



9 April 2020

Company update

N1 Holdings Limited (ASX: **N1H** or the **Company**) provides the following update regarding its businesses.

As noted in its quarterly activity report, released on 7 April 2020, the Company had record cash receipts from customers for the quarter ended 31 March 2020. The Company attributes this result to the successful implementation of its post-IPO diversification strategy, particularly its expansion into the commercial lending and mortgage management space.

The following is an unaudited breakdown of the Company's revenues for the financial year to date (i.e., 1 July 2019 to 31 March 2020).

Commercial lending fee and interest	\$1,731,284.06	58.51%
Commercial broking	\$217,667.55	7.36%
Residential mortgage broking	\$404,496.50	13.67%
Residential mortgage management	\$28,995.50	0.98%
Mortgage brokering trail commission	\$93,624.61	3.16%
Real estate	\$371,121.66	12.54%
Migration	\$54,724.49	1.85%
Other	\$57,213.65	1.93%
Total	\$2,959,128.02	100.00%

Earlier this year, the Federal Government passed legislation to create a new duty for mortgage brokers to act in the best interests of consumers and where there is a conflict to prioritise consumers' interests when providing credit assistance. This legislation was in response to a recommendation from the Hayne Royal Commission that mortgage brokers be subject to the same best interests duties as financial advisers. The best interests duty will apply to mortgage brokers from 1 July 2020. Although ASIC released a consultation paper setting out its draft guidance on the duty, there is some uncertainty as to how the introduction of the best interests duty will affect the Company's mortgage broking business (noting that the Company also distributes its own branded mortgage products). The Company is currently reviewing this aspect of its business and may need to make revisions to its mortgage broking and mortgage management model in order to remain compliant with the new laws.

The Company announced the disposal of its book of trail commissions on 9 August 2019. Although 85% of the total consideration was paid on or about the settlement date, the remaining 15% was retained by the purchaser for periodic release over the two years post-settlement. Under the terms of the sale, the purchaser is entitled to set off any clawback of upfront commissions from the retained amount during the two-year period. The Company is currently engaged in a dispute with the purchaser following attempts to recover amounts due to the Company of amounts retained. In response the purchaser has instituted proceedings against N1H and related entities claiming that it engaged in misleading conduct in the sale of the book. The Company rejects the purchaser's claim in its entirety, intends to vigorously defend itself and will pursue the purchaser for amounts due and payable as well as legal costs. The Company will keep the market updated as the situation further develops.

Authorised for release by the Chairman.

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About N1 Holdings Limited (ASX: N1H)

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

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