

20 March 2020

flexigroup business update

FlexiGroup Limited (ASX: FXL) (“**flexigroup**”) today provides a business update in light of market developments and highlights the following points:

- **Robust and diverse funding base:** **flexigroup** is confident that its warehouse facilities and corporate facilities with banks are sufficient to fund its operations on an ongoing basis in the event that securitisation markets were unavailable to non-bank lenders. In addition, **flexigroup** notes the announcement by the Australian Government yesterday of its intention to provide support to non-bank lenders through the Australian Office of Financial Management and welcomes that support in the interests of small to medium businesses and consumers.
- **Volumes adjustable:** In the current economic environment, the prudent decision has been made to withdraw the transaction volume growth objective of between 10 and 15% for FY20. The company will manage new business volumes closely, maintaining credit quality and if required, slow volume growth to further address utilisation of existing headroom under **flexigroup**’s debt facilities.
- **Prudent credit risk management policies:** **flexigroup** has grown in recent times without lowering credit standards – as evidenced by increasing volumes and reduced net losses as a percentage of average net receivables. The company has accurate and reliable predictive models for the relationship between approval rates and losses which continue to be refined to accommodate the changing economic environment. Any change to losses as a result of COVID-19 is expected to be within risk tolerance parameters.
- **Profitable business:** Unlike a number of Buy Now Pay Later (BNPL) companies, **flexigroup** has delivered sustainable profits and has maintained a double-digit return on equity since FY14. **flexigroup** delivered over \$100 million pre-tax profit in FY19. While profits are likely to be lower in FY20 due to market conditions and investments as part of its three-year transformation plan, and the company is withdrawing guidance regarding target return on equity in FY20, it continues to be a very profitable business.
- **Diverse business:** **flexigroup** is a diverse business in Australia, New Zealand and Ireland with products including BNPL, credit cards and commercial lending and leasing. No individual business reporting segment contributes more than 35% of group pre-tax profit. The diversity of **flexigroup** is a key differentiator of the business.
- **Attractive customer profile:** Across all **flexigroup** segments over 75% of our customers are over the age of 35, with a strong penetration of home ownership, and the businesses that we support have been trading on average for more than four years.

Authorised for release by the **flexigroup** Board.

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ABOUT FLEXIGROUP

***flexigroup** provides a diverse range of finance solutions to consumers and business through a network of retail and business partners. This includes Buy Now Pay Later products, credit cards and consumer and business leasing. **flexigroup** has been operating in Australia for over 30 years, has partnerships with 69,000 sellers and now serves over 1.8 million customers across Australia, New Zealand and Ireland. For more information visit: flexigroup.com.au*