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 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	48.4%	to	2,660,119
Profit from ordinary activities after tax	up	114.1%	to	181,594
Profit for the half-year	up	114.1%	to	181,594

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit for the consolidated entity after providing for income tax amounted to $181,594 (31 December 2019: loss of $1,283,940).

	Consolidated Group	
	31 December 2020 $	**31 December 2019 $**
Profit/Loss before income tax	181,594	(1,300,957)
Add: Interest expense – Corporate*	159,014	161,523
Add: Depreciation and amortisation	300,919	312,623
EBITDA	641,527	(826,811)

* Interest expense and interest income from commercial loan receivable are still included in the EBITDA. The EBITDA takes out only the interest expense relating to the corporate, and bank loan for realty rent roll.

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 2020.

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 2020.

3. Net tangible assets

	31 December 2020 Cents	**30 June 2020 Cents**
Net tangible assets per ordinary security	(3.40)	(3.61)

The previous period's net tangible assets ("NTA") has been restated to conform with the reporting period's NTA calculation in relation to right of use asset and the corresponding lease liabilities.

4. Control gained over entities

Name of entities (or group of entities)	Zillion Finance Pty Ltd
Date control gained	31 July 2020

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(1,509)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

Zillion Finance Pty Ltd was acquired on 31 July 2020. It has been fully owned by the Group since acquisition.

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5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

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

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7. Dividend reinvestment plans

Not applicable.

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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 $**
N1X Capital Pty Ltd	-	40.00%	-	-
Loan 77 Pty Ltd	50.00%	50.00%	-	-
RN2 Pty Ltd	-	50.00%	-	-
1573 Pty Ltd	33.33%	33.33%	-	-
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			-	-

N1X Capital Pty Ltd had no trading activity during the period. $40 in share capital was invested in N1X Capital Pty Ltd by N1 Venture Pty Ltd in the previous period. N1X Capital Pty Ltd was deregistered on 3/09/2020.

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 in the previous period.

RN2 Pty Ltd had no trading activity during the period. $50 in share capital was invested in RN2 Pty Ltd by N1 Holdings Pty Ltd in the previous period. RN2 Pty Ltd was deregistered on 18/10/2020.

1573 Pty Ltd had no trading activity during the period. $10 in share capital was invested in 1573 Pty Ltd by N1 Holdings Pty Ltd. No change to this occurred in the reporting period.

Aura N1 Lending Pty Ltd was incorporated on 23 July 2020, it was 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.

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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 2020 is attached.

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12. Signed

Signed ____________________________ Date: 25 February 2021

N1 HOLDINGS LIMITED

ACN 609 268 279

HALF-YEAR FINANCIAL REPORT

31 December 2020

Directors	Ren Hor Wong Executive Chairman, CEO Jia Penny He Executive Director, CFO Frank Ganis Non-Executive Director (appointed 1 September 2020) David Holmes Non-Executive Director Paul Jenson Non-Executive Director (resigned on 31 August 2020)
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 15, 1 O'Connell Street Sydney NSW 2000
Solicitors	Sundaraj & Ker Level 36, 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 standards of corporate governance which are appropriate for an entity of its size and stage of development. N1 Holdings Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) and, in response, intends to update its corporate governance policies prior to the end of the current financial year. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement for the period ended 30 June 2020 which can be viewed at: http://www.n1holdings.com.au/

HY 21 Results Highlights

Revenue Growth

$2,660,119
SME Lending, Fund Advisory and Management, Mortgage Broking, Realty

+48%
HY2021 $2,660,119
vs
HY2020 $1,793,069

67%
Core Business via SME Lending

"Three milestones - New record revenue, highest ever growth, and driven by strongest SME lending business growth, testament to excellent execution of B2B lending strategy"

Profit and EBITDA

+$181,594
Profit

+$641,527
EBITDA

"In the black new milestone - solid profits and strong EBITDA"

"All about lending, fund and property.

Cash Receipts Growth

$2,499,416

SME Lending accounted for 69.2% of cash receipts from customers

+17.53%

HY2021 $2,499,416
vs
HY2020 $2,126,559

+31.72%

Cash Receipts Growth from SME Lending
HY2021 $1,729,115
vs
HY2020 $1,312,738

"Cashflow is king - Strong cash receipts via SME lending, robust growth from previous period in both overall cash receipts and SME lending cash receipts."

Rising Star

$195,000

Advisory Revenue

"Rising star ascends - new revenue stream, new growth"

Operating Expense

$373,518

Reduction of 11.8%
HY2021 $2,792,900
vs
HY2020 $3,166,418

"Economies of scale - cost advantages reaped by efficiency and productivity"

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 2020. (**HY21**).

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 (Executive Chairman, CEO, appointed on 24 November 2015);
Ms Jia Penny He (Executive Director, CFO, appointed on 24 November 2015);
Mr Paul Jensen (Non-Executive Director, appointed on 18 November 2019 and resigned on 31 August 2020);
Mr David Holmes (Non-Executive Director, appointed on 7 January 2019); and
Mr Frank Ganis (Non-executive Director, appointed on 1 September 2020).

Company Secretary
Mr Anand Sundaraj (Company Secretary)

Review of operations
During HY21, the Group generated revenue of $2,660,119 (HY20: $1,793,069) and delivered a profit of $181,594 (HY20: loss of $1,283,940). The Group has achieved EBITDA improvement of $1.47m in HY21 compared to the same period last year.

	HY2021 $	HY2020 $
Profit/Loss before income tax	181,594	(1,300,957)
Add: Interest expense – Corporate*	159,014	161,523
Add: Depreciation and amortisation	300,919	312,623
EBITDA	641,527	(826,811)

* Interest expense and interest income from commercial loan receivable are still included in the EBITDA. The EBITDA takes out only the interest expense relating to the corporate, and bank loan for realty rent roll.

During HY21, the Group's financial services business continued to be the major revenue generator, accounting for 92.57% 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 One Lending Fund) revenue was $1,786,484, which equals to 67.16% of the Group's revenue. This is an increase of 69% over the prior period (HY20: $1,059,639).
- Mortgage brokering revenue (including trail commissions) was $481,043, which equals to 18.08% of the Group's revenue;
- Advisory service revenue was $195,000, which equals to 7.33% of the Group's revenue;
- Real estate business revenue was $186,715, which equals to 7.02% of the Group's revenue; and
- Migration services revenue was $10,877, which equals to 0.41% of the Group's revenue.

N1 has pivoted to become a small to medium-sized enterprise lender, with commercial lending emerging as the Group's new core revenue driver. This is a testament to the successful execution of the B2B strategy as outlined in previous annual and interim financial reports. The increase in commercial lending revenue comes along, in part, due to continued capital raising for lending purposes. In essence, N1 adopted the strategy to expand vertically along the lending value chain, positioning itself as a balance sheet lender and fund lender. The business model has transitioned from a relationship-reliant to product-reliant model, meaning N1 has transitioned from being a "product broker" to become a "product manufacturer". This has empowered N1 with the ability to have better control over customers relationships, quality of service and profit margin, with less risk of business disruption due to over reliance on other "product manufacturers", in this instance, banks or other non-bank lenders.

Mortgage broking remains the Group's defensive strategy and assists in customer stickiness by generating cross-sale opportunities to our existing client database. The board and management of N1 universally agree that the traditional mortgage broking business model is being challenged and disrupted by digital evolution in the industry, and we are closely monitoring the trend and consistently evaluating opportunities that may arise. Meanwhile, N1 continues to accumulate new recurring trail commission income via new loans from mortgage broking activities.

Other revenue streams including advisory services, real estate and migration services, are part of the diversification strategy that continues to deliver cross-sell opportunities to N1's core business of commercial lending. Although the provision of advisory services is a new stream of income that was almost non-existent in previous years, the company has recently experienced a strong pipeline of enquiries to provide these services.

The One Lending Fund (**the Fund**) issued and managed by N1 Asset Management has driven the increase in commercial lending revenue for the Group. Total Funds under management in the Fund as at 31 December 2020 were $16,070,000 (HY20: $15,710,000). The management fee received from the Fund amounted to $539,788 (HY20: $509,527).

ASIC granted additional licence authorisations to N1 Venture Pty Limited (the holder of an Australian financial services licence which is used in the N1 Asset Management business) in February 2020. These additional authorisations empower N1 Asset Management to operate its own wholesale funds (rather than relying on an outsourced trustee), as disclosed and reported previously. The Group has since expanded its financial services and product offerings to fund management and trustee services, a methodology adopted by management to maximize value from sunken costs. The new revenue streams via fund management and trustee services are recurring in nature, with high compatibility and strong synergy with the Fund.

In conclusion, the Group's business model continues to be streamlined into a platform established on a core of commercial lending, with several business units complimenting and enhancing the platform. In time, the board and management of N1 believe material growth is to be achieved when this platform achieves economies of scale.

New capital raise and borrowings
During HY21, the Group borrowed an additional $750,000 in aggregate from unrelated entities at interest rates of 8% per annum. The purpose of these borrowings was to provide general working capital and to allow the company to make commercial loans from its balance sheet. Please refer to Note 11 for further details of these loans.

Review of Financial Position
The Group has a net liability position of $1,435,603 as at 31 December 2020 (net liabilities: $1,617,197 as at 30 June 2020).

At 31 December 2020, the Group's current assets were $10,687,683 and it's current liabilities were $7,818,043.

Non-current assets decreased by $79,989 to $4,049,053 ($4,129,042 as at 30 June 2020) and non-current liabilities increased by $722,057 to $8,354,296 ($7,632,239 at 30 June 2020). The increase in non-current liabilities was largely attributable to increased borrowings from external parties used to fund balance sheet commercial lending and working capital requirements.

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

Matters subsequent to the end of the financial half-year
No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity'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

25 February 2021

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Australia

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25 February 2021

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 2020, 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 2020

	Note	Consolidated Group 31 December 2020 $	Consolidated Group 31 December 2019 $
Revenue	3	2,660,119	1,793,069
Other income	4	314,375	72,392
Expenses			
Consulting and referral fees		(422,217)	(448,455)
Interest expense on lease		(24,644)	(13,967)
Employee cost		(1,200,542)	(1,279,002)
IT and technology		(2,727)	(4,998)
Sales and marketing		(34,902)	(91,470)
Rent and utilities		(3,362)	(50,820)
Professional fee		(167,893)	(196,474)
Office and administrative expense		(83,657)	(115,125)
Finance cost		(540,937)	(523,439)
Travel cost		(7,937)	(33,698)
Depreciation and amortisation		(300,919)	(312,623)
Other expense		(3,163)	(96,347)
Profit/(loss) before income tax benefit		181,594	(1,300,957)
Income tax benefit		-	17,017
Profit/(loss) after income tax benefit for the half-year		181,594	(1,283,940)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income/(loss) for the half-year		181,594	(1,283,940)
		Cents	**Cents**
Basic earnings per share		0.22	(1.57)
Diluted earnings per share		0.22	(1.57)

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 2020

	Note	Consolidated Group 31 December 2020 $	30 June 2020 $
Assets			
Current assets			
Cash and cash equivalents		1,852,078	2,781,579
Trade and other receivables	5	855,826	474,423
Contract assets	6	182,168	116,141
Other financial assets		421,506	421,507
Short-term loan receivables	7	7,303,300	5,478,000
Other assets		72,805	81,491
Total current assets		10,687,683	9,353,141
Non-current assets			
Contract assets	6	278,103	181,948
Investments accounted for using the equity method		61	150
Other financial assets		158,713	172,048
Property, plant and equipment	8	1,804,109	2,024,254
Intangible assets	9	1,372,721	1,340,100
Deferred tax assets		189,574	163,185
Other assets		245,772	247,357
Total non-current assets		4,049,053	4,129,042
Total assets		14,736,736	13,482,183
Liabilities			
Current liabilities			
Trade and other payables	10	812,493	499,173
Contract liabilities		3,612	6,196
Loan and borrowings	11	6,304,780	6,439,930
Lease liabilities	12	356,287	332,254
Provisions	13	165,917	121,970
Deferred income		174,954	67,618
Total current liabilities		7,818,043	7,467,141
Non-current liabilities			
Contract liabilities		5,515	9,706
Loan and borrowings	11	6,813,463	5,965,853
Lease liabilities	12	1,244,283	1,410,984
Deferred tax liabilities		189,573	163,185
Provisions	13	101,462	82,511
Total non-current liabilities		8,354,296	7,632,239
Total liabilities		16,172,339	15,099,380
Net liabilities		(1,435,603)	(1,617,197)
Equity			
Issued capital		5,654,061	5,654,061
Reserves		206,524	206,524
Retained earnings		(7,296,188)	(7,477,782)
Total deficiency in equity		(1,435,603)	(1,617,197)

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

Consolidated Group	Issued capital $	Option Reserve $	Retained earnings $	Total deficiency in equity $
Balance at 1 July 2019	5,688,093	206,524	(5,661,097)	233,520
Loss after income tax benefit for the half-year	-	-	(1,283,940)	(1,283,940)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,283,940)	(1,283,940)
Transactions with owners in their capacity as owners:				
Recovery of DTA for IPO cost	(17,016)	-	-	(17,016)
Balance at 31 December 2019	5,671,077	206,524	(6,945,037)	(1,067,436)

Consolidated Group	Issued capital $	Option Reserve $	Retained earnings $	Total deficiency in equity $
Balance at 1 July 2020	5,654,061	206,524	(7,477,782)	(1,617,197)
Profit after income tax expense for the half-year	-	-	181,594	181,594
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	181,594	181,594
Balance at 31 December 2020	5,654,061	206,524	(7,296,188)	(1,435,603)

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 2020

	Note	Consolidated Group 31 December 2020 $	31 December 2019 $
Cash flows from operating activities			
Receipts from customers		2,495,234	2,126,559
Receipt of government incentive for COVID-19		286,338	-
Payments to suppliers and employees		(1,810,198)	(2,707,297)
Net fund received from/(lent to) customers in commercial lending		(1,825,300)	(1,753,500)
Net fund raised from investors in commercial lending		750,000	3,049,808
Net proceeds from disposal of trail book		-	1,790,887
Other Interest received from bank deposit		2,561	12,240
Interest and other finance costs paid		(375,430)	(368,919)
Net cash from/(used in) operating activities		(476,795)	2,149,778
Cash flows from investing activities			
Payments for investments		-	(100,718)
Payments for new joint venture capital invested		(1)	-
Payments for property, plant and equipment	8	(4,142)	(18,787)
Payments for intangibles assets		(95,916)	-
Investment in subsidiaries		(12)	-
Net cash used in investing activities		(100,071)	(119,505)
Cash flows from financing activities			
Payment of borrowing cost		(184,628)	(147,850)
Repayment of loans		(7,694)	(28,205)
Repayment of lease liabilities and interest expense		(160,313)	(164,741)
Net cash used in financing activities		(352,635)	(340,796)
Net increase/(decrease) in cash and cash equivalents		(929,501)	1,689,477
Cash and cash equivalents at the beginning of the financial half-year		2,781,579	919,532
Cash and cash equivalents at the end of the financial half-year		1,852,078	2,609,009

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 2020 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 2020 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.

Going concern

The financial statements have been prepared on a going concern basis. The consolidated group had a net profit of $181,594 for the half year ended 31 December 2020 (31 December 2019: Loss of $1,283,940). As at 31 December 2020, the consolidated group had a net liability position of $1,435,603 (30 June 2020: Net liabilities $1,617,197).

The consolidated group has prepared a cash flow forecast which indicates that the group will be able to settle its liabilities in the foreseeable future. The following strategy will be implemented, with the objective to continue the transitioning of the Group’s core operations into a predominantly financial services business.

- Continued pursuit of growth in commercial lending business through balance sheet lending and fund management fee from One Lending Fund.

- The Group will contact all existing lenders to extend the private loans that are approaching their expiry date. Most existing loans have opted to renew or extend as per track record.

- The Group will actively pursue the new advisory income stream via N1 Asset Management with a range of advisory services and trustee services utilising its Australian Financial Services Licence. HY2021 has achieved $195,000 in revenue with material pipeline and significant enquiries in the second half year of FY2021.

- The Group will actively pursue new private funding opportunities to fund its expanded commercial lending.

- The Group will proactively manage operational expenditures.

- Leverage the existing head office infrastructure. No additional operational costs are needed to achieve the forecast increased revenue in the next 12 months.

- The Group has achieved a positive EBITDA in the first half year of FY2021. It is expected to continue this momentum in the future.

Note 2. 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:
- Mortgage broking
- Commercial loan lending
- Advisory service

Note 2. Operating segments (continued)

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 lends the privately raised funds to commercial borrowers and earns a loan fee and interest from those lending activities.

Real estate service
The Group conducts real estate services through N1 Realty Pty Ltd and Sydney Boutique Properties Pty Ltd. The services currently are focused on rental property management and property sales agent service.

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.

Operating segment information

Consolidated Group - 31 December 2020	Financial services $	Real estate service $	Migration service $	Other $	Total $
Revenue					
Revenue	2,462,527	186,715	10,877	-	2,660,119
Interest income	2,551	-	4	6	2,561
Other income	255,146	18,813	28,900	8,955	311,814
Total revenue	2,720,224	205,528	39,781	8,961	2,974,494
Segment profit/(loss) before D&A, Interest and income tax	1,600,258	80,091	(18,098)	(638,801)	1,023,450
Depreciation and amortisation	(166,866)	(70,257)	-	(63,796)	(300,919)
Interest expenses	(399,087)	(17,104)	(8)	(124,738)	(540,937)
Profit/(loss) before income tax expense	1,034,305	(7,270)	(18,106)	(827,335)	181,594
Income tax expense					-
Profit after income tax expense					181,594
Assets					
Total Segment assets	11,287,074	2,511,603	39,881	898,178	14,736,736
Total assets					14,736,736
Liabilities					
Total Segment liabilities	12,653,661	4,548,097	126,288	(1,155,707)	16,172,339
Total liabilities					16,172,339

Note 2. Operating segments (continued)

Consolidated Group - 31 December 2019	Financial services $	Real estate service $	Migration service $	Other $	Total $
Revenue					
Revenue	1,490,936	239,313	37,820	-	1,768,069
Interest income	11,004	1,212	24	-	12,240
Other income	3,772	108	-	56,272	60,152
Total revenue	1,505,712	240,633	37,844	56,272	1,840,461
Segment profit/(loss) before D&A, Interest and income tax	(66,010)	96,374	(31,936)	(463,322)	(464,894)
Depreciation and amortisation	(129,055)	(113,796)	-	(69,773)	(312,624)
Interest expenses	(375,312)	(22,854)	(65)	(125,208)	(523,439)
Loss before income tax benefit	(570,377)	(40,276)	(32,001)	(658,303)	(1,300,957)
Income tax benefit					17,017
Loss after income tax benefit					(1,283,940)
Consolidated Group - 30 June 2020					
Assets					
Total Segment assets	10,765,150	2,481,283	29,945	205,805	13,482,183
Total assets					13,482,183
Liabilities					
Total Segment liabilities	13,166,042	4,510,506	98,246	(2,675,414)	15,099,380
Total liabilities					15,099,380

Note 3. Revenue

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

	Consolidated Group	
	31 December 2020 $	**31 December 2019 $**
Mortgage brokering origination commission	210,362	365,817
Mortgage brokering trail commission	270,681	65,480
Commercial lending fee and interest	1,786,484	1,059,639
Real estate service	186,715	239,314
Migration service	10,877	37,819
Advisory service	195,000	25,000
	2,660,119	1,793,069
Geographical regions		
Australia	2,660,119	1,793,069

Timing of revenue recognition

Note 3. Revenue (continued)

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The analysis of the revenue recognition point is as below:

	Half year ended 31 Dec 2020 At point in time $	Half year ended 31 Dec 2020 Over time $	Half year ended 31 Dec 2019 At point in time $	Half year ended 31 Dec 2019 Over time $
Mortgage origination commission	210,362	-	365,817	-
Trail commission	270,681	-	65,480	-
Commercial lending fee and interest	954,379	832,105	724,926	334,713
Real Estate service	186,715	-	239,314	-
Migration service	10,877	-	37,819	-
Advisory service	195,000	-	25,000	-
	1,828,014	832,105	1,458,356	334,713

Note 4. Other income

	Consolidated Group 31 December 2020 $	31 December 2019 $
Government grants	286,338	-
Other income	25,475	60,152
Interest income	2,562	12,240
Other income	314,375	72,392

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

Note 5. Trade and other receivables

	Consolidated Group 31 December 2020 $	30 June 2020 $
Current assets		
Commission and interest receivables	837,307	453,433
Agent commission clawback receivable	18,519	20,990
	855,826	474,423

Note 6. Contract assets

	Consolidated Group	
	31 December 2020 $	30 June 2020 $
Current assets		
Contract assets - current portion	182,168	116,141
Non-current assets		
Contract assets - non-current portion	278,103	181,948

Critical accounting estimates and judgements – expected value of trailing income contract assets

The group receives trailing commissions from lenders on settled loans over the life of the loan based on the loan book balance outstanding. The group is entitled to the future trailing commissions without having to perform further services and recognise this as a contract asset in accordance with AASB 15. The value of trailing commission is determined by using expected value approach being the sum of probability-weighted amounts for various possible future trailing commission generated from existing loan portfolios as at reporting date in accordance with AASB 15. These calculations require the use of following assumptions which are determined by management with the assistance of external valuation specialist:
- Weighted average loan life (WAL) of 3.7 years
- Loan atrophy rate of 21.5% p.a.

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 trailing commission is established when an invoice is raised to the aggregator.

Note 7. Short-term loan receivables

	Consolidated Group	
	31 December 2020 $	30 June 2020 $
Current assets		
Short-term loan receivables	7,303,300	5,478,000

The Group raised funds to lend money to commercial entities on a short-term basis and earns the interest as income. N1 Loans take established real property or land as security according to its lending guidelines.

The short-term loan balance represented the outstanding amounts owed from commercial borrowing customers.

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

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.

Note 7. Short-term loan receivables (continued)

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.

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 takes into consideration the collateral in making credit risk assessment.

The Group recognises loss allowances at an amount equal to lifetime (normally less than 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 Consolidated Entity expects to receive.

The Group analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate ECL. Other current observable data may include:

- forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- conditions specific to the asset to which the receivable relates.

Debts that are known to be uncollectable are written off when identified.

Note 8. Property, plant and equipment

	Consolidated Group	
	31 December 2020 $	30 June 2020 $
Non-current assets		
Office equipment	99,021	94,879
Less: Accumulated depreciation	(76,682)	(71,431)
	22,339	23,448
Motor vehicles	74,329	74,329
Less: Accumulated depreciation	(55,178)	(52,417)
	19,151	21,912
Furniture & Fittings	586,041	586,041
Less: Accumulated depreciation	(361,155)	(335,820)
	224,886	250,221
Office - right-of-use	1,762,521	2,036,204
Less: Accumulated depreciation	(224,788)	(307,531)
	1,537,733	1,728,673
	1,804,109	2,024,254

Note 8. Property, plant and equipment (continued)

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

Consolidated Group	Office Equipment $	Motor Vehicles $	Furniture & Fittings $	Office - Right-of-use $	Total $
Balance at 1 July 2020	23,448	21,912	250,221	1,728,673	2,024,254
Additions	4,142	-	-	-	4,142
Write off of assets by lease expired	-	-	-	(273,683)	(273,683)
Write off of accumulated depreciation by lease expired	-	-	-	273,683	273,683
Depreciation expense	(5,251)	(2,761)	(25,335)	(190,940)	(224,287)
Balance at 31 December 2020	22,339	19,151	224,886	1,537,733	1,804,109

Note 9. Intangible assets

	Consolidated Group	
	31 December 2020 $	**30 June 2020 $**
Non-current assets		
Goodwill	536,216	536,216
Finance license	99,988	-
Rent roll	2,217,048	2,217,048
Less: Accumulated amortisation	(1,526,366)	(1,460,142)
	690,682	756,906
Website and IT system	338,220	328,957
Less: Accumulated amortisation	(292,385)	(281,979)
	45,835	46,978
	1,372,721	1,340,100

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 $	Total $
Balance at 1 July 2020	536,216	-	756,906	46,978	1,340,100
Additions	-	99,988	-	9,263	109,251
Amortisation expense	-	-	(66,224)	(10,406)	(76,630)
Balance at 31 December 2020	536,216	99,988	690,682	45,835	1,372,721

Note 10. Trade and other payables

	Consolidated Group	
	31 December 2020 $	**30 June 2020 $**
Current liabilities		
Trade payables	151,750	129,592
Employee payables	398,228	185,885
Other creditors and accruals	262,515	183,696
	812,493	499,173

Note 11. Loan and borrowings

	Consolidated Group 31 Dec 2020	Consolidated Group 30 Jun 2020
Current		
Bank loan (i)	104,780	52,390
Loan received for commercial lending (ii)	3,900,000	5,450,000
Convertible debt (iii)	1,370,000	370,000
Loan from other lenders (iv)	930,000	530,000
Finance lease payable - current	-	37,540
	6,304,780	6,439,930
Non-current		
Bank loan (i)	733,463	785,853
Loan received for commercial lending (ii)	5,700,000	3,400,000
Convertible debt (iii)	-	1,000,000
Loan from other lenders (iv)	380,000	780,000
	-	-
	6,813,463	5,965,853

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. Due to COVID-19, the repayment has been stopped and is to recommence from February 2021. The interest is 3.8% per annum with principal and interest repayments in accordance with the amended loan agreement. The loan is secured by the Sydney Boutique Property rent roll. The outstanding loan balance as at 31 December 2020 is $838,243 (30 June 2020:$838,243).

ii) Loan received for commercial lending is the funds being raised for commercial loan lending to customers. The loans are unsecured. Key information of these loans are detailed in the table below.

Note 11. Loan and borrowings (continued)

	Repayment term	Drawdown amount	Drawdown date	Balance at 31/12/2020	Interest rate (per annum) %
Private loan batch#1	1 year **	100,000	21/10/2019	100,000	8.00%
Private loan batch#2	6 months rolling **	2,000,000	01/10/2019	2,000,000	6.00%
Private loan batch#3	6 months rolling **	1,000,000	15/11/2019	1,000,000	6.00%
Private loan batch#4	2 years **	100,000	01/04/2019	100,000	10.00%
Private loan batch#5	2 years **	300,000	09/05/2019	300,000	10.00%
Private loan batch#6	2 years **	100,000	09/05/2019	100,000	10.00%
Private loan batch#7	1.5 years **	100,000	16/03/2020	100,000	8.00%
Private loan batch#8	2 years **	200,000	22/11/2019	200,000	10.00%
Private loan batch#9	4 years **	400,000	01/08/2018	400,000	10.00%
Private loan batch#10	4 years **	400,000	01/08/2018	400,000	10.00%
Private loan batch#11	2 years **	300,000	01/04/2020	300,000	8.00%
Private loan batch#12	2 years **	600,000	15/10/2020	600,000	8.00%
Private loan batch#13	2 years **	800,000	30/12/2020	800,000	8.00%
Private loan batch#14	39 months**	600,000	01/11/2018	600,000	10.00%
Private loan batch#15	49 months **	1,700,000	01/11/2018	1,700,000	10.00%
Private loan batch#16	3 years **	300,000	03/12/2019	300,000	10.00%
Private loan batch#17	3 years **	600,000	01/12/2019	600,000	10.00%
		9,600,000		9,600,000	

** Interest only

iii) Convertible debt

	Consolidated Group 31 Dec 2020 $	Consolidated Group 30 Jun 2020 $
As at the beginning of the period	1,370,000	1,370,000
As at end of the period	1,370,000	1,370,000

In FY17, the Company issued 1.85 million unlisted 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.

On 27 September 2017, the Company issued 5 million unlisted unsecured convertible notes with a total value of $1,000,000. 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 27 September 2021.

iv) Loan from other lenders

Note 11. Loan and borrowings (continued)

	Repayment term	Drawdown amount	Drawdown date	Balance at 31 December 2020	Interest rate (per annum) %
Private loan batch#1	6 months**	200,000	01/06/2020	200,000	6.00%
Private loan batch#2	2 years**	130,000	01/06/2019	130,000	10.00%
Private loan batch#3	2 years**	100,000	10/06/2019	100,000	10.00%
Private loan batch#4	2 years**	100,000	10/06/2019	100,000	8.00%
Private loan batch#5	4 years**	200,000	01/09/2017	200,000	10.00%
Private loan batch#6	4 years**	200,000	01/01/2018	200,000	10.00%
Private loan batch#7	5 years**	180,000	26/05/2017	180,000	10.00%
Private loan batch#8	4 years**	200,000	01/05/2020	200,000	8.00%
		1,310,000		1,310,000	

** Interest only

Note 12. Lease liabilities

	Consolidated Group	
	31 December 2020 $	30 June 2020 $
Current liabilities		
Lease liability - office	325,715	332,254
Lease liability - motor vehicles	30,572	-
	356,287	332,254
Non-current liabilities		
Lease liability - office	1,244,283	1,410,984

The weighted average lessee's incremental borrowing rates applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.765% for N1 Holdings lease and 3.937% for N1 Loans Lease. The rates are determined by referring to the interest rates of the group's existing loan and for similar terms.

Note 13. Provisions

	Consolidated Group	
	31 December 2020 $	30 June 2020 $
Current liabilities		
Employee provision	96,796	75,148
Refund liabilities	69,121	46,822
	165,917	121,970
Non-current liabilities		
Employee provision	101,462	82,511

Note 14. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 15. Contingent liabilities

There are no contingent liabilities or contingent assets as at 31 December 2020 (30 June 2020: nil).

Note 16. Related party transactions

Parent entity
N1 Holdings Limited is the parent entity.

Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group 31 December 2020 (%)	Ownership interest held by the Group 30 June 2020 (%)
N1 Loans Pty Ltd (i)	Australia	100%	100%
N1 Migration Pty Ltd (ii)	Australia	100%	100%
N1 Realty Pty Ltd (iii)	Australia	100%	100%
N1 Project Pty Ltd (iv)	Australia	100%	100%
N1 Venture Pty Ltd (v)	Australia	100%	100%
Sydney Boutique Property Pty Ltd (vi)	Australia	100%	100%
N1 Franchise Pty Ltd (vii)	Australia	100%	100%
N1 Capital Singapore Pte. Ltd. (viii)	Singapore	100%	100%
Everone Consulting Pty Ltd (ix)	Australia	100%	100%
Yizhihao (Shanghai) Business Consulting Co.,Ltd (x)	China	100%	100%
Zillion Finance Pty Ltd (xi)	Australia	100%	

(i) N1 Loans was incorporated on 25 February 2010 and was initially owned by Mr Ren Hor Wong. Upon the completion of the IPO on 18 March 2016, the company became fully owned by the Company.

(ii) N1 Migration Pty Ltd was incorporated on 14 September 2015 and is fully owned by the Group since 11 April 2016.

(iii) N1 Realty was incorporated on 3 May 2016 and, since then, it has been fully owned by the Group.

(iv) N1 Project was incorporated on 9 December 2016 and, since then, it has been fully owned by the Group.

(v) N1 Venture was incorporated on 19 November 2014 and was acquired on 1 September 2016, since then it has been fully owned by the Group.

(vi) Sydney Boutique Property Pty Ltd was acquired on 21 October 2016. It has been fully owned by the Group since acquisition.

(vii) TACQ International Pty Ltd was incorporated on 21 July 2017 and renamed to N1 Franchise Pty Ltd on 5 March 2018, it has been fully owned by the group since incorporation.

Note 16. Related party transactions (continued)

(viii) N1 Capital Singapore Pte. Ltd. as incorporated on 1 February 2019, it has been fully owned by the group since incorporation.

(ix) Everone Consulting Pty Ltd was incorporated on 22 May 2019, it has been fully owned by the group since incorporation.

(x) Yizhihao (Shanghai) Business Consulting Co.,Ltd was incorporated on 8 August 2019, it has been fully owned by the group since incorporation.

(xi) Zillion Finance Pty Ltd was acquired on 31 July 2020. It has been fully owned by the Group since acquisition.

Transactions with related parties
Transactions with other 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 2020 $	**31 December 2019 $**
Purchases of services/goods from other related parties		
Finosource Sdn Bhd (previously known as "N1 Consultants Group Sdn Bhd") - Malaysia	57,293	72,612

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

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

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 consolidated entity's financial position as at 31 December 2020 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

25 February 2021

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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 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 and its controlled entities does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of N1 Holdings Limited and its controlled entities financial position as at 31 December 2020 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 N1 Holdings Limited and its controlled entities 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 2020 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

Suwarti Asmono
Partner

25 February 2021

N1 Holdings

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