Sydney 7 February 2018

FLEXIGROUP TO TRANSFORM CONSUMER LEASING BUSINESS WITH INNOVATIVE NEW PRODUCT

FlexiGroup Limited (ASX:FXL) ("FlexiGroup" or "the Group") today announced that it will be launching a new consumer lease product in mid-February 2018, full details of which will be provided at the 1H FY18 results announcement on 20 February 2018. This product was developed in response to increasingly sophisticated consumers and their need to access more cost effective and flexible means of acquiring evolving technology.

Responding to retail and consumer insights, the Group's new consumer lease brand recognises demand for 'owning less, enjoying more' – and for having freedom to enjoy the latest product technology releases.

FlexiGroup has developed a compelling customer value proposition that offers transparency, value for money and simplicity – with a frictionless customer acquisition process in store and online. In addition, customers will be afforded with an easy, no cost pathway to upgrade their technology prior to the end of the lease term.

This will be the first product in market to early adopt a range of government panel recommendations relating to consumer lease products.

This simpler consumer lease product, delivered digitally, will be launched with a major retailer in February. The existing FlexiRent brand will be retired over time and the portfolio will be run down over the next few years.

As a result, the Group will impair the carrying value of goodwill, acquired intangibles and other assets relating to the existing FlexiRent business and this will result in a post-tax write-off of goodwill and acquired intangible assets of $76.2 million and capitalised development software of $12.9 million. This has no bearing on cash. It is a book entry that reflects the product's evolution to a digital finance business after 24 years of being in business.

The Group's expectation of meeting its Cash NPAT guidance of $85-$90 million for FY18 remains unchanged by these non-cash, non-recurring impairments. The reduction in software amortisation resulting from the write-off of the capitalised development software will improve reported Cash NPAT in 2H FY18 by approximately $1 million.

The impairment charge will have no adverse effect on FlexiGroup's interim and final dividends as these are determined by the Group's Cash NPAT. In addition, there will be no impact on any financial covenants in place.

FlexiGroup will announce its 1H FY18 results on 20 February 2018.

For further information:

Investors/Analysts
Ross Aucutt
Group Chief Financial Officer, FlexiGroup
T. 02 8905 2178

Media
Citadel-MAGNUS
Helen McCombie T: 0411 756 248
James Strong T: 0448 881 174

ABOUT FLEXIGROUP

FlexiGroup is a diversified financial services group providing “no interest ever”, leasing, vendor finance programs, interest free and credit cards, lay-by and other finance solutions to consumers and businesses.

Through its network of over 20,000 merchant, vendor and retail partners the Group has extensive access to four key markets, Business to Consumer, Business to Business, Retail to Consumers (and small business customers) and online.

Performance has been characterised by solid profitable growth as the company has expanded and diversified its business through organic growth, acquisition and product innovation. This diversification strategy has been extended to the large $45bn credit card market with the acquisition of Lombard, Once Credit and Q Card.

FlexiGroup operates in Australia, New Zealand and Ireland within a diverse range of industries including: home improvement, solar energy, fitness, IT, electrical appliances, travel and trade equipment.

The Board of FlexiGroup is chaired by Andrew Abercrombie who is the founding director and ~24% shareholder in FlexiGroup. The Board also includes Symon Brewis-Weston, the FlexiGroup CEO, Rajeev Dhawan, Jodie Leonard and Christine Christian.