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 reporting period being the financial year ended 30 June 2024 (**FY24**) to shareholders. The previous corresponding period was the financial year ended 30 June 2023 (**FY23**).

Results for announcement to the market

The financial year has seen a significant growth in both the Company's revenue, profit and EBITDA. Key results on an unaudited basis are as follows:

- **Revenue increased by 31.8% to $18.44 million (FY23: $13.99m).**
- **Profit from ordinary activities after tax increased by 218.3% to $1,085,355 (FY23: $340,945).**
- **Net profit for the year attributable to shareholders decreased by 218.3% to $1,085,355 (FY23: $340,945).**
- **Normalised EBITDA increased by 15.08% to $1.18 million (FY23: $1,025,860).**
- **Cash balance as of 30 June 2024 is over $13.53 million.**
- **Earnings per share of 1.23 cents. The board will determine whether to issue a dividend for FY24 after completion of the audit.**

	2024 **$**	**2023** **$**
Profit before income tax	688,723	109,767
Add: Interest expense – Corporate*	73,478	181,766
Add: Depreciation and amortisation	309,393	404,352
Add: Once off write-off of realty service income due to lost management**	108,986	-
Add: Goodwill impairment resulting from sale of rent roll	-	329,975
Normalised EBITDA	**1,180,580**	**1,025,860**

* Interest expense and interest income from commercial loan receivable are still included in the EBITDA. The EBITDA only excludes the interest expenses relating to the corporate and bank loans, as well as interest expenses in relation to AASB 16 Leases.

** A once off amount of $108,986 was written off from the total amount of realty service income due to rent roll sales retention clause. The retention period ended on 10 December 2023.

N1 Holdings concluded the financial year with stellar financial performance, led by our core lending solution in the private credit sector. The Company has achieved 31.8% growth in revenue and uplifted profit by 218.3%.

The reported financial year has marked a milestone of streamlining our costs and operations as initiated by the management of the Company following disposal of the realty business in FY23. Financial services revenue is now approaching 95% of group revenue. The execution of the streamlining strategy has greatly enhanced the resource allocation and productivity of the business, as evident by the Company's revenue and profitability growth. Whilst the management does not speculate on future rates movements, we continue to focus on funding capacity and cost of funds, in order to further strengthen the Net Interest Margin (NIM), with strong confidence of the Company's ability to scale new heights. We will continue to push growth and seek to gain competitive advantage by wielding economies of scale.

As at the end of the reported period, the Company had access to and managed over $134 million in committed lending capacity, consisting of approximately $30 million of balance sheet capital raised from private debt, $86 million under debt facilities and approximately $18 million of mortgage funds under management. (Please note: the mortgage funds are not consolidated into the Company's financial statements. These mortgage funds are managed by N1 Venture Pty Ltd, a 100% owned subsidiary of N1H). The Company has repaid a debt facility over $14.6m during the reporting period as part of the cost of fund streamline strategy.

N1 Holdings is well positioned to increase its funding size and expand third party distribution channels. As laid out in the strategy blueprint from the previous financial year, management will tap the effectiveness and efficiency of our simplified business model, further strengthening the balance sheet of the Company with profits which, over time, together with scale will create a prominent and positive impact on the return of equity. Earnings per share and net tangible assets per ordinary security has grown over the reporting period. Profit reinvested into funding capacity will further enhance our cost of funds and subsequently improve the efficiency of capital deployment.

The Company also encourages rigid compliance and regulatory framework in the private credit space, with the aim to establish long term sustainable development of the private lending industry. In the coming new financial year, the management will take an even more active role in promoting corporate governance, regulatory compliance, ESG awareness and ethical lending practice, setting a benchmark as a leader in the industry.

1. Company details

Name of entity:	N1 Holdings Limited
ACN:	609 268 279
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

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2. Results for announcement to the market

				$
Revenues from ordinary activities	up	31.8%	to	18,446,807
Profit from ordinary activities after tax attributable to shareholders	up	218.3%	to	1,085,355
Net profit for the year attributable to shareholders	up	218.3%	to	1,085,355

Dividends
There were no dividends paid, recommended or declared during the current financial year (2023: $202,528).

Comments
The profit for the Group after providing for income tax amounted to $1,085,355 (30 June 2023: $340,945).

	Consolidated	
	2024 $	2023 $
Profit before income tax	688,723	109,767
Add: Interest expense - Corporate*	73,478	181,766
Add: Depreciation and amortisation	309,393	404,352
Add: Once off write-off of realty service income due to lost management*	108,986	-
Add: Goodwill impairment resulting from sale of rent roll	-	329,975
Normalised EBITDA	1,180,580	1,025,860

* Interest expense and interest income from commercial loan receivable are still included in the EBITDA. The EBITDA only excludes the interest expenses relating to the corporate and bank loans, as well as interest expenses in relation to AASB 16 Leases.

* A once off amount of $108,986 was written off from the total amount of realty service income due to rent roll sales retention clause. The retention period ended on 10 December 2023.

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.14	0.37

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4. Control gained over entities

Name of entity (or group of entities)	N1 Holdings Trust 2023-1
Date control gained	13 October 2023
Name of entity (or group of entities)	RHCAP Pty Ltd
Date control gained	24 April 2024

5. Loss of control over entities

Not applicable.

6. Dividends

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

Previous period
There were $202,528 dividends declared and paid during the previous financial period.

	Amount per security Cents	Franked amount per security Cents
Dividends declared and paid during the previous financial period	0.230	-

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:
Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):
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.

11. Attachments

Details of attachments (if any):
Refer to the attached unaudited financial statements and related notes.

12. Signed

Signed ______________________________
Ren Hor Wong CEO

Date: 30 August 2024

N1 Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Revenue	3	18,446,807	13,993,574
Other income	4	107,046	96,354
Expenses			
Interest expense		(12,047,306)	(8,142,187)
Employee cost		(2,573,372)	(2,557,214)
Consulting and referral fees		(1,119,833)	(1,265,240)
Professional fee		(593,830)	(499,509)
Sales and marketing		(437,292)	(191,215)
Depreciation and amortisation		(309,393)	(440,606)
Office and administrative expense		(274,916)	(195,649)
Loss on disposal/write-off of assets		(183,473)	-
Travel cost		(167,065)	(119,875)
Occupancy cost and utilities		(126,626)	(160,835)
Finance cost		(27,801)	(75,580)
IT and technology		(4,223)	(2,276)
Impairment loss on goodwill		-	(329,975)
Profit before income tax benefit		688,723	109,767
Income tax benefit		396,632	231,178
Profit after income tax benefit for the year		1,085,355	340,945
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,085,355	340,945
		Cents	**Cents**
Basic earnings per share	1	1.23	0.39
Diluted earnings per share	1	1.23	0.39

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 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Assets			
Current assets			
Cash and cash equivalents		13,532,013	7,019,128
Trade and other receivables	5	1,920,843	2,837,458
Contract assets	6	292,745	324,039
Commercial loan receivables	7	93,059,428	76,974,937
Other financial assets		93,382	140,382
Other current assets		89,685	196,030
Total current assets		108,988,096	87,491,974
Non-current assets			
Contract assets	6	827,044	886,204
Other financial assets		157,927	157,927
Property, plant and equipment		449,940	742,717
Deferred tax assets		627,811	231,178
Intangible assets	8	114,220	123,708
Commercial loan receivables	7	3,257,018	-
Other non-current assets		195,331	266,050
Total non-current assets		5,629,291	2,407,784
Total assets		114,617,387	89,899,758
Liabilities			
Current liabilities			
Trade and other payables		1,605,849	1,290,142
Contract liabilities		107,601	73,294
Loan and borrowings	9	25,825,780	21,380,000
Lease liabilities		273,151	286,825
Deferred income		2,357,146	2,280,466
Provisions		215,224	239,368
Total current liabilities		30,384,751	25,550,095
Non-current liabilities			
Contract liabilities		312,306	200,451
Loan and borrowings	9	81,920,364	63,009,601
Lease liabilities		70,650	343,798
Provisions		242,454	204,150
Total non-current liabilities		82,545,774	63,758,000
Total liabilities		112,930,525	89,308,095
Net assets		1,686,862	591,663
Equity			
Issued capital		6,954,061	6,954,061
Options reserve		216,368	206,524
Retained earnings		(5,483,567)	(6,568,922)
Total equity		1,686,862	591,663

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

Consolidated	Issued capital $	Share-based payment reserve $	Retained profits $	Total equity $
Balance at 1 July 2022	6,654,061	206,524	(6,707,339)	153,246
Profit after income tax benefit for the year	-	-	340,945	340,945
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	340,945	340,945
Transactions with owners in their capacity as owners:				
Conversion of convertible notes	300,000	-	-	300,000
Dividends paid	-	-	(202,528)	(202,528)
Balance at 30 June 2023	6,954,061	206,524	(6,568,922)	591,663

Consolidated	Issued capital $	Share-based payment reserve $	Retained profits $	Total equity $
Balance at 1 July 2023	6,954,061	206,524	(6,568,922)	591,663
Profit after income tax benefit for the year	-	-	1,085,355	1,085,355
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,085,355	1,085,355
Transactions with owners in their capacity as owners:				
Share-based payments	-	9,844	-	9,844
Balance at 30 June 2024	6,954,061	216,368	(5,483,567)	1,686,862

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 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Cash flows from operating activities			
Receipts from customers		19,970,027	13,418,714
Interest received from bank deposit		104,654	75,995
Payments to suppliers and employees		(4,847,880)	(5,125,816)
Net increase in fund lent as commercial loans		(19,779,523)	(17,586,626)
Net increase in fund received for commercial loans		23,936,543	11,227,537
Interest and other finance costs paid for commercial loans		(12,001,627)	(8,072,255)
Net cash from/(used in) operating activities		7,382,194	(6,062,451)
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,121)	(84,081)
Purchase of Intangible assets	8	-	(8,260)
Loan to third parties		47,000	30,000
Proceeds from disposal of SBP		38,113	588,400
Net cash from investing activities		70,992	526,059
Cash flows from financing activities			
Repayment of borrowings and loans		(580,000)	(871,072)
Payment of finance cost and interest		(54,492)	(149,615)
Dividends paid		-	(202,528)
Repayment of lease liabilities		(305,809)	(363,986)
Net cash used in financing activities		(940,301)	(1,587,201)
Net increase/(decrease) in cash and cash equivalents		6,512,885	(7,123,593)
Cash and cash equivalents at the beginning of the financial year		7,019,128	14,142,721
Cash and cash equivalents at the end of the financial year		13,532,013	7,019,128

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

Note 1. Earnings per share

	Consolidated	
	2024	**2023**
	$	**$**
Profit after income tax	1,085,355	340,945
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	88,055,573	87,832,285
Basic earnings per share	1.23	0.39
Diluted earnings per share	1.23	0.39

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:
- Commercial loan lending
- Mortgage broking
- Advisory service

The Group lends privately raised funds 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 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 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 focuses on the property sales.

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

Other business operations that are not separately reportable, as well as costs associated with enterprise functions (such as Administration, Finance and Treasury) are included in ‘Other’.

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 consolidated financial statements.

Note 2. Operating segments (continued)

Operating segment information

Consolidated - 2024	Financial services $	Real estate services $	Migration services $	Other $	Total $
Revenue					
Revenue	17,408,817	1,381	32,045	1,004,564	18,446,807
Interest income	78,417	-	260	25,976	104,653
Other income	(9)	-	-	2,402	2,393
Total revenue	17,487,225	1,381	32,305	1,032,942	18,553,853
Segment operating profit/(loss) before income tax	3,372,201	(117,371)	(84,704)	(2,481,403)	688,723
Profit/(loss) before income tax benefit	3,372,201	(117,371)	(84,704)	(2,481,403)	688,723
Income tax benefit					396,632
Profit after income tax benefit					1,085,355
Material items include:					
Interest expense calculated using the effective interest method	12,022,505	-	-	24,801	12,047,306
Depreciation and amortisation	(270,463)	(2,644)	-	(36,286)	(309,393)
Assets					
Segment assets	96,740,422	2,394	29,613	49,025,527	145,797,956
Intersegment eliminations					(31,180,569)
Total assets					114,617,387
Liabilities					
Segment liabilities	83,992,880	1,757,243	252,413	47,448,885	133,451,421
Intersegment eliminations					(20,520,896)
Total liabilities					112,930,525

Note 2. Operating segments (continued)

Consolidated - 2023	Financial services $	Real estate services $	Migration services $	Other $	Total $
Revenue					
Revenue	13,510,932	423,828	58,814	-	13,993,574
Interest income	72,762	-	174	3,059	75,995
Other income	(17)	10,874	-	9,502	20,359
Total revenue	13,583,677	434,702	58,988	12,561	14,089,928
Segment operating profit/(loss) before income tax	1,858,037	(275,874)	(61,264)	(1,411,132)	109,767
Profit/(loss) before income tax benefit	1,858,037	(275,874)	(61,264)	(1,411,132)	109,767
Income tax benefit					231,178
Profit after income tax benefit					340,945
Material items include:					
Interest expense calculated using the effective interest method	(7,931,352)	(33,233)	-	(177,602)	(8,142,187)
Depreciation and amortisation	(306,690)	(22,047)	-	(111,869)	(440,606)
Assets					
Segment assets	95,606,307	20,781	32,101	27,384,575	123,043,764
Intersegment eliminations					(33,144,006)
Total assets					89,899,758
Liabilities					
Segment liabilities	89,787,396	1,884,797	170,198	19,945,530	111,787,921
Intersegment eliminations					(22,479,826)
Total liabilities					89,308,095

Note 3. Revenue

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

	Consolidated 2024 $	Consolidated 2023 $
Mortgage broking and commercial lending origination commission	874,908	725,249
Mortgage broking trail commission	323,094	378,915
Net movement in trail commission asset valuation	(236,616)	243,146
Commercial lending interest income	15,256,759	7,731,717
Other services relating to commercial lending	2,076,027	4,072,905
Real estate service	1,381	423,828
Migration service	32,045	58,814
Advisory service	119,209	359,000
	18,446,807	13,993,574

Note 3. Revenue (continued)

Geographical regions

	Consolidated 2024 $	Consolidated 2023 $
Australia	18,446,807	13,993,574

Timing of revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations based on the services rendered for its real estate service and the interest earned over time for its commercial lending interest income. The analysis of the revenue recognition point is as below:

	2024 At point in time $	2024 Over time $	2023 At point in time $	2023 Over time $
Mortgage origination commission	874,908	-	725,249	-
Mortgage broking trail commission	323,094	-	378,915	-
Net movement in trail commission asset valuation	(236,616)	-	243,146	-
Commercial lending interest income	-	15,256,759	-	7,731,717
Other service fees relating to commercial lending	2,076,027	-	4,072,905	-
Real estate service	1,381	-	157,245	266,583
Migration service	32,045	-	58,814	-
Advisory service	119,209	-	359,000	-
	3,190,048	15,256,759	5,995,274	7,998,300

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).

Note 3. Revenue (continued)

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 interest income
Commercial lending interest income (including loan establishment fee received) from commercial loan receivables is recognised using the effective interest method.

Other service fees relating to commercial lending
Other service fees include management fee, loan processing and administration service fee, discharge fee, break fee, and monthly line fee. Other service fees are recognised when the services are delivered.

Real estate service
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.

Migration service fee and advisory service fee
Migration service fee and advisory service fee are recognised at the point in time when the services are delivered.

Note 4. Other income

	Consolidated	
	2024 $	2023 $
Interest income	104,653	75,995
Others	2,393	20,359
Other income	107,046	96,354

Note 5. Trade and other receivables

	Consolidated	
	2024 $	2023 $
Current assets		
Trade receivables	1,405,182	2,333,718
Interest receivable	439,357	434,375
Agent commission clawback receivable	76,304	69,365
	1,920,843	2,837,458

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 applies credit loss factors determined from estimation of customer default probability and loss percentage on current observable data which 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.

As at 30 June 2024, the Group has recorded a provision of $162,886 (2023: $47,135) for trade and other receivables assessed to be impaired.

As at 30 June 2024, the amount of all trade and other receivables past due but not impaired is $507,976 (2023: $1,680,138).

Note 6. Contract assets

	Consolidated	
	2024	**2023**
	$	**$**
Current assets		
Contract assets - current	292,745	324,039
Non-current assets		
Contract assets	827,044	886,204

The contract asset relates to future trail income for the mortgage broking service. It is recognised and measured by using the expected cashflow 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.

Reconciliation of the contract assets at the beginning and end of the current financial year are set out below:		
Opening balance	1,210,243	958,079
Expected trail commission from new loans and commission step up and effect of the change in the valuation model	232,640	631,079
Trail commission received	(323,094)	(378,915)
	1,119,789	1,210,243

The Group receives trailing commissions from lenders on settled loans over the life of the loan based on the loanbook balance outstanding subject to the loan continuing to perform. The Group also makes trailing commission payments to brokers based on their individual loanbook balance outstanding.

The contract assets and the corresponding payable to brokers are determined by using the discounted cash flow valuation technique.

The expected cashflow approach requires the use of key assumptions to determine the amortised cost at balance sheet date including the future run-off rate of the underlying loan portfolio, the discount rate and the percentage paid to individual brokers working under the Group's management. The future run-off rate used is actually a series of rates applied to the underlying loans based primarily on their age at the date of valuation. The weighted average life shown below is the result of the series of future run-off rates applied to the specific loan data at the balance sheet date.

Note 6. Contract assets (continued)

The determination of the assumptions to be used in the valuation is made by Management based primarily on a variety of contributing factors including: an annual assessment of the underlying loan portfolio, historical run-off rate analysis and consideration of current and future economic factors. These factors are complex and the determination of assumptions requires a high degree of judgement.

	Consolidated	
	2024	**2023**
	%	**%**
Discount rate	8.87%	8.87%
Average percentage of trailing commission entitled by the Group	61.28%	76.66%
Weighted average loan life (in years)	4.65	4.05

Sensitivity

The sensitivity of contract asset value is mainly raised from discount rate used in the valuation. The sensitivity analysis is shown as below:

	2024	**2023**
	$	**$**
Discount rate - increase 2% (2023: 2%)	1,066,538	1,148,504
Discount rate - decrease 2% (2023: 2%)	1,179,690	1,345,149

Note 7. Commercial loan receivables

	Consolidated	
	2024	**2023**
	$	**$**
Current assets		
Commercial loan receivables	93,059,428	76,974,937
Non-current assets		
Commercial loan receivables	3,257,018	-

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.

Recognition and measurement
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 and subsequently measured at amortised cost (on the basis that the Group's business model is to hold and collect contractual cash flow that are solely for payments of principals and interest on principal amounts outstanding.

Credit risk management
The Group continuously monitors the credit quality of the borrowers based on a credit rating scorecard. The Group assesses each of its commercial loans by using a credit scoring model that is based on current and historical past due statuses, indebtedness, loan-to-value measures ('LTV measures'), and the loan size. The forecasted business default rates, price of property and mortgage default rates may be factored into the Credit Scoring. The Credit Scoring Level and corresponding Probability of Default is documented and reviewed regularly by both Accounting and Credit Management Department.

Credit quality - Security held against loans

Note 7. Commercial loan receivables (continued)

	Consolidated 2024 $	Consolidated 2023 $
Secured by mortgage over real estate	95,683,634	76,328,637
Secured by other credit enhancement	632,813	646,300
	96,316,447	76,974,937

	Consolidated 2024 $	Consolidated 2023 $
Loan to valuation ratio of equal to or less than 70% - first mortgage	61,368,384	48,030,807
Loan to valuation ratio of equal to or less than 70% - second mortgage	4,059,653	7,452,147
Loan to valuation ratio of more than 70% - first mortgage	30,255,598	20,078,398
Loan to valuation ratio of more than 70% - second mortgage	632,812	1,413,585
	96,316,447	76,974,937

	Consolidated 2024 $	Consolidated 2023 $
LVR buckets		
0-60%	22,044,714	18,134,694
60.01%-70%	43,383,323	35,406,960
70.01%-75%	30,255,598	21,491,983
75%+	-	1,295,000
Other *	632,812	646,300
	96,316,447	76,974,937

* The security property of this default loan will be listed on market for sale. Following the completion of this potential sale, the entire remaining loan balance reduced by any credit enhancement received will be sold via a nonrecourse assignment. The credit enhancement includes financial guarantees from the directors of the borrower's parent entity. The Group's board of directors has reviewed and approved the potential transaction.

Concentration of loans
Concentration risk is a measurement of the Group's exposure to an individual counterparty (or a group of related parties). Concentration exposures to counterparties are closely monitored.

	Consolidated 2024 $	Consolidated 2023 $
Geographical concentrations		
New South Wales	77,994,503	54,078,443
Victoria	11,742,130	10,035,400
Queensland	1,256,607	8,377,500
South Australia	4,465,607	2,988,500
Australian Capital Territory	857,600	1,495,094
	96,316,447	76,974,937

Note 7. Commercial loan receivables (continued)

Impairment assessment
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.

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. As the Group's loan book has a term of 3-24 months, the Group measures a life time expect credit loss for the stage 1 and 2.

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 recognises loss allowances at an amount equal to lifetime (3-24 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 Group expects to receive).

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

Credit risk stage	Gross carrying amount	Impairment loss allowance	Credit impaired
30 June 2024			
Credit risk stage 1 and stage 2	95,721,104	-	No
Credit risk stage 3	593,543	-	Yes
30 June 2023			
Credit risk stage 1 and stage 2	76,328,637	-	No
Credit risk stage 3	646,300	-	Yes

The loan receivables have been assessed at individual loan level for ECL by the Group where the estimated recoverable amounts from disposal of the security held against the loans are all higher than the losses given default. Therefore, the Group assessed that the expected credit loss provision is nil at 30 June 2024 (30 June 2023: nil).

Use of judgements and estimates
The Group reviews individually commercial lending loans at each reporting date to assess whether an impairment loss should be recorded in the income statement. Judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors including forward looking information available at the time. Actual results may differ, resulting in future changes to the allowance.

Note 8. Intangible assets

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Finance licence	99,988	99,988
Website and IT system	357,270	357,270
Less: Accumulated amortisation	(343,038)	(333,550)
	14,232	23,720
	114,220	123,708

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 [(a)] $	Website and IT system [(b)] $	Total $
Balance at 1 July 2022	536,216	99,988	534,564	27,394	1,198,162
Additions	-	-	-	8,260	8,260
Disposals	(206,241)	-	(518,836)	-	(725,077)
Impairment of assets	(329,975)	-	(15,728)	-	(345,703)
Amortisation/written-down	-	-	-	(11,934)	(11,934)
Balance at 30 June 2023	-	99,988	-	23,720	123,708
Amortisation/written-down	-	-	-	(9,488)	(9,488)
Balance at 30 June 2024	-	99,988	-	14,232	114,220

a) Goodwill and rent roll assets
The Group’s wholly owned subsidiary N1 Realty Pty Ltd (N1 Realty) operates in the real estate segment. As at 30 June 2023, N1 Realty has disposed of its 100% ownership of Sydney Boutique Property Pty Ltd (SBP) which manages 138 commercial and residential properties under management agency agreements (Rent Roll) on 24 November 2022. N1 Realty has agreed to dispose of its 100% interest in SBP to SBP NO. 1 Pty Ltd for cash consideration of $725,077 (the Disposal). Accordingly, the Rent Roll and associated goodwill are recognised as non-current assets or disposal group classified as held for sale on 24 November 2022. The Disposal was completed on 10 March 2023. 20% of the purchase price was held by the buyer's solicitor's bank account as a retention.

Non-current assets or disposal group held for sale was recognised at the lower of its carrying amount and its fair value less costs to sell. Impairment losses of $329,975 for write-downs of the associated goodwill to the lower of its carrying amount and its fair value less costs to sell have been included in the statement of profit or loss and other comprehensive income in 2023 as impairment loss on goodwill. The remaining balances of non-current assets or disposal group held for sale was de-recognised on the completion date of the Disposal.

b) Website and IT System
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 2024 $	Consolidated 2023 $
Current		
Loans received for commercial lending (i)	25,225,780	19,200,000
Loans received in advance for commercial lending (ii)	-	400,000
Loans from other lenders (iii)	-	580,000
Loans from related parties (v)	600,000	1,200,000
	25,825,780	21,380,000

	Consolidated 2024 $	Consolidated 2023 $
Non-current		
Loans received for commercial lending (i)	4,488,797	3,780,000
Loans from financial institution (iv)	77,431,567	59,229,601
	81,920,364	63,009,601

i) Loan received for commercial lending
Loans received for commercial lending are the funds being raised for commercial loan lending to customers. They are unsecured. The loan terms of the loans are from 3 months to 2 years. Interest rates are fixed rate within each loan term, and the interest range is from 6% per year to 12.45% per year depends on the different loan terms. The outstanding loan balance as at 30 June 2024 is $29,714,577 (30 June 2023: $22,980,000).

ii) Loan received in advance for commercial lending
No fund received in advance as at 30 June 2024 (30 June 2023: $400,000).

iii) Loans from other lenders
The outstanding balance of unsecured loans from other lenders (non-related parties) as at 30 June 2024 is nil (30 June 2023: $580,000).

iv) Loans received from financial institutions
Loans received from financial institutions are the funds being raised for commercial loan lending to customers. As of 30 June 2024, the Company has drawdown a total of $83.1 million (30 June 2023: $59.6 million) of the $85.6 million (30 June 2023: $65 million) debt/warehouse facilities limit. The facilities maturity dates are on second half year of 2025.

The interest rates for all facilities are floating at 1-month BBSW (Bank Bill Swap Rate as administered by ASX Benchmark Pty Ltd) plus a margin. Transaction costs directly attributable to the facilities have been capitalised and are amortised over the facility term in the effective interest rate.

All facilities contain a number of undertakings and are secured by a general security deed over the Group's assets and are operating on an interest-only basis with a term of 24 months.

v) Loans from related parties
The outstanding loan balance of unsecured loans from related parties as at 30 June 2024 is $600,000 (30 June 2023: $1.2 million). The term of the loan is due within 1 year and interest rate is 10% per year.

Note 10. Events after the reporting period

N1 Holdings Limited has raised another $20 million under a new debt facility executed on 23 August 2024. The Facility has maturity date in July 2026 with a number of conditions.

Note 10. Events after the reporting period (continued)

No other matter or circumstance has arisen since 30 June 2024 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.