	Bank overdrafts	(6)	-
5.4	Other (provide details)		-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,180	2,609

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

- | | | Current quarter
\$A'000 |
|-----|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 188,158 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | |

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

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

7. Financing facilities

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

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

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
3,318	3,318

7.5 Unused financing facilities available at quarter end

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

Facility 1 Limit: \$613,243 (Secured, Original loan amount is \$1,000,000)
Lender: National Australia Bank
Interest rate: 4.72% 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: 10% 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: 10% 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: 10% pa
Facility 8: Convertible Notes of \$1,000,000 with face value of \$0.20 per Convertible Note
Lender: Siew Bee Tong
Interest rate: 10% pa
Facility 9 Limit: \$225,000 (Secured. Original loan amount is \$225,000)
Lender: National Australia Bank
Interest rate: 4.715% pa
Facility 10 Limit: \$200,000 (Unsecured)
Lender: Rong Chen
Interest rate: 8% pa
Facility 11 Limit: \$130,000 (Unsecured)
Lender: HZHH Super Fund
Interest rate: 10% pa
Facility 12 Limit: \$100,000 (Unsecured)
Lender: Zhigang Chang
Interest rate: 8% pa
Facility 13 Limit: \$100,000 (Unsecured)
Lender: Zhigang Chang
Interest rate: 10% pa

No additional facility after quarter end.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.11)	(389)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,180
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,180
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6

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

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

Answer:

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

Answer:

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

Answer:

Compliance statement

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

07/04/2020

Date:



Authorised by:
Ren Hor Wong (CEO)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.