Appendix 4E

Preliminary final report

N1 Holdings Limited

ACN: 609 268 279

The following information is provided pursuant to ASX Listing Rule 4.3A.

N1 Holdings Limited (ASX: **N1H**, **N1** or **Company**) is pleased to provide its preliminary final report for the financial year ended 30 June 2022 (**FY22**) to shareholders.

The financial year has seen a significant growth in the Company's revenue, EBITDA and profitability. Key features of the result are:

- **Revenue increased by 104% to $11.02 million (FY21: $5.39m),**
- **Profit after tax increased by 690% to over $1.1 million (FY21: $139,570).**
- **EBITDA increased by 71% to $1.84 million (FY21: $1,075,313).**
- **Net Cash Flow from operating activities $11.85 million**
- **Cash balance as of 30 June 2022 over $14 million**
- **Earnings per share 1.3 Cents**

	2022 $	**2021 $**
Profit / Loss before income tax	1,102,369	139,570
Add: Depreciation and amortisation	449,675	567,263
Add: Interest expense – Corporate*	284,656	368,480
EBITDA	**1,836,700**	**1,075,313**

* Interest expenses and interest income from commercial loan receivables are included in the EBITDA. The EBITDA only excludes the interest expenses relating to the corporate loans, bank loans for realty rent roll as well as interest expenses in relation to AASB 16 Leases.

Throughout the course of FY22, the Company has strengthened its position in the market as a property-backed SME lender and mortgage fund investment manager. This is in full alignment to the previous strategy adopted for the financial year ended 30 June 2021 (**FY21**). Furthermore, the management of the Company continues to step up its competitive advantage in funding source resilience by conducting direct lending operations with funding obtained via a diversified set of sources including the Company's balance sheet, an open-end pooled mortgage fund (operated though the Company's asset management arm, N1 Venture Pty Ltd, which holds an Australian Financial Services Licence (AFSL number 477879) (**N1 Asset Management**)) and a debt facility.

The Company is cognisant of how Australia's evolving property lending landscape is influenced by increasing interest rates and how such rate increases support awareness in and demand for alternative lending providers. Notwithstanding, the Company considers long-term real estate demand to be broadly aligned to Australia's population growth. At a high level and in consideration of these factors, the Company is well positioned to capitalise on favourable conditions to ultimately improve its Net Interest Margin. More specifically, the investment strategy of the Company is to focus on its short-term property lending portfolio, with resilience to pricing and property valuation resets, and with close alignment to market sentiment. In delivering this strategy, the Company's credit committee focuses on the strength of the property being offered as security and the borrower's financial position, being averse to construction loans and instead favouring residential and income-generating commercial property.

In FY22, the SME direct lending revenue was $8.89m (FY21: $3.44m), which represents 80% of the total group revenue and a 158% increase compared to the revenue in FY21. Total committed lending capital which comprises balance sheet capital, the debt facility and capital from its SME mortgage fund (the **One Lending Fund**) as of 30 June 2022 is in excess of $101m (30 June 2021: $34m), being an increase of 195% over FY21. The significant uplift in revenue, profitability and cash flow are once again a testament to the scalability of N1's business. Furthermore, the management of N1H continues to extend funding size whilst exercising diligence to strengthen the Company's funding source resilience and diversification to ultimately capitalise on opportunities to fill the gap in property lending resulting from the rising interest rate environment and banks and casual lenders retreating from the market.

The external FUM revenue of One Lending Fund was $3.13m (unaudited) for FY22 (FY21 $2.94m), which is not consolidated into the Company's financial statements as the Fund is a separate SME lending fund managed by N1 Asset Management, a 100% owned subsidiary of N1H. Total funds under management for the One Lending Fund as of 30 June 2022 is $21.95m (30 June 2021: $23.48m). Management fees received by N1 Asset Management from One Lending Fund were $1,194,090 in FY22 (FY21: $849,865).

Notwithstanding the shift of the Company's core business into being a direct SME lender, the Company's mortgage broking and mortgage management businesses also continue to thrive. The Company has re-initiated the accumulation of recurring trail incomes, attaining an asset value of $958,079 as of 30 June 2022 (30 June 2021: $576,346).

The Company acknowledges that the market is entering the post-pandemic operating environment and is being presented with challenges of inflation and economic disruptions. With Australia in full employment, these challenges will likely result in further rises to the cost of living and increasing interest rates already observed in FY22. Whilst these conditions present opportunities for the Company as an alternative lender, the Company is also closely monitoring various indicators and continues to exercise caution in its credit risk management. Additionally, the Company's business model relies on one of the safest asset classes – property, with a strong focus on asset strong borrowers – SME owners.

While the Company continues to extend its profitability and cash flow generation, management remains equally vigilant of operating costs, and will strive to operate the business in a lean cost-effective mode. Part of the measures undertaken last year to support this initiative was the strategy to optimise and convert cost-incurring items into revenue-generating services by utilising increased AFSL authorisations granted by ASIC. This has proved to be beneficial to the Company as advisory fees offset costs incurred in managing and running a fund.

Overall, the Company emerged stronger out of the uncertainty of the business operating environment experienced during the COVID-19 pandemic, as evident from the significant revenue, profitability, and cash flow uplifts. Additionally, the Company's management is excited with the opportunities presented by post-pandemic operating environment, with factors such as the global inflationary pressures, Australia's full employment mode and central banks' tightening levers being potentially favourable to N1's business model if managed correctly. The team at N1 possesses the proven track record to continue to pursue growth in the market.

N1 Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	N1 Holdings Limited
ACN:	609 268 279
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	104.4%	to	11,016,213
Profit from ordinary activities after tax	up	689.8%	to	1,102,369
Profit for the year	up	689.8%	to	1,102,369

Dividends
Note there were no dividends paid, recommended or declared during the current or previous financial year.

Comments
The profit for the Group after providing for income tax amounted to $1,102,369 (30 June 2021: $139,570).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.48)	(3.34)

4. Dividends

Note there were no dividends paid, recommended or declared during the current or previous financial year.

5. Dividend reinvestment plans

Not applicable.

6. Details of associates and joint venture entities

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

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. Loan 77 Pty Ltd is deregistered on 18 May 2022.

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.

7. Foreign entities

Not applicable.

8. Audit qualification or review

This report is based on accounts which are in the process of being audited. It is not considered likely that any audit qualification will arise.

9. Attachments

Refer to the attached unaudited financial statements and related notes.

10. Signed

Signed ____________________________   Date: 30 August 2022

N1 Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Revenue from continuing operation	3	11,016,213	5,388,462
Other income	4	275,288	412,184
Expenses			
Commercial lending interest expense		(4,600,824)	(771,582)
Consulting and referral fees		(1,461,923)	(926,721)
Employee cost		(2,484,094)	(2,319,574)
IT and technology		(13,182)	(3,859)
Sales and marketing		(184,416)	(56,993)
Rent and utilities		(121,985)	(91,562)
Professional fee		(313,560)	(330,517)
Office and administrative expense		(185,375)	(186,507)
Finance cost		(323,943)	(383,049)
Travel cost		(46,806)	(18,327)
Depreciation and amortisation		(449,675)	(567,263)
Other operation cost		(4,297)	(3,701)
Loss from write-off of other financial assets		948	(1,421)
Profit before income tax expense		1,102,369	139,570
Income tax expense		-	-
Profit after income tax expense for the year		1,102,369	139,570
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,102,369	139,570
		Cents	**Cents**
Basic earnings per share	1	1.3	0.2
Diluted earnings per share	1	1.3	0.2

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 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Assets			
Current assets			
Cash and cash equivalents		14,142,721	3,211,848
Trade and other receivables	5	1,619,105	1,321,889
Contract assets	6	259,428	235,139
Commercial loan receivables	7	59,994,313	6,600,583
Other financial assets		170,382	371,507
Other current assets		31,045	152,455
Total current assets		76,216,994	11,893,421
Non-current assets			
Contract assets	6	698,651	341,207
Investments in associate and joint venture		1	51
Other financial assets		157,927	167,047
Property, plant and equipment		1,035,325	1,404,294
Deferred tax assets		334,609	213,225
Intangible assets	8	1,198,162	1,270,831
Other non-current assets		265,365	245,803
Total non-current assets		3,690,040	3,642,458
Total assets		79,907,034	15,535,879
Liabilities			
Current liabilities			
Trade and other payables		1,278,210	948,672
Contract liabilities		71,683	11,291
Loan and borrowings	9	23,261,073	5,704,780
Lease liabilities		331,833	326,117
Deferred income		1,685,369	121,786
Provisions		242,826	152,909
Total current liabilities		26,870,994	7,265,555
Non-current liabilities			
Contract liabilities		193,044	16,383
Loan and borrowings	9	51,072,064	8,441,073
Lease liabilities		630,625	962,459
Deferred tax liabilities		334,609	213,225
Provisions		180,956	114,811
Total non-current liabilities		52,411,298	9,747,951
Total liabilities		79,282,292	17,013,506
Net assets/(liabilities)		624,742	(1,477,627)
Equity			
Issued capital		6,654,061	5,654,061
Reserves		206,524	206,524
Retained earnings		(6,235,843)	(7,338,212)
Total equity/(deficiency)		624,742	(1,477,627)

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

N1 Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2022

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**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 year	-	-	139,570	139,570
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	139,570	139,570
Balance at 30 June 2021	5,654,061	206,524	(7,338,212)	(1,477,627)

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2021	5,654,061	206,524	(7,338,212)	(1,477,627)
Profit after income tax expense for the year	-	-	1,102,369	1,102,369
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,102,369	1,102,369
Transactions with owners in their capacity as owners:				
Conversion of convertible notes	1,000,000	-	-	1,000,000
Balance at 30 June 2022	6,654,061	206,524	(6,235,843)	624,742

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 year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash flows from operating activities			
Receipts from customers		12,779,180	4,744,627
Receipt of government grants		258,166	380,885
Interest received from bank deposit		2,540	3,406
Payments to suppliers and employees		(5,260,899)	(3,887,620)
Net increase in fund lent as commercial loans		(53,393,729)	(1,122,583)
Net Increase in fund received for commercial loans		62,070,000	1,860,000
Interest and other finance costs paid for commercial loans		(4,600,824)	(779,364)
Net cash from operating activities		11,854,434	1,199,351
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,894)	(4,142)
Purchase of Intangible assets	8	(4,225)	(102,481)
Investment in other financial assets		19,312	(9,120)
Investment in associates and joint ventures		-	(1)
Loan to related party		-	(517)
Loan to third parties		197,125	50,000
Proceeds from disposal of plant and equipment		16,000	-
Net cash from/(used in) investing activities		213,318	(66,261)
Cash flows from financing activities			
Proceeds from borrowings and loans		-	100,000
Repayment of borrowings and loans		(504,780)	(182,390)
Payment of finance cost and interest		(239,212)	(323,730)
Repayment of other financial liability		(21,600)	(16,941)
Repayment of lease liabilities and interest expense		(371,287)	(279,760)
Net cash used in financing activities		(1,136,879)	(702,821)
Net increase in cash and cash equivalents		10,930,873	430,269
Cash and cash equivalents at the beginning of the financial year		3,211,848	2,781,579
Cash and cash equivalents at the end of the financial year		14,142,721	3,211,848

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

Note 1. Earnings per share

	Consolidated	
	2022	2021
	$	$
Profit after income tax	1,102,369	139,570
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	82,541,874	81,555,573
Weighted average number of ordinary shares used in calculating diluted earnings per share	82,541,874	81,555,573
	Cents	Cents
Basic earnings per share	1.3	0.2
Diluted earnings per share	1.3	0.2

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

The Group acts as a mortgage broker that provides its customers with advice and support and receives commission payments on loans originated through its network of customers.

The Group lends privately raised funds and a loan from a financial institution to commercial borrowers and earns loan facility set up related fees, interest income as well as management fees from mortgage funds issued and managed by N1 Venture Pty Ltd.

The Group provides financial advisory, trustee and fund management services to its customers and receives advisory service fees.

Real estate services

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

Migration services

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

Other segments represent services provided by the Group other than the above three categories, including investment activities.

Note 2. Operating segments (continued)

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 - 2022	Financial services $	Real estate services $	Migration services $	Other $	Total $
Revenue					
Revenue	10,505,931	447,443	72,839	-	11,026,213
Interest	2,238	-	15	287	2,540
Other income	224,231	616	38,304	9,598	272,749
Total revenue	10,732,400	448,059	111,158	9,885	11,301,502
Profit/(loss) before income tax expense	3,224,821	99,969	(5,263)	(2,217,158)	1,102,369
Income tax expense					-
Profit after income tax expense					1,102,369
Material items include:					
Depreciation and amortisation expense	267,084	64,125	-	118,466	449,675
Commercial loan interest	4,600,824	-	-	-	4,600,824
Finance costs	36,932	30,652	3	256,356	323,943
Assets					
Segment assets	83,190,038	2,934,677	65,566	34,997,128	121,187,409
Intersegment eliminations					(41,280,375)
Total assets					79,907,034
Liabilities					
Segment liabilities	80,627,936	4,852,796	142,397	24,262,458	109,885,587
Intersegment eliminations					(30,603,295)
Total liabilities					79,282,292

Note 2. Operating segments (continued)

Consolidated - 2021	Financial services $	Real estate services $	Migration services $	Other $	Total $
Revenue					
Revenue	4,874,021	430,725	83,717	-	5,388,463
Interest	2,699	-	17	690	3,406
Other income	335,099	20,973	34,900	17,807	408,779
Total revenue	5,211,819	451,698	118,634	18,497	5,800,648
Profit/(loss) before income tax expense	1,738,372	11,135	(3,266)	(1,606,671)	139,570
Income tax expense					-
Profit after income tax expense					139,570
Material items include:					
Depreciation and amortisation expense	268,718	171,270	-	127,275	567,263
Commercial loan Interest	711,582	-	-	-	711,582
Finance costs	67,379	33,757	32	281,881	383,049
Assets					
Segment assets	12,311,530	2,614,947	66,948	26,773,889	41,767,314
Intersegment eliminations					(26,231,435)
Total assets					15,535,879
Liabilities					
Segment liabilities	12,974,346	4,633,035	138,516	14,821,964	32,567,861
Intersegment eliminations					(15,554,355)
Total liabilities					17,013,506

Note 3. Revenue from continuing operation

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

	Consolidated 2022 $	**2021 $**
Mortgage brokering and commercial lending origination commission	1,116,312	699,472
Mortgage brokering trail commission	252,003	210,460
Net movement in trail commission asset valuation	136,104	266,485
Commercial lending fee and interest	8,893,762	3,444,603
Real estate service	447,443	430,725
Migration service	72,839	83,717
Advisory service	97,750	253,000
	11,016,213	5,388,462
Geographical regions		
Australia	11,016,213	5,388,462

Timing of revenue recognition

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:

Note 3. Revenue from continuing operation (continued)

	2022 At point in time $	2022 Over time $	2021 At point in time $	2021 Over time $
Mortgage brokering and commercial lending origination commission	1,116,312	-	699,472	-
Trail commission	388,107	-	476,945	-
Commercial lending fee and interest	4,131,819	4,761,943	1,925,429	1,519,174
Real Estate service	218,362	229,081	116,430	314,295
Migration service	72,839	-	83,717	-
Advisory service	97,750	-	253,000	-
	6,025,189	4,991,024	3,554,993	1,833,469

Mortgage broking services
The Group provides a service of introducing applicants to lenders as part of the process to originate a loan and receive commissions for the service provided. The service activities that form part of this process are interrelated and interdependent of each other and form a single performance obligation. The Group recognises commission as revenue upon the settlement of loans, which is when the performance obligation is completed.

The deferral of a portion of the commission as trail commission is a mechanism by which lenders incentivise brokers to introduce quality applicants that will not refinance their loans and therefore maximise the life of the loan. This mechanism affects the transaction price, but it does not give rise to a separate performance obligation. As a result, trail commission is also recognised as revenue upon settlement of loans and at the same time, the right to trail commission is recognised as a contract asset on the statement of financial position. The contract asset will only become a financial asset (i.e. a receivable) when the right to the consideration is unconditional. This is expected to be as each month’s entitlement to the trail commission is established, i.e. when an invoice is raised to the aggregator.

The Group recognises trailing commission as revenue only if it is highly probable that a change in the estimate of the variable consideration would not result in a significant reversal of the cumulative revenue already recognised.

The upfront origination commission is recognised at its transactions price and the trailing commission is recognised by using the expected value approach constrained by avoiding possible future downward revenue adjustments (i.e., revenue reversals).

The Group is a principal because it controls its service activities during the loan application process and is entitled to gross commissions from lenders/aggregators. As a result the revenue for commission earned is presented on a gross basis. The portion payable to commission-based brokers is recorded separately and recognised as trail commission liabilities at reporting date.

Commercial lending service
The Group enters into contracts to lend privately raised funds and a loan from a financial institution to commercial borrowers. Under these contracts, the Group provides loan services and earns commercial lending fees and interest income. Commercial lending fees are recognised as revenue when the loan facility is set up. Interest income generated from the commercial lending is recognised when it is earned over time.

Management fees received from funds under management are recognised when derived.

Real estate service
The Group enters into contracts with its customers to manage and/or sell properties on the customer’s behalf. Under these contracts, the Group provides rental management and/or selling agent services.

As a result, the Group receives property management fees which are based on a percentage of rental collected on behalf of the landlords. Income is recognised in the period when the services are rendered. In terms of the real estate selling agent services, the Group receives commissions and fees derived from real estate sales. They are recognised at the time that unconditional exchange of contracts between vendors and purchasers take place.

Note 3. Revenue from continuing operation (continued)

Other services (including migration service)

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

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

Interest
Interest revenue is recognised using the effective interest method. This is a method of calculating the amortised cost of financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 4. Other income

	Consolidated	
	2022	2021
	$	$
Gain/(loss) on revaluation of financial asset	-	(786)
Government grants	258,165	380,885
Interest income	2,539	3,406
Other income	14,584	28,679
Other income	275,288	412,184

Note 5. Trade and other receivables

	Consolidated	
	2022	2021
	$	$
Trade receivables	1,321,525	635,341
Interest receivable	260,657	666,386
Agent commission clawback receivable	36,923	20,162
	1,619,105	1,321,889

Trade and other receivables are initially recognised at their transaction price (as defined in AASB 15) and subsequently measured at amortised cost (on the basis that the Group's business model is to hold and collect contractual cash flows which are solely for payments of trade and other receivables).

The impairment assessment required by AASB 9 for financial assets is based on the forward-looking expected credit loss ('ECL') model.

The simplified approach is adopted to assess the impairment of trade and other receivables. Under the simplified approach, life time expected credit losses are estimated based on historically incurred and forward expected credit losses, both of which are examined and assessed to determine the amount of impairment as at reporting date. Specifically, the Group will apply credit loss factors determined from estimation of customer default probability and loss percentage on current observable data which may include:

Note 5. Trade and other receivables (continued)

• 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.

Credit risk

The Group has credit risk exposure in relation to commercial lending interest and fees receivable from multiple companies.

On a geographic basis, the Group has significant credit risk exposures in Australia only.

The Group has assessed that there are no trade and other receivables that are impaired at year end (30 June 2021: nil). As at 30 June 2022, the amount of all trade and other receivables past due is $935,807 (2021: $888,945).

Note 6. Contract assets

	Consolidated	
	2022	**2021**
	$	**$**
Contract assets - current	259,428	235,139
Contract assets - non-current	698,651	341,207

The contract asset relates to future trail income. It is recognised and measured by using the expected value approach. The contract asset will only become a financial asset (i.e. a receivable) when the right to the consideration is unconditional. This is at the point when monthly trail commission is invoiced to the aggregator.

	2022	2021
	$	$
Reconciliation of the contract assets at the beginning and end of the current financial year are set out below:		
Opening balance	576,346	298,089
Expected trail commission from new loans and commission step up *	633,736	488,717
Trail commission received	(252,003)	(210,460)
	958,079	576,346

* FY2022 amount also reflects changes in trail commission valuation methods.

Note 7. Commercial loan receivables

	Consolidated	
	2022	**2021**
	$	**$**
Commercial loan receivables	59,994,313	6,600,583

The Group raises funds to lend money to commercial entities on a short-term basis and earns interest income. The loans are secured with established real property or land in line with the Group’s lending requirements.

The commercial loan balance represents the outstanding amounts owed.

Note 7. Commercial loan receivables (continued)

Loan receivables are initially recognised at fair value adjusted for 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 flows which are solely for payments of principal and interest on principal amounts outstanding (as defined in para 4.1.2 in AASB 9).

The impairment assessment required by AASB 9 for financial assets is based on the forward-looking expected credit loss ('ECL') model.

The general approach is adopted to assess the impairment of loan receivables.

Under the general approach, 12 month's credit losses or life time credit losses are estimated based on whether the credit risk on that financial instrument (loan receivables) has increased significantly since initial recognition to determine the amount of impairment as at reporting date. Specifically, if the credit risk has not increased significantly since initial recognition, then a loss allowance equal to 12 month's credit losses is measured and recognised.

Otherwise life time expected credit losses are 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 its 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 at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

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 the 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. Intangible assets

	Consolidated 2022 $	Consolidated 2021 $
Goodwill	536,216	536,216
Finance licence	99,988	99,988
Rent roll	2,217,048	2,217,048
Less: Accumulated amortisation	(1,682,484)	(1,623,412)
	534,564	593,636
Website and IT system	349,010	344,785
Less: Accumulated amortisation	(321,616)	(303,794)
	27,394	40,991
	1,198,162	1,270,831

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

Consolidated	Goodwill (a) $	Finance licence $	Rent Roll (b) $	Website and IT system (c) $	Total $
Balance at 1 July 2020	536,216	-	756,906	46,978	1,340,100
Additions	-	99,988	-	15,829	115,817
Amortisation/written-down	-	-	(163,270)	(21,816)	(185,086)
Balance at 30 June 2021	536,216	99,988	593,636	40,991	1,270,831
Additions	-	-	-	4,225	4,225
Amortisation/written-down	-	-	(59,072)	(17,822)	(76,894)
Balance at 30 June 2022	536,216	99,988	534,564	27,394	1,198,162

a) Goodwill
Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Critical accounting estimates and judgements – Key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit ("CGU") is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period and extrapolated to five years. The following table sets out the key assumptions for the impairment testing of the goodwill. The goodwill balance at the reporting date only relates the real estate services segment.

Note 8. Intangible assets (continued)

Growth rate: 2%	Growth rate is based on management's estimated inflation rate.
Post-tax discount rate: 12%	Post-tax discount rate reflects the specific risks relating to the real estate agency industry in Australia.
Terminal value:	Terminal value is based on the third year budgeted net cash flow, the post-tax discount rate of 12% and the growth rate of 2%.

b) Rent Roll Assets

	Consolidated	
	2022	**2021**
	$	**$**
Rent Roll – Cost	2,217,048	2,217,048
Rent Roll – Written-down	(1,682,484)	(1,623,412)
Rent Roll – Net	534,564	593,636

Rent rolls are accounted for as an intangible asset with a finite life in accordance with AASB 138 (Intangible Assets). They are initially recognised at cost and subsequently written down to their recoverable value at each reporting period, with reference to the reduction in rent under management times industry resale multiple being 2-5 times.

c) Website and IT System

	Consolidated	
	2022	**2021**
	$	**$**
Website and IT system – Cost	349,010	344,785
Website and IT system – Accumulated amortisation	(321,616)	(303,794)
Website and IT system – Net	27,394	40,991

Acquired website and computer software licences are capitalised on the basis of costs incurred to acquire them.

These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Amortisation is recognised in the profit or loss statement on a diminishing basis over the estimated useful life of the intangible assets from the date that they are considered suitable for use. The estimated useful life of website and IT system is 5 years. The current amortisation charges for website and IT system are included under depreciation and amortisation expenses.

Note 9. Loan and borrowings

	Consolidated 2022 $	Consolidated 2021 $
Current		
Bank loan (i)	681,073	104,780
Loan received for commercial lending (ii)	21,530,000	3,900,000
Convertible debts (iii)	370,000	1,000,000
Loan from other lenders (iv)	680,000	700,000
	23,261,073	5,704,780

Note 9. Loan and borrowings (continued)

	Consolidated 2022 $	Consolidated 2021 $
Non-current		
Bank loan (i)	-	681,073
Loan received for commercial lending (ii)	650,000	6,810,000
Convertible debts (iii)	-	370,000
Loan from other lenders (iv)	200,000	580,000
Loans from financial institution (v)	50,222,064	-
	51,072,064	8,441,073

i) The bank loan from National Australia Bank was renewed in May 2020. The repayment term of the loan is 3 years expiring 31 March 2023. The interest rate is 5.04% per annum with principal and interest repayments in accordance with the amended loan agreement. The loan is secured by the Sydney Boutique Property's rent roll. The outstanding loan balance as at 30 June 2022 is $681,073 (30 June 2021 is $785,853).

ii) Loan received for commercial lending is the funds being raised for commercial loan lending to customers. They are unsecured. The loan terms of the loans are from 6 months to 2 years. Interest rates are from 5% to 9.95%. The outstanding loan balance as at 30 June 2022 is $22,180,000 (30 June 2021 is $11,710,000).

iii) Convertible debts

	Consolidated 2022 $	Consolidated 2021 $
As at the beginning of the period	1,370,000	1,370,000
Converted to ordinary shares	(1,000,000)	-
As at end of the period	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, then further extended to 11 May 2023. On 17 August 2022, 1 million convertible notes were converted to shares in the Company at a price of $0.20 per share, increasing share capital by $200,000. The interest rate payable on outstanding convertible notes is 8%.

On 27 September 2017, the Company issued 5 million unlisted unsecured convertible notes with a total value of $1,000,000. On 20 April 2022, these 5 million convertible notes were converted to shares in the Company at a price of $0.20 per share, increasing share capital by $1,000,000.

Assets pledged as security

v) Loan from financial institution

On 1 July 2021, N1 Holdings Limited raised $35 million in debt capital provided under a debt facility between the Company and GCI SME Mortgage Fund (Facility). On 2 November 2021, the facility limit was increased by a further $20 million to the company’s previously announced $35 million debt facility, bringing the total debt facility limit to $55 million.

As of 30 June 2022, the Company has drawn down $50.6 million of the $55 million facility limit.

The Facility was initially recognised at the amounts received in cash from the lender, net of transaction costs. It has been subsequently measured at amortised costs using the effective interest method.

Note 9. Loan and borrowings (continued)

The Facility is interest only with a term of 24 months with an interest rate at 8% plus 30 days BBSW per annum. The Facility contains a number of customary conditions precedent for debt facilities of this type (including the registrations of security interests being first ranking general security agreement over N1 WH2 Pty Ltd and provision of legal options).

Note 10. Events after the reporting period

As described in note 9, on 17 August 2022, 1 million convertible notes were converted to shares in the Company at a price of $0.20 per share, increasing share capital by $200,000.

No other matters or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.