



31 July 2020

flexigroup Full Year 2020 Trading Update

- Transaction volumes of \$2.5 billion across continuing products in FY20, up 16% on FY19¹
- Unaudited FY20 Cash NPAT is expected to be \$29m
- Cash NPAT includes a macro overlay provision of \$31m (post tax) relating to the projected impact of economic conditions due to the COVID-19 pandemic
- Cash NPAT before this provision is expected to be \$60m
- Unaudited net losses² / average net receivables across all products of 4.1%, a 10bps improvement on FY19

FlexiGroup Limited (ASX: FXL) ("**flexigroup**" or "Company") today provides a trading update in relation to its unaudited financial results for the year ended 30 June 2020 ("FY20").

Well progressed against its transformation strategy, **flexigroup** continues to demonstrate strong momentum by processing transaction volumes of \$2.5 billion across its continuing products in FY20, up 16% on FY19¹.

Based on unaudited accounts, **flexigroup** expects to report Cash NPAT for FY20 of \$29m. This includes a macro overlay provision of \$31m (post tax). This forward looking provision relates to the projected impact of economic conditions due to COVID-19.

flexigroup benefits from a diverse business model with a product suite that spans Buy Now Pay Later (BNPL), credit cards and SME lending, which is a significant strength in a challenging economic environment. **flexigroup** continues to support its customers and generate sustainable profits. The Company also continues to closely monitor the impacts of COVID-19 on its customers, and for signs of recovery in the domestic and global economy.

From the beginning of March 2020, **flexigroup** has made pre-emptive adjustments across its portfolio to accommodate expected future increases in unemployment. The Company has also taken a proactive and supportive approach to assist its customers, including an outbound contact program for those who had requested hardship assistance, to discuss their financial position and offer support. This has been well received, and is having a positive effect with customers, many of whom are now feeling in a position to commence repayments or to enter into payment programs. Additionally, the number of hardship requests from existing customers peaked in April 2020 and new requests are now similar to pre-COVID-19 levels.

Against a challenging backdrop of bushfire relief and COVID-19 support, these actions have helped deliver unaudited net losses² / average net receivables performance of 4.1% in FY20 (FY19: 4.2%).

Funding update

As at 30 June 2020, **flexigroup** had committed wholesale funding facility headroom of \$603m, and \$145m undrawn corporate debt facilities and unrestricted cash representing net gearing of 29%³.

¹ Excluding Consumer Leasing, Once and Lombard which have ceased.

² Net losses include gross bad debt write offs less recoveries

³ Gearing is recourse (corporate) borrowings as a percentage of equity excluding intangible assets.

flexigroup is also pleased to announce delegate approval from the Australian Office of Financial Management through the Structured Finance Support Fund of up to \$114m of investment into **flexigroup**'s Australian wholesale funding facilities.

Rebecca James, Chief Executive Officer of **flexigroup** said:

"The increased macro overlay provision is a necessary and prudent step as we continue to manage the continued economic uncertainty as a result of COVID-19. What's particularly reassuring is that despite the significant economic headwinds experienced this year for both the business and our customers, we've continued to manage the portfolio in a prudent way."

Andrew Abercrombie, Chairman of **flexigroup** said:

*"This is a strong result, which has seen **humm** become the only BNPL product which has produced both profits and growth in exceptionally challenging economic circumstances. Balance sheet debt was also reduced during the period notwithstanding the growth in the business."*

*"The successful execution of our transformation strategy by the Management Team over the last twelve months has seen **flexigroup** become one of the largest interest free instalment providers in Australia and New Zealand, with 2.1 million customers and 56,000 merchants. The record customer and retailer numbers experienced over the course of FY20 also put **flexigroup** in a strong position heading into FY21, supporting future volume growth across our products."*

flexigroup will report its FY20 results on 26 August 2020.

-ENDS-

Authorised for release by the Board of Directors.

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ABOUT FLEXIGROUP

flexigroup is a diversified full service payments company with leading offerings in buy now pay later, revolving credit and SME finance. Serving a broad footprint of millennial spenders, through to young families and small and medium businesses, it facilitates purchases for over 2.2 million customers. For more information visit: flexigroup.com.au