



2 September 2020

flexigroup dispatches retail entitlement offer booklet

FlexiGroup Limited ACN 122 574 583 (ASX: FXL) (**FXL** or **flexigroup**) is pleased to announce that it has today dispatched a copy of the retail offer booklet (and accompanying personalised entitlement and acceptance form) (**Retail Offer Booklet**) to eligible retail shareholders of **flexigroup**, which contains information about the retail component of **flexigroup**'s partially underwritten pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares (**New Shares**), details of which were announced to ASX on Wednesday, 26 August 2020 (**Entitlement Offer**).

A letter to retail shareholders who are ineligible to participate in the Entitlement Offer notifying them of the Entitlement Offer and their ineligibility to participate has also been dispatched.

A copy of the Retail Offer Booklet and the letter to ineligible retail shareholders is attached.

A copy of the Retail Offer Booklet is also accessible to eligible retail shareholders at <https://events.miracle.com/fxl-offer> or <https://investors.flexigroup.com.au/investor-centre>.

Retail Entitlement Offer

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) opens today, Wednesday, 2 September 2020, and is expected to close at 5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020.

Application monies must be received prior to that time, in accordance with the Retail Offer Booklet and the personalised entitlement and acceptance form.

Shareholder enquiries

Eligible retail shareholders are encouraged to carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer.

For further information in regard to the Retail Entitlement Offer, please do not hesitate to contact the Offer Information Line on 1800 881 432 (local call cost within Australia) or +61 1800 881 432 (from outside Australia) at any time between 8.30am and 5.00pm (AEST), Monday to Friday.

-ENDS-

Authorised for release by the **flexigroup** Disclosure Committee.

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ABOUT FLEXIGROUP (ASX: FXL)

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

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares to be offered and sold in the Retail Entitlement Offer have not been, and will not be, registered under the United States Securities Act of 1933 (the **U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the New Shares may not be offered or sold to persons in the United States, unless they have been registered under the U.S. Securities Act, or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with an investment in FXL.



FLEXIGROUP LIMITED

ACN 122 574 583

Retail Entitlement Offer

1 for 3.2 pro rata accelerated non-renounceable entitlement offer of fully paid ordinary shares in the Company at an issue price of \$1.14 per New Share

Retail Entitlement Offer closes: 5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020 (unless extended). Valid Applications must be received before that time.

If you are an Eligible Retail Shareholder, this Retail Offer Booklet together with the personalised Entitlement and Acceptance Form which accompanies it are important documents that require your immediate attention. These documents should be read in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with the Australian Securities and Investments Commission. You should consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions. If you have any questions about the Retail Entitlement Offer, please contact the FXL Offer Information Line on 1800 881 432 (from within Australia) or +61 1800 881 432 (from outside Australia) at any time between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

IMPORTANT NOTICES

This Retail Offer Booklet is dated 2 September 2020. Capitalised terms used in this Retail Offer Booklet have the meaning given to them in Section 7 of this Retail Offer Booklet.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

The Retail Entitlement Offer is made pursuant to section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), which allows entitlement offers to be made without a prospectus or other disclosure document. As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read carefully and understand this Retail Offer Booklet and the information about the Company and the Retail Entitlement Offer made publicly available, prior to deciding whether to take up all or part of their Entitlement or do nothing in respect of their Entitlement.

This Retail Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs. The Company is not licensed to provide financial product advice. No cooling off regime applies to the acquisition of New Shares.

This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY^{®1} in accordance with the instructions on the Entitlement and Acceptance Form, you will be deemed to have acknowledged that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

No overseas offering

This Retail Offer Booklet (including the accompanying Entitlement and Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States or to any person acting for the account or benefit of any person in the United States.

This Retail Offer Booklet is not to be distributed in, and no offer of New Shares is to be made under the Retail Entitlement Offer, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Shares or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for FXL to lawfully receive your Application Monies.

New Zealand

The New Shares New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Retail Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Retail Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

None of the information in this Retail Offer Booklet or the personalised Entitlement and Acceptance Form accompanying it when it is dispatched to Eligible Retail Shareholders (as set out in the "Key dates" section) constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. Neither this Retail Offer Booklet (or any part of it) nor the personalised Entitlement and Acceptance Form, when made available, may be released or distributed, directly or indirectly, to persons in the United States.

Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States. Neither the Entitlements or the New Shares may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable U.S. states securities laws. The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer described in this Retail Offer Booklet may only be offered and sold outside the United States in "offshore transactions" (as defined in Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Definitions, currency and time

Defined terms used in this Retail Offer Booklet are contained in Section 7. All references to time are to Sydney, Australia time, unless otherwise indicated.

Foreign exchange

All references to '\$' are AUD unless otherwise noted.

Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 6 provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of participation in the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. FXL recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

Privacy

FXL collects information about each Applicant provided on an Applicant's personalised Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in FXL.

By submitting your personalised Entitlement and Acceptance Form, you will be providing personal information to FXL (directly or through its Share Registry). FXL collects, holds and will use that information to assess your Application. FXL collects your personal information to process and administer your shareholding in FXL and to provide related services to you. FXL may disclose your personal information for purposes related to your shareholding in FXL, including to its Share Registry, FXL's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that FXL holds about you. To make a request for access to your personal information held by (or on behalf of) FXL, please contact FXL through its Share Registry.

Governing law

This Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet may not be relied upon as having been authorised by FXL, its related bodies corporate or any of their respective directors, officers, employees, agents, advisers or representatives. Except as required by law, and only to the extent so required, none of FXL, its related bodies corporate or any of their respective directors, officers, employees, agents, advisers or representatives, or any other person, warrants or guarantees the future performance of FXL or any return on any investment made pursuant to this Retail Offer Booklet.

Past performance

¹ © registered to BPAY Pty Ltd ABN 69 079 137 518.

Investors should note that any past performance information given in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future FXL performance, including future share price performance.

Future performance and forward-looking statements

This Retail Offer Booklet contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "should", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance", "project", "forecast", "likely", "could", "target" or other similar words or expressions, and include statements in this Retail Offer Booklet regarding certain plans, strategies and objectives of management of FXL and indications of, and guidance or outlook on, expected financial performance or position, future earnings, distributions, the conduct and outcome of the Entitlement Offer and the use of proceeds.

The forward-looking statements contained in this Retail Offer Booklet involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond the control of FXL, subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Retail Offer Booklet in light of those disclosures.

Neither FXL, nor any other person, gives any representation, warranty, assurance nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement actually occur. FXL disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and FXL disclaims any responsibility to update or revise any forward-looking statement to reflect any change in FXL's financial condition, status, expectations or affairs or any change in events, conditions or circumstances on which a statement is based, except as required by law.

Risks

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of FXL, including possible delays in repayment and loss of income and principal invested. FXL does not guarantee any particular rate of return or the performance of FXL, nor does it guarantee the repayment of capital from FXL or any particular tax treatment.

Shareholders should refer to the "Key risks" section of the Investor Presentation included in Section 4 of this Retail Entitlement Offer Booklet for a summary of general and specific risk factors that may affect FXL.

Trading New Shares

FXL will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by FXL or its Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

Chairman's letter

2 September 2020

Dear Shareholder,

As a valued shareholder of FlexiGroup Limited ACN 122 574 583 (**FXL** or the **Company**), I am pleased to offer you the opportunity to participate in FXL's recently announced 1 for 3.2 pro rata accelerated non-renounceable partially underwritten retail entitlement offer of new FXL fully paid ordinary shares (**New Shares**) at an offer price of \$1.14 (**Offer Price**) per New Share to raise approximately \$140 million.

Entitlement Offer and use of proceeds

On Wednesday, 26 August 2020, FXL announced its intention to raise approximately \$140 million to increase the Company's balance sheet flexibility, through a pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**). The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) was fully underwritten by Citigroup Global Markets Australia Pty Limited (**Lead Manager**). 50% of the retail component of the Entitlement Offer (**Retail Entitlement Offer**) will be underwritten by the Lead Manager. The balance of the Retail Entitlement Offer will not be underwritten by the Lead Manager or any other party.

The Institutional Entitlement Offer was offered at the Offer Price and successfully completed before trading in FXL Shares recommenced on ASX on Friday, 28 August 2020 raising approximately \$90 million.

This Retail Entitlement Offer booklet (**Retail Offer Booklet**) relates to the Retail Entitlement Offer which is underwritten as to 50% of the New Shares to be offered under the Retail Entitlement Offer by the Lead Manager. The Retail Entitlement Offer is seeking to raise approximately \$50 million.

Details of the Entitlement Offer

As noted above, the Entitlement Offer comprises an accelerated institutional component which raised approximately \$90 million and a retail component which seeks to raise approximately \$50 million.

As noted above, the Institutional Entitlement Offer was fully underwritten by the Lead Manager.

The Retail Entitlement Offer opens at 9.00am (Sydney, Australia time) on Wednesday, 2 September 2020 and closes at 5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020.

Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders in Australia and New Zealand will have the opportunity to invest at the same price as the Institutional Shareholders and investors who participated in the Institutional Entitlement Offer. The number of New Shares for which you are entitled to subscribe under the Retail Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form which accompanies this Retail Offer Booklet.

The Entitlement Offer is non-renounceable and therefore your Entitlement will not be tradeable on the ASX or any other exchange, cannot be sold and is not otherwise transferable. This means that Eligible Retail Shareholders (as defined in Section 7 of this Retail Offer Booklet) who do not take up their Entitlements will not receive any value for those Entitlements and their proportionate interest in FXL will be diluted.

Eligible Retail Shareholders are entitled to subscribe for 1 new Share (**New Share**) at the Offer Price for every 3.2 existing Shares in FXL (**Existing Shares**) held at 7.00pm (Sydney, Australia time) on Friday, 28 August 2020 (**Record Date**) (**Entitlement**). New Shares issued under the Entitlement Offer will rank equally with existing Shares from their date of issue.

The Offer Price of \$1.14 per New Share represents:

- a discount of approximately 12.6% to the last closing price of FXL Shares as traded on ASX before announcement of the Entitlement Offer (being \$1.305 on 25 August 2020); and
- a discount of approximately 10.0% to the theoretical ex-rights price (**TERP**) of \$1.266.²

How to apply

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement.

The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020. To participate, you should ensure that you have completed your Application by paying the relevant application monies (**Application Monies**) by BPAY® before this time in the manner described in this Retail Offer Booklet. If you are unable to pay by BPAY® (for example if you are based in New Zealand and do not have an Australian bank account), you are able to pay by cheque.

Further information

Further information on the Retail Entitlement Offer and FXL's business is detailed in this Retail Offer Booklet. You should carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the 'Key risks' section of the Investor Presentation included in Section 4 of this Retail Offer Booklet, which contains a summary of some of the key risks associated with an investment in FXL.

If you have any questions in respect of the Retail Entitlement Offer, please call the FXL Offer Information Line on 1800 881 432 (within Australia) or +61 1800 881 432 (outside Australia) at any time from 8.30am to 5.30pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period. This Retail Offer Booklet contains detailed information about the Offer, including instructions on how to participate should you choose to do so. Please read this Retail Offer Booklet carefully and in its entirety before choosing to participate in the Retail Entitlement Offer.

On behalf of my fellow FXL directors, I look forward to welcoming your participation in the Retail Entitlement Offer and your continued ownership of FXL.

Yours sincerely,



Andrew Abercrombie
Chairman
FlexiGroup Limited

² TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares traded on ASX immediately after the ex-date for the Offer depended on many factors and may not have been equal to TERP. TERP is calculated by reference to the closing price of FXL's Shares as traded on ASX of \$1.305 on Tuesday, 25 August 2020, being the last trading day prior to the announcement of the Entitlement Offer.

Summary of Offer

Institutional Entitlement Offer	
Ratio	1 New Share for every 3.2 Existing Shares held
Offer Price	\$1.14 per New Share
Size	Approximately 79 million New Shares
Gross proceeds	Approximately \$90million
Retail Entitlement Offer	
Ratio	1 New Share for every 3.2 Existing Shares held (same as Institutional Entitlement Offer)
Offer Price	\$1.14 per New Share (same as Institutional Entitlement Offer)
Maximum size³	Approximately 43.9 million New Shares
Maximum gross proceeds¹	Approximately \$50 million
Total gross proceeds	
Expected total gross proceeds of the Entitlement Offer¹	Approximately \$140 million

Key dates

Activity	Date
Announcement of the Entitlement Offer	Wednesday, 26 August 2020
Record Date for Offer (7.00pm Sydney, Australia time)	Friday, 28 August 2020
Retail Offer Booklet lodged with ASX	Wednesday, 2 September 2020
Retail Offer Booklet and Entitlement and Acceptance Form despatched to Eligible Retail Shareholders	Wednesday, 2 September 2020
Retail Entitlement Offer opens (9.00am Sydney, Australia time)	Wednesday, 2 September 2020
Issue of New Shares under the Institutional Entitlement Offer	Thursday, 3 September 2020
New Shares issued under the Institutional Entitlement Offer to commence trading on ASX	Thursday, 3 September 2020
Retail Entitlement Offer closes (5.00pm Sydney, Australia time)	Tuesday, 15 September 2020
Issue of New Shares issued under the Retail Entitlement Offer	Tuesday, 22 September 2020
Normal ASX trading for New Shares issued under the Retail Entitlement Offer commences	Wednesday, 23 September 2020
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Wednesday, 23 September 2020

This timetable above (and each reference thereto or to dates therein in this Retail Offer Booklet) is indicative only and subject to change without notice. All times and dates in the timetable refer to Sydney, Australia time. FXL and the Lead Manager reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, FXL and the Lead Manager reserve the right to extend the closing date for the Retail Entitlement Offer, to accept late

³ Assumes all Eligible Retail Shareholders take up their Entitlements in full under the Retail Entitlement Offer.

Applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

FXL also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

Enquiries

If you have any doubt about whether you should participate in the Retail Entitlement Offer, you should seek professional financial advice from your stockbroker, solicitor, accountant or other professional adviser before making any investment decision.

If you have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement or have lost your Entitlement and Acceptance Form and would like a replacement form, please call

1800 881 432 (inside Australia) and +61 1800 881 432 (outside Australia) between 8.30am and 5.30pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period.

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1 Summary of options available to you

If you are an Eligible Retail Shareholder⁴, you may take one of the following actions:

- take up all of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for the lapsed Entitlement; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement.

Options available to you	Key considerations
Option 1: Take up all of your Entitlement	<ul style="list-style-type: none">• You may elect to purchase New Shares at the Offer Price (see Section 3 "How to apply" for instructions on how to take up your Entitlement).• The New Shares will rank equally in all respects with Existing Shares from their date of issue (including rights to dividends and distributions).• The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020.• Note, you are not entitled to subscribe for New Shares in excess of your Entitlement.
Option 2: Take up part of your Entitlement	<ul style="list-style-type: none">• If you only take up part of your Entitlement, the part not taken up will lapse and the New Shares not subscribed for will form part of the Shortfall.• If you do not take up your Entitlement in full, you will not receive any payment or value for that part of your Entitlement not taken up.• If you do not take up your Entitlement in full, you will have your percentage Shareholding in FXL reduced as a result of the Offer.
Option 3: Do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement	<ul style="list-style-type: none">• If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlement will lapse.• The New Shares not subscribed for will form part of the Shortfall.• Your Entitlement is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred.

⁴ See Section 5.3 of this Retail Offer Booklet.

- If you do not take up your Entitlement, you will not receive any payment or value for your Entitlement.
- If you do not take up your Entitlement, you will have your percentage holding in FXL reduced as a result of the Entitlement Offer.

If you are a retail Shareholder that is not an Eligible Retail Shareholder, you are an **Ineligible Retail Shareholder**. Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer.

2 Overview of the Entitlement Offer

2.1 Overview

FXL intends to raise approximately \$140 million under the Entitlement Offer via an offer of approximately 123.2 million New Shares at an Offer Price of \$1.14 per New Share.

FXL will use the proceeds of the Entitlement Offer to create additional balance sheet flexibility to take advantage of the opportunities presented by the unification of its strong customer propositions under the humm brand.. The Offer has two components:

- (a) the Institutional Entitlement Offer – Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to allocate New Shares on account of Entitlements not taken up by Eligible Institutional Shareholders as well as New Shares that otherwise would have been offered to Ineligible Shareholders at the Offer Price was carried out, to raise approximately \$90 million; and
- (b) the Retail Entitlement Offer (to which this Retail Offer Booklet relates) – Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement. The Retail Entitlement Offer is expected to raise approximately \$50 million if all Eligible Retail Shareholders take up their Entitlements in full.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements cannot be traded on the ASX, nor can they be sold, transferred or otherwise disposed of.

New Shares issued under the Retail Entitlement Offer are to be issued at the same price as New Shares issued under the Institutional Entitlement Offer. In addition, Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.

The Institutional Entitlement Offer was fully underwritten by the Lead Manager and the Retail Entitlement Offer is 50% underwritten by the Lead Manager in accordance with the terms of the Underwriting Agreement (as summarised in Section 5.7 of this Retail Offer Booklet).

2.2 Institutional Entitlement Offer

FXL has already raised approximately \$90 million from Eligible Institutional Shareholders and investors as part of the Institutional Entitlement Offer, at \$1.14 per New Share.⁵

New Shares are expected to be issued under the Institutional Entitlement Offer on Tuesday, 22 September 2020.

2.3 Retail Entitlement Offer

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84)) which allows entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on FXL and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the materials in Section 4 of this Retail Offer Booklet and other announcements made available at asx.com.au and all other parts of this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

⁵ Settlement of the Institutional Entitlement Offer is due to occur on Wednesday, 2 September 2020 and is subject to certain conditions and termination events. Refer to Section 5.7.

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 3.2 Existing Shares held on the Record Date. The Retail Entitlement Offer is 50% underwritten.

The Retail Entitlement Offer opens on Wednesday, 2 September 2020. This is also the date when the Retail Offer Booklet will be dispatched, along with a personalised Entitlement and Acceptance Form, to Eligible Retail Shareholders. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020.

3 How to apply

3.1 Retail Entitlement Offer

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 3.2 Existing Shares held on the Record Date at 7.00pm (Sydney, Australia time) on Friday, 28 August 2020. The Offer Price of \$1.14 per New Share represents a discount of 10.0% to the TERP of \$1.266. The Retail Entitlement Offer will be 50% underwritten by the Lead Manager. The balance of the Retail Entitlement Offer will not be underwritten by the Lead Manager or any other party.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be sold, transferred or otherwise disposed of.

The Retail Entitlement Offer opens on Wednesday, 2 September 2020. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020.

3.2 Your Entitlement

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 3.2 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) accompanies this Retail Offer Booklet. Eligible Retail Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Please note that the Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Retail Shareholders in Section 5.3 of this Retail Offer Booklet). Eligible Retail Shareholders should be aware that an investment in FXL involves risks. The key risks identified by FXL are set out in the 'Key risks' section of the Investor Presentation (see Section 4 of this Retail Offer Booklet).

3.3 Nominees

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders (see definition of Eligible Retail Shareholder in the 'Additional information' section). The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Entitlement Offer). Nominees and custodians may not distribute any part of this booklet, and may not permit any beneficial shareholders to participate in the Entitlement Offer, in any country outside Australia and New Zealand, without the consent of the Company. Any person that is in the United States or is a U.S. Person, or that is acting for the account or benefit of a person in the United States or a U.S. Person, will not be able to acquire the New Shares.

3.4 Options available to you

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the Entitlement and Acceptance Form that accompanies this Retail Offer Booklet. Eligible Retail Shareholders may:

- (a) take up their Entitlement in full by the Closing Date (refer to Section 3.5);
- (b) take up part of their Entitlement by the Closing Date, in which case the balance of their Entitlement would lapse (refer to Section 3.6); or
- (c) do nothing and allow their Entitlement to lapse (refer to section 3.7).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Ineligible Retail Shareholders may not take up all or part of their Entitlement.

FXL reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Retail Entitlement Offer is **5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020** (however, that date may be varied by FXL, in accordance with the ASX Listing Rules and applicable law).

3.5 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, payment must be made via BPAY® if possible. Eligible Retail Shareholders based in New Zealand who do not have an Australian bank account will be able to pay by cheque in Australian currency. Payments must be made by following the instructions set out on the Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney, Australia time) on the Closing Date (ie Tuesday, 15 September 2020).

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders). If you wish to advise or change your banking instructions with the Share Registry you may do so by going to logging into <https://events.miraqle.com/fxl-offer> before the Entitlement Offer closes.

3.6 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, payment must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. If FXL receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an Application for as many New Shares as your Application Monies will pay for in full.

3.7 Allowing your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and your Entitlement will lapse.

3.8 Consequences of not taking up all or part of your Entitlement

By allowing all or part of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares representing that part of your Entitlement not taken up and you will not receive any value for that part of your Entitlement. Your interest in FXL will also be diluted.

3.9 Payment

Payment should be made using BPAY® if possible. Eligible Retail Shareholders who do not have an Australian bank account will be able to pay by cheque in Australian currency (see below at Section 3.11).

Cash payments will not be accepted. Receipts for payment will not be issued.

The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

3.10 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Please note that by paying by BPAY®:

- (a) you do not need to submit your Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.12 of this Retail Offer Booklet; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Sydney, Australia time) on the Closing Date (ie Tuesday, 15 September 2020). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

3.11 If you are unable to pay by BPAY®

FXL encourages payments by BPAY® if possible.

If you are unable to pay by BPAY® and wish to make a payment by cheque, you should complete your Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque in Australian currency for the amount of the Application Monies, payable to 'FXL Retail Offer' and crossed 'Not Negotiable'.

It is your responsibility to ensure that your payment by cheque is received by the Share Registry by no later than 5.00pm (Sydney, Australia time) on the Closing Date (ie Tuesday, 15 September 2020) at the address set out below:

Mailing Address

FlexiGroup Limited
C/- Link Market Services Limited
Locked Box A14
Sydney South, NSW 1235

Hand Delivery

FlexiGroup Limited
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 (please do not use this address for mailing purposes)

You must ensure cleared funds are held in your account as your cheque will be banked as soon as it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque must be:

- a) for an amount equal to \$1.14 multiplied by the number of New Shares that you are applying for; and
- b) in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

3.12 Payment through BPAY® or submission of Entitlement and Acceptance Form is binding

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. FXL's decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by BPAY® or by completing and returning your Entitlement and Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are (or the person on whose account you are acting is) an Eligible Retail Shareholder;
- (b) you have read and understood this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety;
- (c) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (and accompanying Entitlement and Acceptance Form), and FXL's constitution;
- (d) you authorise FXL to register you as the holder(s) of New Shares issued to you;
- (e) all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;
- (g) you acknowledge that once FXL receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (h) you agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®;
- (i) you authorise FXL, the Lead Manager, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you,

including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;

- (j) you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date and are an Eligible Retail Shareholder;
- (k) the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (l) this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in FXL and is given in the context of FXL's past and ongoing continuous disclosure announcements to ASX;
- (m) the Retail Entitlement Offer is being 50% underwritten;
- (n) you have read and understood the statement of risks in the 'Key risks' section of the Investor Presentation included in Section 4 of this Retail Offer Booklet, and that investments in FXL are subject to risks;
- (o) you acknowledge that none of FXL, the Lead Manager, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of FXL, nor do they guarantee the repayment of capital;
- (p) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- (q) you authorise FXL, the Lead Manager, the Share Registry and their respective officers or agents to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (r) for the benefit of FXL, the Lead Manager and their respective related bodies corporate and affiliates, that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (s) determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and Share Registry constraints and the discretion of FXL and / or the Lead Manager, and each of FXL and the Lead Manager and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;
- (t) the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- (u) for the benefit of FXL, the Lead Manager and their respective related bodies corporate and affiliates, that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (v) you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be taken by persons in

the United States or by persons who are acting for the account or benefit of a person in the United States;

- (w) if you are in the United States and/or are acting for the account or benefit of a person in the United States, you are subscribing for or purchasing the New Shares in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- (x) you are not engaged in the business of distributing securities;
- (y) you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
- (z) if in the future you decide to sell or otherwise transfer the New Shares acquired under the Retail Entitlement Offer you will only do so in "regular way" transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;
- (aa) you are eligible under applicable securities laws to exercise Entitlements and acquire New Shares under the Retail Entitlement Offer; and
- (bb) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

3.13 Brokerage and stamp duty

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Retail Entitlement Offer.

3.14 Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees or custodians with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from FXL. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- (b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- (c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- (d) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States.

FXL is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. FXL is not able to advise on foreign laws.

For the avoidance of doubt, FXL reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

FXL also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

3.15 Withdrawal of the Entitlement Offer

Subject to applicable law, FXL reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case FXL will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders).

3.16 Risks

Eligible Retail Shareholders should be aware that an investment in FXL involves risks. The key risks identified by FXL are set out in the Investor Presentation in Section 4 of this Retail Offer Booklet, but these are not an exhaustive list of the risks associated with an investment in the Shares.

3.17 Further enquiries

If you have not received or you have lost your Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Share Registry on 1800 881 432 (within Australia) and +61 1800 881 432 (outside of Australia) at any time from 8.30am to 5.30pm (Sydney, Australia time) Monday to Friday, before the Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on the Closing Date (ie Tuesday, 15 September 2020). If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

4 ASX Announcement and Investor Presentation

26 August 2020

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

flexigroup announces 2020 full year results, strategy update and equity raising

FY20 RESULTS HIGHLIGHTS

- FY20 Statutory Net Profit After Tax (**NPAT**) of \$21.4m and Cash NPAT¹ of \$29.2m, reflecting COVID-19 macro overlay provision
- 2.3 million active customers, up 30% on prior year
- 73,000 retail and commercial partners, up 13% on prior year
- \$2.5 billion in transaction volume, up 17%² on prior year
- Cost to income ratio of 49% (FY19: 48%)

STRATEGY UPDATE AND EQUITY RAISING

- Continuing to deliver on our key strategic pillars with significant rationalisation of products while achieving double digit volume growth and strong customer engagement
- **flexigroup** products will unify under our most recognised and loved brand, **hummm**, to create a seamless checkout ecosystem to harness the natural synergies across our consumer and SME offerings
- Announcing an equity raising via a 1 for 3.20 entitlement offer with total offer size of ~\$140 million and total estimated underwritten amount of ~\$115 million to provide balance sheet flexibility and support the sustainable and profitable growth outlook
- Announcing a strategic review of **flexigroup**'s high performing Commercial and Leasing business

FY20 RESULTS

FlexiGroup Limited (ASX: FXL) ("**flexigroup**" or the "**Company**") today reports our results for the financial year ended 30 June 2020 ("**FY20**").

Commenting on the results, Rebecca James, Chief Executive Officer of **flexigroup**, said:

*"FY20 has seen **flexigroup** make significant progress against its strategy, with the Company now primed for sustainable and profitable growth. With the simplification of the business nearly complete, and a common credit decision platform in place across our core consumer product suite, we are*

¹ Cash NPAT reflects the reported net profit after tax adjusted for material infrequent items and the amortisation of acquired intangibles.

² Excluding Consumer Leasing, Once and Lombard which have ceased.

ready to put our firepower into larger ticket buy now pay later, and expand our offering with **hum90** and **bundll (powered by humm)**. We are now more nimble with a clear focus on the products that will continue to drive our growth.

*“COVID-19 has only accelerated our progress, as buy now pay later has become ubiquitous, e-commerce embraced, and our restructuring fast-tracked. The actions taken over the course of the year have put **flexigroup** in the strongest possible position to capitalise on a A\$450 billion retail opportunity across Australia, New Zealand and Ireland.”*

This growth in customers and retailers is supported by FY20 transaction volume which increased 17%³ on the last financial year to \$2.5 billion, with total receivables of \$2.5 billion as at 30 June 2020.

FY20 Cash NPAT before the COVID-19 macro overlay provision was \$60.1m. This resulted in an FY20 Cash NPAT, after the \$30.9m (post tax) COVID-19 macro overlay provision, of \$29.2m.

Operational highlights include:

- Volume growth in buy now pay later (“**BNPL**”) of 18% in FY20, reflecting merchant onboarding and penetration of key verticals in Australia and strong growth in New Zealand and Ireland.
 - FY20 online volume in Australia increased by 172%, having accelerated to 262% in 2H20.
- AU Cards continuing products volume increasing 45% on FY19.
- NZ Cards volumes trending ahead of market despite the impact of COVID-19 in the last quarter of FY20.
- Commercial and Leasing volume growth of 15%, excluding the discontinued consumer leasing business.

STRATEGIC UPDATE AND UNIFICATION OF THE HUMM ECOSYSTEM

Since announcing our strategy in 2019, **flexigroup** has delivered significant progress on our key strategic pillars resulting in:

- Double digit volume growth across a simpler line of products in BNPL, Cards and Commercial.
- Cost savings in excess of \$10m, on an annualised basis, resulting from reduced labour costs, process optimisation, and renegotiation of supplier arrangements.
- 172% online growth year-on-year in BNPL via a seamless digital experience to our customers.
- 37% consumer growth in FY20 (570,000 new retail customers) and 5,000 new retailers.
- 9x p.a customer usage and growing, with significant engagement and 600,000 app downloads.
- Doubling of customers in Ireland to 40,000, up 136% on FY19, combined with strong double-digit growth in volumes (+57%) and retail partners (+63%) over the same period. With many of these retail partners in Ireland also operating in the UK, this provides us strong optionality for further expansion.
- Launched bundll, our ‘buy anywhere, pay later’ product in February 2020 with significant adoption already underway.

Today marks a further simplification of the business around a unifying value proposition of interest free instalment payments for consumers and SMEs. One year since launching, the **hum** brand is a leader in transactions over \$1,000 with strong and profitable customer growth. The customer and retailer engagement around **hum** is delivering a loud and clear message. As a result, **flexigroup** and our flagship products will be rebranded and brought under our most recognised and loved brand, **hum**.

Commenting on the unified **hum** ecosystem, Rebecca James said:

³ Excluding Consumer Leasing, Once and Lombard which have ceased.

*“On the back of our significant achievements to date, we see a clear rationale to unify and rebrand our business around **hum** as the final step of our simplification journey. The single **hum** ecosystem will create a seamless checkout experience under one brand for our customers and retailers, with significant cross promotional opportunities, and lower customer acquisition costs through a boost in brand awareness. It will also simplify our story to our customers and retailers, and clarify our significant market position as a leading BNPL player and provider of long term interest free solutions.”*

The unified **hum** ecosystem is powered by a common credit and insights engine, enabling **flexigroup** to continually enhance and adapt our platform and offer a seamless check-out solution for merchants across our simplified suite of products.

hum becomes a single platform serving everybody from Gen Z and millennial spenders through to young families and SMEs, financing everything from life’s little luxuries through to significant purchases.

The rebranding of **flexigroup** to **hum** will be subject to a shareholder vote which will take place at the FY20 Annual General Meeting. **flexigroup** has reserved the ASX ticker ‘HUM’.

As part of the rebrand and further simplification of the business, **flexigroup** is today also announcing a strategic review of our high performing Commercial and Leasing business to assess opportunities to help this business realise its full potential.

RESPONSE TO COVID-19

flexigroup benefits from a diverse business model with a product suite that spans BNPL, revolving credit and SME finance, which is a significant strength in a challenging economic environment. The Company has taken a proactive approach to assisting our customers, including an outbound contact program for those who had requested hardship assistance, to discuss their financial position and offer support.

This program, combined with preemptive adjustments to credit decisioning undertaken in March 2020, has seen:

- Over 50% of customers who entered financial hardship as a result of COVID-19 resume normal payment arrangements.
- The number of customers seeking hardship relief return to pre COVID-19 levels
- July 2020 30+ day arrears across all portfolios now broadly in line versus the same period last year, with AU cards improving by 120 basis points.
- July 2020 BNPL 90+ day arrears of 0.53%, representing a 10 basis point improvement versus the same period last year.

flexigroup has prudently set aside a COVID-19 macro overlay provision of \$30.9m (post tax). This forward looking provision relates to the projected impact of economic conditions due to COVID-19.

EQUITY RAISE

flexigroup is today announcing a pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) to create additional balance sheet flexibility to take advantage of the opportunities presented by the unification of **flexigroup's** strong customer propositions under the **hum** brand.

Commenting on the equity raise, Rebecca James further said:

“With the hard work now done in simplifying and streamlining our business, the equity raise will allow us to invest and grow our strongest brand from a position of strength. With our business focussed on one brand and one ambition, we are confident that now is the time to ramp up our go to market

strategy as *hum*. It also provides us with additional balance sheet flexibility and allows us to take advantage of opportunities that arise from the further simplification of our business.”

The Entitlement Offer will take the form of a 1 for 3.20 pro rata accelerated non-renounceable entitlement offer of new ordinary shares in flexigroup (“New Shares”) comprising a fully underwritten institutional component (“**Institutional Entitlement Offer**”) and a 50% underwritten retail component (“**Retail Entitlement Offer**”). The total offer size is ~\$140 million with an estimated underwritten amount of ~\$115 million.

The offer price payable for New Shares under the Entitlement Offer is the same for eligible shareholders participating in either the Institutional Entitlement Offer and the Retail Entitlement Offer.

The offer structure and amount sought to be raised under the Entitlement Offer is designed to (i) enable the two largest strategic shareholders to participate in the Entitlement Offer, and (ii) provide funding certainty for the estimated capital requirement to support flexigroup’s growth outlook, whilst minimising potential shareholder dilution.

Under the Institutional Entitlement Offer, Andrew Abercrombie (Chairman and Founder) will subscribe for \$7.5m worth of New Shares (equal to ~23% of his total pro-rata entitlement). John Wylie (NED) & associated entities will subscribe for 100% of their pro-rata entitlement under the Entitlement Offer.

The Company’s pro forma net debt position will be nil post the equity raise, creating significant financial flexibility to pursue sustainable and profitable growth across the core business lines.

CAPITAL MANAGEMENT

As at 30 June 2020, **flexigroup** had committed wholesale funding facility headroom of \$648m, and \$145m of undrawn corporate debt facilities and unrestricted cash representing net gearing of 29%⁴. **flexigroup** remains well supported by key banking partners, with five wholesale funding facilities extended since 1 January 2020 and all corporate debt facilities extended to at least December 2021. On a pro forma basis, post the equity raise, the Company will have nil corporate debt gearing.

flexigroup also received 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.

DIVIDENDS

The Board has decided not to pay a final FY20 dividend given current economic circumstances and the equity raising. The deferred 1H20 dividend will be paid in October 2020. Decisions on future dividends will be made after assessing macroeconomic factors and capital management requirements for sustainable and profitable growth. The Company will provide a further update on dividends at the 1H21 results announcement.

ENTITLEMENT OFFER OVERVIEW AND TIMETABLE

The Entitlement Offer will take the form of a pro rata accelerated non-renounceable entitlement offer where eligible shareholders will be entitled to acquire one New Share for every 3.20 ordinary shares (“**Shares**”) they hold as at 7.00pm (Sydney, Australia time) on Friday, 28 July 2020 (“**Record Date**”), at a price of \$1.14 per New Share (“**Offer Price**”). Fractional entitlements will be rounded up to the nearest whole Share. The Offer Price payable for New Shares under the Entitlement Offer is the same whether shareholders are participating in the Institutional Entitlement Offer or the Retail Entitlement Offer.

⁴ Gearing is recourse (corporate) borrowings as a percentage of equity excluding intangible assets.

The Institutional Entitlement Offer will be fully underwritten and the Retail Entitlement Offer will be partially underwritten (as to 50% of the New Shares to be issued under the Retail Entitlement Offer) by Citigroup Global Markets Australia Pty Limited ("**Citi**" or "**Lead Manager**").

The Offer Price of \$1.14 per New Share represents:

- a discount of approximately 12.6% to the last closing price of **flexigroup** Shares as traded on ASX before announcement of the Entitlement Offer (being \$1.305 on Tuesday, 25 August 2020); and
- a discount of approximately 10.0% to the theoretical ex-rights price ("**TERP**") of \$1.266⁵

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders of **flexigroup** who do not take up their entitlements under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up.

flexigroup's Shares will remain in a trading halt pending completion of the Institutional Entitlement Offer.

The Entitlement Offer will raise up to approximately \$140 million and comprise:

- **Institutional Entitlement Offer:** Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will open today, Wednesday, 26 August 2020 and close on Thursday, 27 August 2020. Entitlements not taken up by institutional shareholders cannot be traded on market or transferred. Entitlements not taken up by eligible institutional shareholders, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer. The Institutional Entitlement Offer is fully underwritten by the Lead Manager.
- **Retail Entitlement Offer:** Eligible retail shareholders with a registered address in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open Wednesday, 2 September 2020 and will close on Tuesday, 15 September 2020. Eligible retail shareholders who wish to participate in the Retail Entitlement Offer must do so by 5:00pm (Sydney, Australia time) on Tuesday, 15 September 2020. The Retail Entitlement Offer is being partially underwritten by the Lead Manager who has agreed to subscribe for 50% of the New Shares not taken up by eligible retail shareholders under the Retail Entitlement Offer.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet ("**Retail Offer Booklet**"), which **flexigroup** expects to lodge with the ASX and despatch to eligible retail shareholders on Wednesday, 2 September 2020.

Eligible retail shareholders should read the Retail Offer Booklet in full before deciding whether to subscribe for New Shares. Any eligible retail shareholders who wish to acquire New Shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will accompany the Retail Offer Booklet.

flexigroup expects to announce the outcome of the Institutional Entitlement Offer to the market prior to the commencement of trading on Friday, 28 August 2020 and will remain in trading halt until that time.

Further details of the Entitlement Offer are set out in **flexigroup's** investor presentation, provided to the ASX today. The investor presentation contains important information including key risks, assumptions and foreign selling restrictions with respect to the Entitlement Offer.

⁵ TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares traded on ASX immediately after the ex-date for the Offer depended on many factors and may not have been equal to TERP. TERP is calculated by reference to the closing price of Shares as traded on ASX of \$1.305 on Tuesday, 25 August 2020, being the last trading day prior to the announcement of the Entitlement Offer.

Entitlement Offer timetable

Event	Date ⁶ (2020)
Trading halt and announcement of accelerated non-renounceable entitlement offer	Wednesday, 26 August
Institutional Entitlement Offer opens	Wednesday, 26 August
Institutional Entitlement Offer closes	Thursday, 27 August
Institutional Bookbuild for any shortfall (if applicable)	Thursday, 27 August
Announcement of results of Institutional Entitlement Offer	Friday, 28 August
Trading halt lifted and shares recommence trading on ASX on an ex-entitlement basis	Friday, 28 August
Record date for determining entitlement to participate in the Entitlement Offer	7:00pm (Sydney, Australia time) Friday, 28 August
Retail Offer Booklet despatched to eligible retail shareholders	Wednesday, 2 September
Retail Entitlement Offer opens	Wednesday, 2 September
Settlement of New Shares issued under the Institutional Entitlement Offer	Wednesday, 2 September
Issue and commencement of trading on ASX of New Shares issued under the Institutional Entitlement Offer	Thursday, 3 September
Retail Entitlement Offer closes	5:00pm (Sydney, Australia time) Tuesday, 15 September
Announcement of results of Retail Entitlement Offer	Thursday, 17 September
Settlement of New Shares issued under the Retail Entitlement Offer	Monday, 21 September
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 22 September
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 23 September
Despatch of holding statements	Wednesday, 23 September

The Entitlement Offer timetable is subject to change. Flexigroup and the Lead Manager reserve the right to vary the timetable for the Entitlement Offer without notice, subject to the Corporations Act, ASX Listing Rules and other applicable laws. The commencement of quotation of New Shares under the Entitlement Offer is subject to confirmation from ASX.

WEBCAST

flexigroup's CEO, Rebecca James and CFO, Jason Murray will host a webcast at 10.30am on Wednesday 26 August 2020.

Details of the webcast: <https://webcast.openbriefing.com/6271/>

Authorised for release by the flexigroup Board.

-ENDS-

⁶ Note: (1). The timetable (and each reference in this presentation to a date specified in the timetable) is indicative only and flexigroup and the Lead Manager, may, in their absolute discretion, vary any of the above dates by lodging a revised timetable with the ASX. All times referred to in this presentation are Sydney, Australia time.

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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

FURTHER INFORMATION

flexigroup is being advised by Citigroup Global Markets Australia Pty Limited as sole lead manager and bookrunner to the Entitlement Offer and underwriter to the Institutional Entitlement Offer and partial underwriter to the Retail Entitlement Offer. MinterEllison is acting as legal adviser to flexigroup in relation to the Entitlement Offer.

IMPORTANT NOTICE AND DISCLAIMER

This release is for information purposes only and is not financial product or investment advice or a recommendation to acquire Shares (nor does it or will it form any part of any contract to acquire Shares). The information in this release is in summary form and does not contain all the information necessary to fully evaluate the Entitlement Offer or any potential investment in flexigroup. It should be read in conjunction with flexigroup's other periodic and continuous disclosure announcements lodged with ASX. This release has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives and financial situation and seek legal, financial and taxation advice.

This release may not be released or distributed in the United States. This release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The offer and sale of the Entitlements or the New Shares have been referred to in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933 (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements and New Shares may not be offered or sold, directly or indirectly, in the United States, except in pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

All dollar values are in Australian dollars (A\$) unless otherwise stated. All times and dates refer to Australian Eastern Standard time (AEST).

LEAD MANAGER DISCLAIMER

The Lead Manager, together with its related bodies corporate, shareholders and affiliates, and each of their respective officers, directors, employees, affiliates, agents and advisers (each a Limited Party) have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this announcement and there is no statement in this announcement which is based on any statement made by the Lead Manager or any other Limited Party. To the maximum extent permitted by law, the Lead Manager and each other Limited Party expressly disclaim all liabilities (including for negligence) in respect of, and take no responsibility for, any part of this announcement, and make no representation or warranty (whether express or implied) regarding any part of this announcement, including as to the currency, accuracy, reliability or completeness of any information in this

announcement.

Neither the Lead Manager nor any other Limited Party makes any recommendation as to whether any potential investor should participate in the Entitlement Offer. Further, neither the Lead Manager nor any other Limited Party accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the Entitlement Offer or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Entitlement Offer and any other transaction or other matter arising in connection with this announcement.

The Lead Manager and other Limited Parties may have interests in the securities of flexigroup. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in these activities.

Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of flexigroup and/or the Lead Manager. To the maximum extent permitted by law, flexigroup, the Lead Manager and the Limited Parties each disclaim any duty or liability (including for negligence) in respect of the exercise of that discretion or otherwise. The Lead Manager may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Entitlement Offer without having independently verified that information and the Lead Manager does not assume responsibility for the accuracy or completeness of the information.

ALLOCATION POLICY – INSTITUTIONAL ENTITLEMENT OFFER

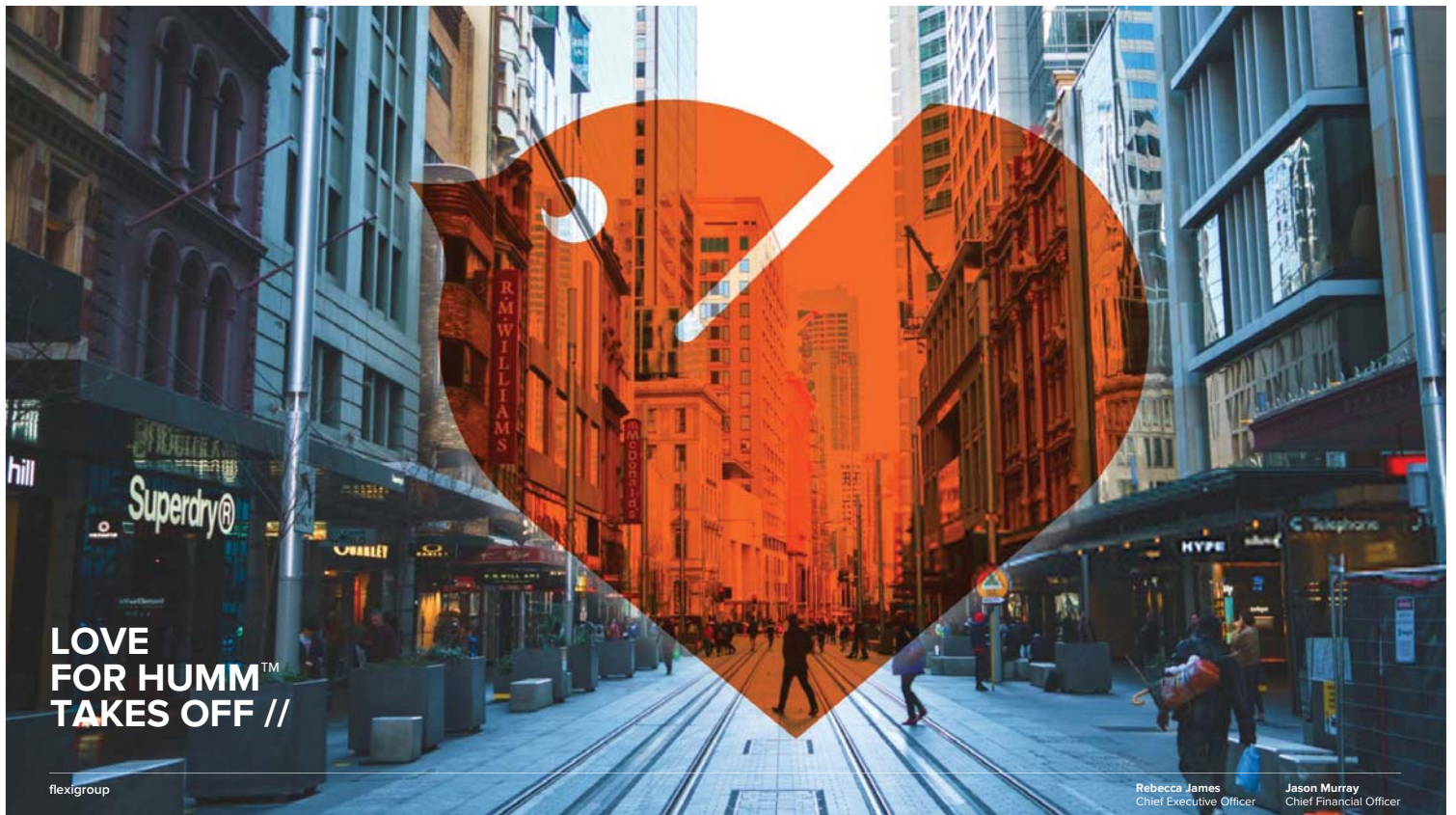
In respect of the Institutional Entitlement Offer, flexigroup will attempt to allocate Shares to its existing institutional shareholders in accordance with their pro-rata entitlements. To the extent that the applications received do not amount in value to the target amount of proceeds under the Institutional Entitlement Offer, eligible institutional shareholders will be permitted to apply for more than their entitlement. flexigroup may also in those circumstances offer shares to new institutional investors.

FORWARD LOOKING STATEMENTS

*This announcement contains certain "forward-looking statements" including but not limited to projections, that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Entitlement Offer and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of **flexigroup**, statements about the industry and the markets in which **flexigroup** operates and statements about the future performance of the **flexigroup** businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements. You should note the current economic climate and the significant volatility, uncertainty and disruption to equity and capital markets caused by the outbreak of COVID-19. Any forward looking statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. This includes statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of **flexigroup** and its subsidiaries, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-*

looking statements may also assume the success of the **flexigroup's** business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the **flexigroup's** control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the key risks in the Investor Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect **flexigroup** and its subsidiaries.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to **flexigroup** as at the date of this announcement. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including **flexigroup** or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), none of **flexigroup**, its representatives or advisers undertakes any obligation to provide any additional or updated information in respect of any statements made, whether as a result of a change in expectations or assumptions, conditions, new information, future events or results or otherwise.



- 01. Strategy update and rebrand
- 02. FY20 Group Financials
- 03. Execution and next steps
- 04. Appendices

Agenda //

Strategy update and rebrand //

3

FLEXIGROUP // 2020

FY20 achievements //

Double digit volume growth

Across our simplified lines of business

37% consumer growth in FY20

570,000 new retail customers and 5,000 new retailers

9x customer usage p.a. and growing

Significant increase in engagement with 600k app downloads and growing

eComm growth of 127% YoY in BNPL

Delivering a seamless digital experience to our customers

\$10m reduction in underlying costs¹

Realising benefits of reduced complexity



'Buy anywhere, pay later' product launched in February 2020

1. On an annualised basis.

4

FLEXIGROUP // 2020

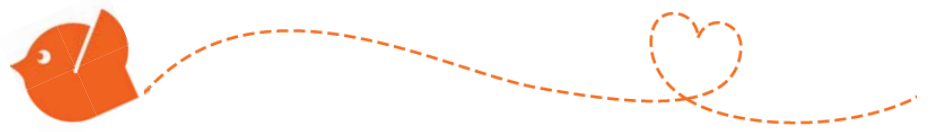
Today //

- >> **Unifying and rebranding flexigroup** to our most recognised brand as the final step in our simplification journey.
- >> **Announcing an equity raising** to provide balance sheet flexibility and enable **profitable** and **sustainable growth**.
- >> Undertaking a **strategic review** of our high performing **FlexiCommercial** division to **unlock its full potential** and focus on a simplified business.

Both the flexigroup brand and our flagship consumer brands will now be united under one name...

hummm™

Unified //



Today marks a further simplification milestone to unify the proposition of interest free instalment payments for consumers and SMEs.

We have a clear and differentiated proposition:

Interest free buying power for everything, everywhere and for everybody.

Humm™ secures leadership



One year since launching, the **humm™** brand is a leader in transactions over \$1,000 with strong and profitable customer growth.

New frontier



Our aim is to lead a new frontier by pushing into new, empowering and evolving solutions to drive the way our customers live, shop and budget.

Rebranding



Announcing that **flexigroup** and our flagship products will be rebranded and brought under our most recognised and loved brand: **humm™**.

Unified ecosystem



The unified **humm™** ecosystem is powered by a common credit and insights engine, enabling us to continually enhance and adapt our platform.

Note: The rebranding of flexigroup to humm™ will be subject to a shareholder vote which will take place at the FY20 AGM. flexigroup has reserved the ASX ticker 'HUM'.

humm™ //

A leader in buy now pay later (BNPL) and interest free finance, currently operating in Australia, New Zealand and Ireland.

Australia BNPL

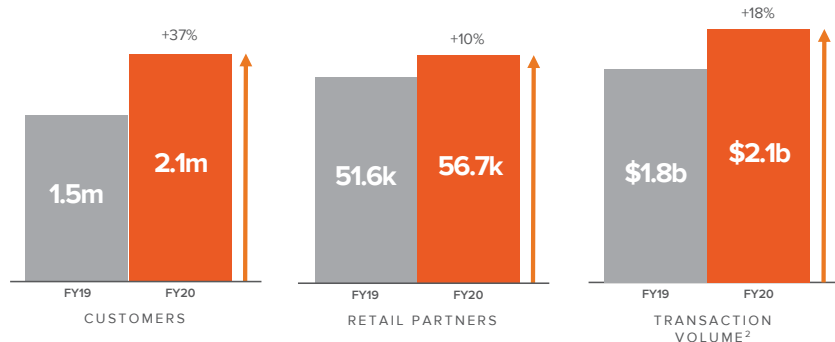
3rd

Largest player in BNPL¹

17.5%

Market Share in Australia¹

BNPL and interest free finance (AU, NZ & IE)

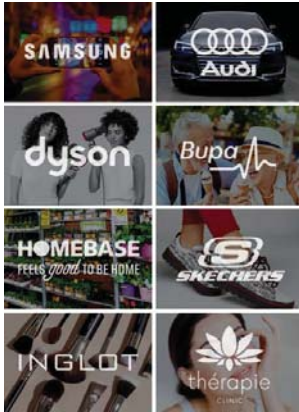


1. IBISWorld Buy Now, Pay Later in Australia Industry report April 2020; reflects percentage share of industry revenue. 2. On a continuing operations basis.

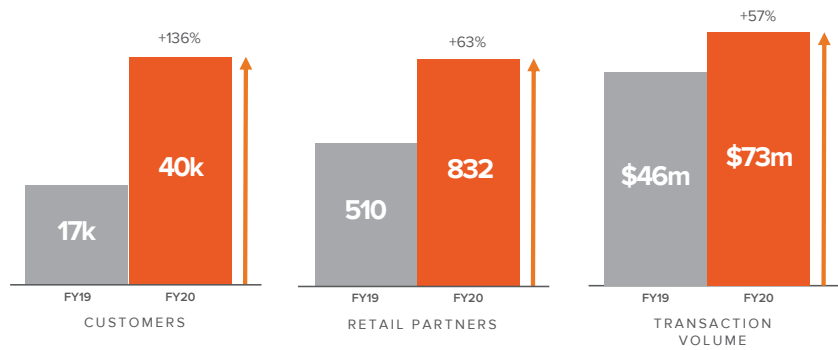
hummm™ //

Since transforming the Ireland business from leasing to BNPL, we've doubled customers in FY20 with strong double-digit growth across volumes and retail partners. With many of our retail partners in Ireland also operating in the UK, this provides us strong optionality for further expansion.

Ireland BNPL retail partners



Ireland BNPL operational performance



hummm™ //

A single platform serving everybody from Gen Z and millennial spenders, through to young families and SMEs. hummm™ finances everything, from life's little luxuries through to significant purchases.



Buy Now. Pay Later. Everywhere.



Millennials and Gen Z:
The Balancers



Live interest free forever!



Young families:
The Amplifiers



100% shopping. 0% interest.



Young families/HENRY's:
The Shoppers



Buy Now Pay Later. Built for business



SMEs:
The Founders

\$2,136m

Volumes in FY20

>\$450b¹

<< Total addressable market (bundll, hummm™ and hummm90) >>

(Previously AU + NZ Cards)

Launching in FY21

>\$30b²

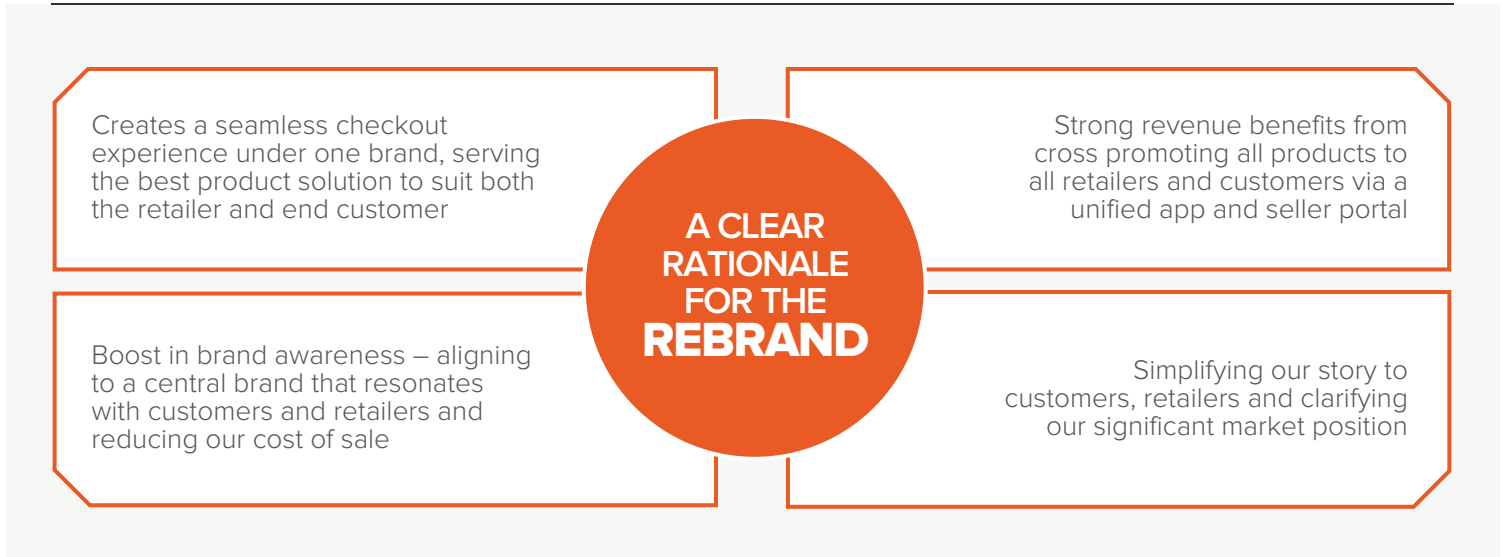
<< Total addressable market >>

(Previously wired)

Source: 1. Australian Bureau of Statistics (period ending 30 June 2020), Stats NZ (period ending 31 March 2020) and Consumer Market Monitor (period ending 31 December 2019. Annual amounts).
2. Based on management estimates from Reserve Bank of Australia and Reserve Bank of New Zealand data.



The customer and retailer engagement around **hummm™** is delivering a loud and clear message. Centralising our value propositions around the **hummm™** brand to harness the natural synergies across our consumer and SME products.



Payment solutions across the entire shopping journey.

CONSUMER SOLUTIONS (online + instore)

Payment solution	Maximum limit	Little things	Big things	Description
bundll	<\$1,000	✓		>> 2 weeks to repay, snooze for an extra 2 >> Repay over 12 weeks with superbundll
hummm Little things	<\$2,000	✓		>> Fortnightly repayments in 5 or 10 slices
hummm Big things	<\$30,000		✓	>> 6-60 months repayment period
hummm 90	<\$50,000	✓	✓	>> 90 days interest free >> Up to 60 months interest free with selected retail partners

SME SOLUTIONS

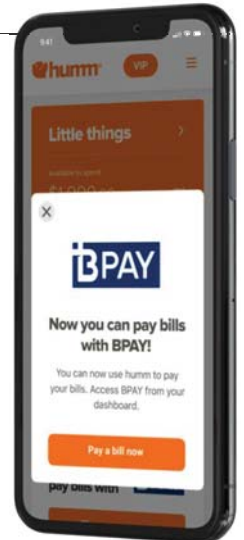
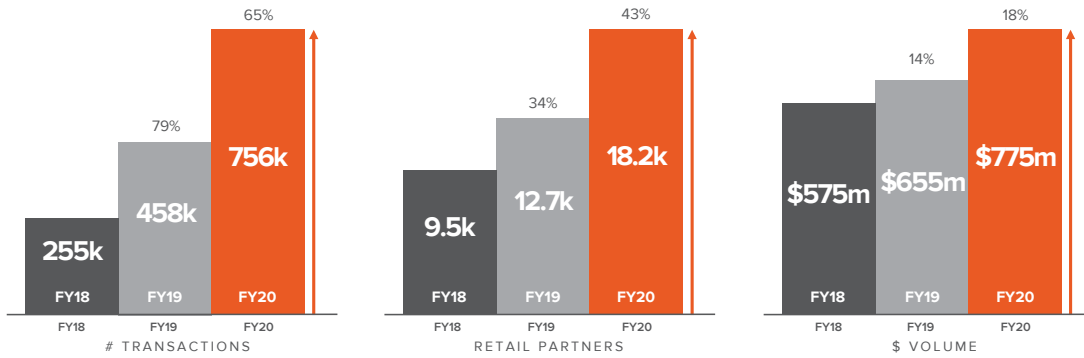


BNPL. Built for business Meeting the cashflow needs of small businesses through interest free instalments

Launching in FY21



Strong growth in BNPL across Australia, New Zealand and Ireland – the number of transactions have tripled, and retail partners on the platform have doubled since FY18.



1. All figures include hummm™ AU, NZ Oxipay and flexifi (Ireland).

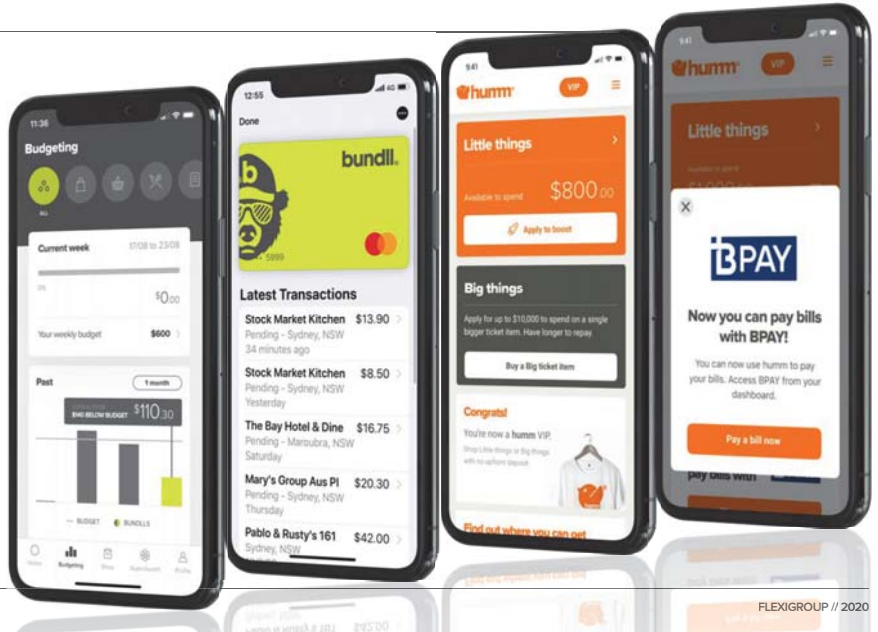


BNPL product aimed at disrupting the debit card market is resonating. In built budgeting tools support financial wellness for customers.

<p>1,500</p> <p>Customers joining each week and climbing</p>	<p>64%</p> <p>Growth in 4Q20 volumes over 3Q20</p>	<p>76k</p> <p>Unique merchant IDs – strength of buy anywhere model</p>
<p>11</p> <p>Transactions per month by top 30% of customers</p>	<p>31%</p> <p>Of transactions made online</p>	<p>PUMA Hey YOU</p> <p>Distribution partnerships</p>



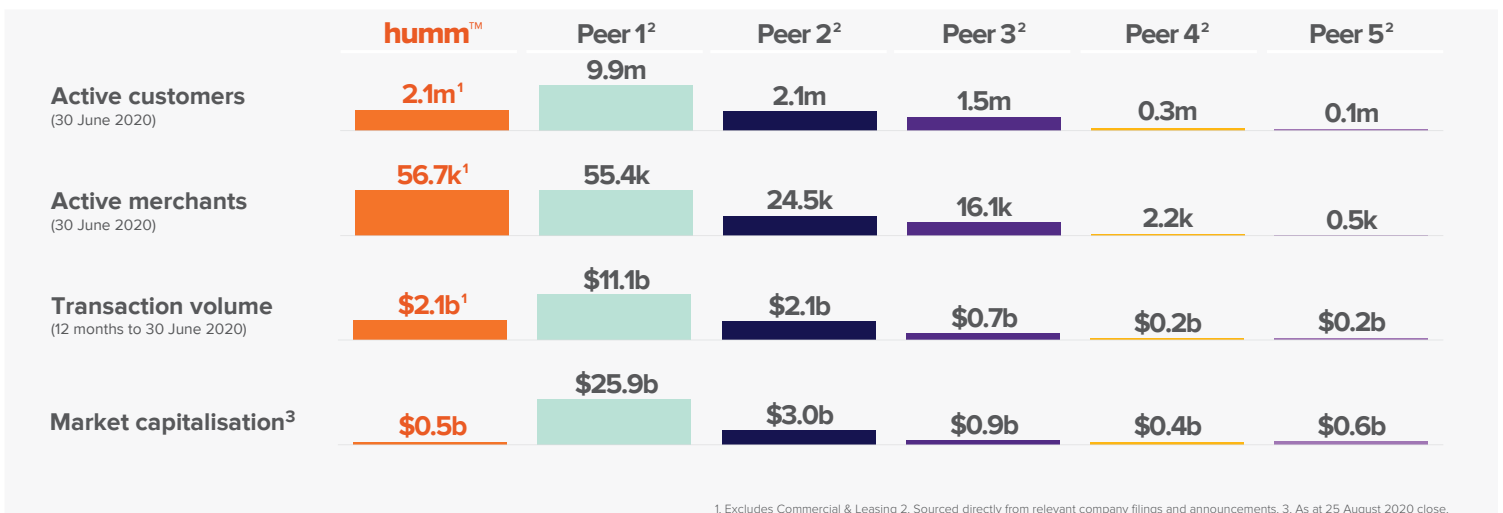
Intuitive mobile interface //



- #7** Downloaded app in Finance*
- 4.7** Out of 5 App Store rating*
- 11.7k** No. of ratings*
- 600k** App downloads across the humm™ ecosystem

*App Store figures as at 22 August 2020 for the humm™ app.

Significant market position to unlock value //



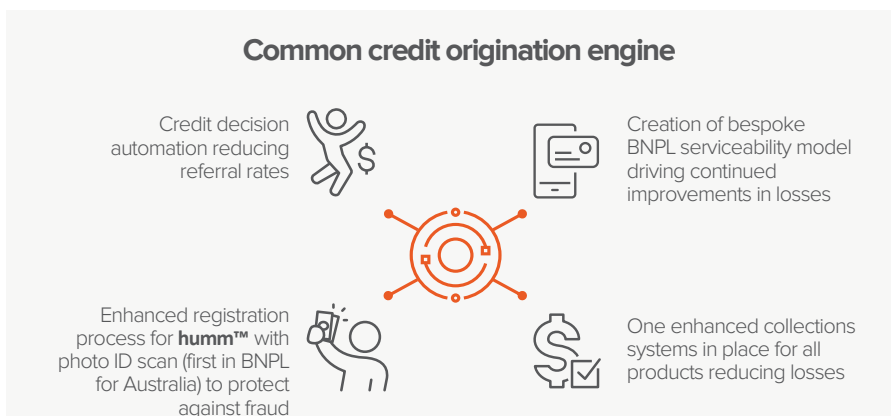
1. Excludes Commercial & Leasing 2. Sourced directly from relevant company filings and announcements. 3. As at 25 August 2020 close.

Strong resonance with retail partners //



Figures relate to BNPL FY20 transaction volumes for Australia and New Zealand.

Growth enabled by a common credit and insights engine //



Prudent credit risk management in the current environment

- >> First instalment payments upfront for all **hummm™** customers.
- >> Targeted tightening of spend limits across **hummm90** and **hummm™** portfolios.
- >> Rolled out device and user behavioural analytics for **hummm™** and **bundll** apps.
- >> Customers restricted from making additional purchases on **hummm™** if single payment is late.

Note: Common credit origination platform for the **hummm™** ecosystem. Commercial and Leasing segment operates on a separate credit underwriting platform.

Equity raising //

Strategic capital raising

With our business focussed on one brand and one ambition, we are confident that now is the time to capitalise and ramp up our strategy under **hummm™**.

Sustainable and profitable growth

Net proceeds will be used to take advantage of the opportunities from the further simplification of our business:

- >> **Putting firepower behind our strongest brand:** Provide balance sheet strength to underpin funding of a sustainable growth outlook.
- >> **Investing in our strongest products:** Enhancements to the customer experience to drive repeat usage.
- >> **Expanding business partnerships and alliances.**

The equity raise also creates additional balance sheet flexibility (**nil pro forma corporate debt**).



Equity raising details

Undertaking a 1 for 3.20 pro rata accelerated non-renounceable entitlement offer ('Entitlement Offer') with total offer size of A\$140 million, comprising a fully underwritten institutional offer, and a 50% underwritten retail offer. The total estimated underwritten amount is ~\$115 million.

The offer structure and amount is designed to (i) enable the two largest strategic shareholders to participate, and (ii) provide funding certainty for the estimated capital requirement to support **flexigroup's** growth outlook, whilst minimising potential shareholder dilution.

Entitlement Offer price of A\$1.14 per new share which represents:

- >> 12.6% discount to FXL's closing price of A\$1.305 on 25 August 2020.
- >> 10.0% discount to the theoretical ex-rights price (TERP)¹ of A\$1.266.

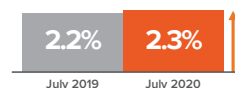
Under the institutional offer, Andrew Abercrombie (Chairman and Founder) will subscribe for A\$7.5m worth of entitlements (equal to ~23% of his total pro-rata entitlement), and John Wylie (NED) & associated entities will subscribe for 100% of their pro-rata entitlement.

1. The theoretical ex-rights price (TERP) is a theoretical price at which FXL shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which FXL shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. The TERP is calculated by reference to FXL's closing price of A\$1.305 on Tuesday, 25 August 2020.

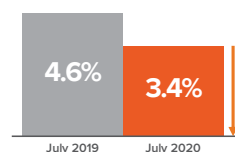
COVID-19 //

- >> **hummm™** benefits from a diverse business model with a product suite that spans BNPL, Revolving Credit and SME finance which is a significant strength in a challenging economic environment.
- >> **hummm™** has taken steps to work with our customers to find options to help them stay in control of their finances.
- >> We have also made preemptive adjustments to our product portfolio to accommodate projected economic deterioration.
- >> Following a peak experienced in April 2020, the number of customers now seeking hardship relief has returned to pre COVID-19 levels. 30+ day arrears for July 2020 are now broadly in line or improved versus the same period last year.
- >> BNPL 90+ days arrears of 0.53% for July 2020 representing a decrease over July 2019.

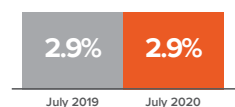
BNPL
30+ days arrears rate



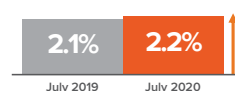
AU Cards
30+ days arrears rate



NZ Cards
30+ days arrears rate



Commercial and Leasing
30+ days arrears rate



Strategic review of FlexiCommercial //

Given our clear focus on BNPL and long-term interest free solutions under the **hummm™** brand, we are announcing a strategic review and creation of a separate division for our high performing Commercial business.

The business provides equipment finance via operating and finance leases, and chattel mortgages across Australia and New Zealand.

Commercial and Leasing Highlights

Established and scalable platform

- >> FY20 volumes up 15% to A\$338m (excludes Consumer Leasing which has ceased) and receivables up 11% to \$649m.
- >> Dedicated commercial team from origination to credit.
- >> Standalone warehouse facilities.

Strong distribution capability

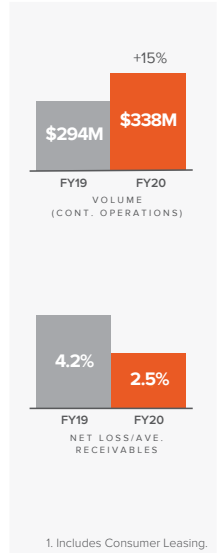
- >> 16k points of distribution including brokers, equipment suppliers, technology suppliers and educational institutions.

Improved credit quality

- >> Significantly enhanced credit quality over FY20.
- >> Improved originations credit rating (B+ per Equifax).
- >> Low 30+ day arrears rate of 2.2% as at 31 July 2020.

Attractive profitability profile

- >> Cash NPAT of \$11.5m¹ (pre COVID-19 macro overlay).
- >> FY20 average ticket size of \$68k in Australia.
- >> Majority of receivables do not carry residual value risk.



FY20 Group Financials //

Highlights //

2.3m

Customers
(+30% YoY)

73k

Retail and commercial
distribution partners
(+13% YoY)

\$2.5b

Transaction volume
(+17% YoY)

3.3%

30+ days arrears
(-20bps YoY)

\$29.2m

Cash NPAT²
(-62% YoY)

>9 times

Transactions per annum
across interest free products
as at June 2020

1. Excludes Consumer Leasing, Once & Lombard which have ceased. 2. Cash NPAT reflects the reported net profit after tax adjusted for material infrequent items and the amortisation of acquired intangibles.

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FLEXIGROUP // 2020

flexigroup (\$m) ¹	FY20	FY19	v PCP%
Cash NPAT	29.2	76.1	(62%)
Non-cash items			
Amortisation of acquired intangible assets	3.3	2.9	13%
Impairment of other intangible assets	1.1	7.5	(85%)
Sale of Think Office Technology	–	(2.2)	0%
Redundancy and restructure	3.5	–	0%
Other	(0.1)	6.2	(102%)
Profit after income tax on statutory basis	21.4	61.7	(65%)
Dividend	3.85	7.7	(50%)
Key metrics			
Volume	2,483	2,556	(3%)
Cost to income ratio	49%	48%	2pp
EPS ²	5.0	15.9	(69%)
ROE % ²	4.9%	12.3%	(7pp)

Financial performance

- >> Cash NPAT before the COVID-19 macro overlay of \$60.1m.
- >> Cash NPAT after the \$30.9m (post tax) COVID-19 macro overlay provision of \$29.2m.
- >> Average Net Receivables (ANR) up 5%.
- >> Growth in interest income from higher ANR.
- >> Decrease in interest expense driven predominantly by lower interest rates.
- >> Other portfolio income impacted by reduced fee income from restructuring BNPL to improve competitiveness, simplifying revolving credit and the cessation of legacy products.
- >> While FY20 operating and other expenses were broadly similar to FY19, cost savings in excess of \$10m were achieved on an annualised basis including labour costs, process optimisation and renegotiation of supplier arrangements.

Dividends

- >> The Board has decided not to pay a final FY20 dividend given current economic circumstances and the equity raising.
- >> Decisions on future dividends will be made after assessing macroeconomic factors and capital management requirements for sustainable and profitable growth.
- >> The Company will provide a further update on dividends at the 1H21 results announcement.

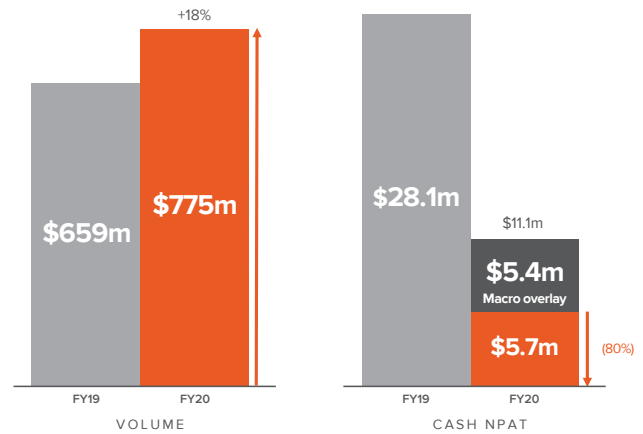
1. The profit and loss statement can be found in the appendices.
2. EPS and ROE calculated based on Cash NPAT.

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FLEXIGROUP // 2020

Buy Now Pay Later //

- >> Cash NPAT of \$5.7m after COVID-19 macro overlay.
- >> Volume up 18% in FY20 reflecting strong growth in Australia, New Zealand and Ireland.
- >> FY20 online volume in Australia increased by 172% accelerating to 262% in 2H20.
- >> Interest income increased by \$4.6m, with growth offset by a changing portfolio mix.
- >> Other portfolio income reduced by \$10.2m, with fee income down \$4.5m largely as a result of simplifying fees in **hummm™**, \$1.8m of direct costs in line with growing volumes, with the balance a result of FX gains in FY19.
- >> Operating expenses increased \$8.1m with increased investment in marketing, product and operational development.



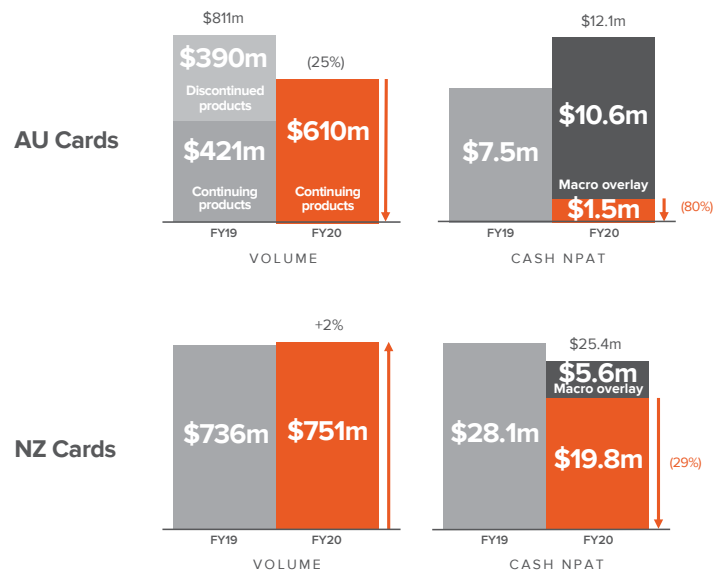
AU & NZ cards //

Australia Cards Cash NPAT for FY20 of \$1.5m with:

- >> Volume on continuing products increased 45%.
- >> Net income up 6% as portfolio matures and a higher proportion becomes interest bearing.
- >> Number of transactions up 239% and interest bearing receivables up 183% on FY19 for SKYE.
- >> Net losses reduced by 9% with investment in collection systems and processes.

New Zealand Cards Cash NPAT for FY20 of \$19.8m with:

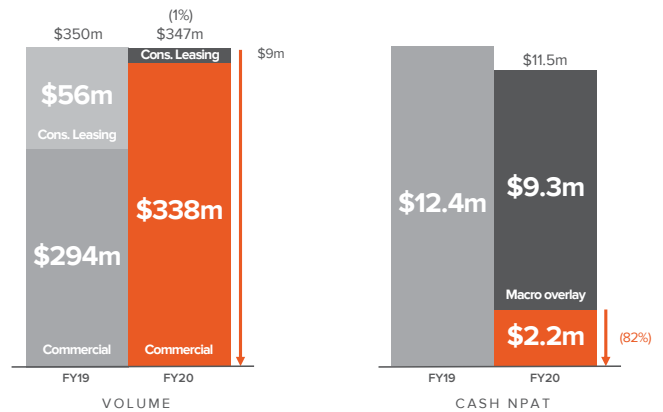
- >> Volumes trending ahead of market despite the impact of COVID-19 in the last quarter of FY20.
- >> Net income up 12% from higher average net receivables and improved margins.
- >> Losses up from a low base reflecting a maturing portfolio.
- >> Operating expenses significantly reduced in 2H20, reflecting strong cost management initiatives.
- >> Interest bearing receivables up 13%.¹



1. On a local currency basis.

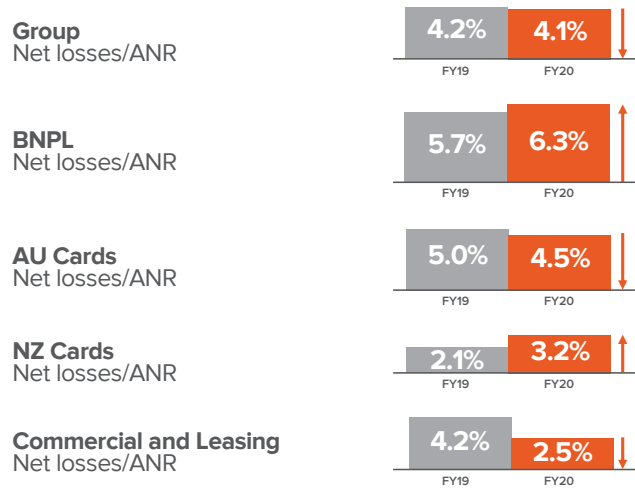
Commercial and leasing //

- >> Cash NPAT of \$2.2m in FY20 after COVID-19 macro overlay.
- >> Volume performance represents a 15% increase in Commercial volumes, offset by Consumer Leasing which has ceased and is in book run-off.
- >> Net income declined 23% in FY20 due to Consumer Leasing run off, as well as lower margins and secondary income due to changing business mix.
- >> Renewed strategic focus towards SME lending via broker distribution in Australia Commercial has led to tighter credit criteria and an increase in credit quality in FY20, as measured by the Equifax Corporate Credit Score.
- >> Operating expenses decreased by 22% from simplifying the Australia Commercial business and reduced costs from the cessation of Consumer Leasing.
- >> Increase in receivables of 11% reflects the continued strong growth in Australia Commercial.



Credit risk management //

- >> **BNPL:** Impacted by March quarter seasonality persisting longer than usual due to COVID-19, although net loss performance subsequently returned to trend from June 2020 and the start of FY21.
- >> **Australia Cards:** Net losses down with performance benefiting from additional customer data points to assess credit quality.
- >> **New Zealand Cards:** Net losses in line with market peers and reflects a growing and maturing portfolio.
- >> **Commercial and Leasing:** Net losses down, reflecting the higher credit quality in Australia Commercial from the changing portfolio mix combined with Consumer Leasing impairment losses reducing due to book run-off and active arrears management.
- >> **Hardship:** More than half of all customers in hardship due to COVID-19 across both retail and SME finance have now resumed normal payment arrangements.



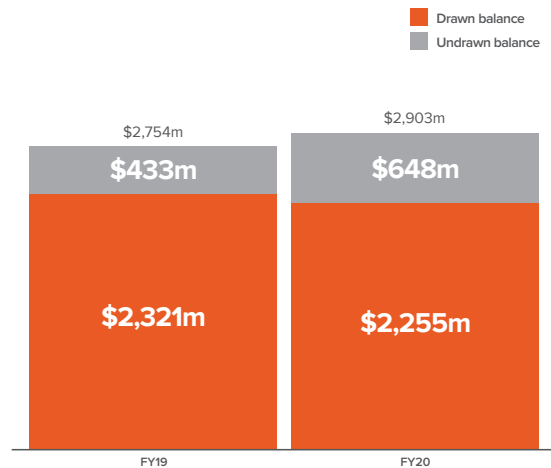
Note: Net losses includes bad debts and loss recoveries.

Committed funding facilities providing a liquidity buffer and delivering an efficient capital management structure.

Capital management //

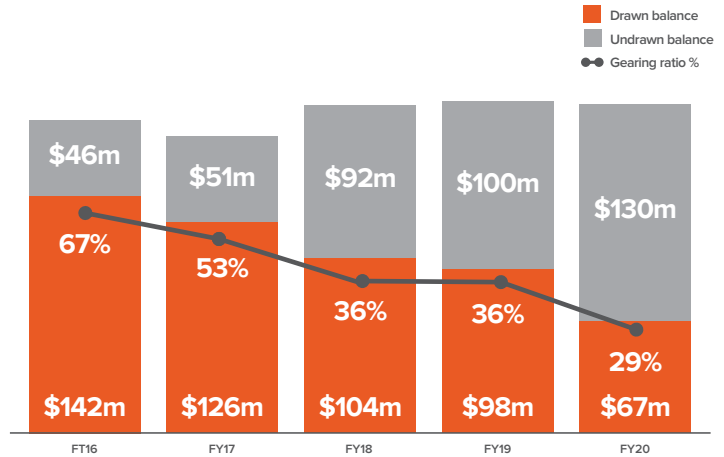
Wholesale funding facilities //

- >> Well supported by key banking partners, with five wholesale funding facilities extended since 1 January 2020.
- >> Long established Australian securitisation program continuing to drive funding efficiency.
- >> Regular issuer under the Q Card master trust securitisation program in New Zealand.
- >> Delegate approval from the Australian Office of Financial Management through the Structured Finance Support Fund of up to \$114m of investment into our Australian wholesale funding facilities.



Corporate debt facilities //

- >> Significant headroom of \$130m across our corporate debt facilities providing a substantial liquidity buffer.
- >> Net gearing¹ of 29%, a material reduction of 7 percentage points against FY19.
- >> Next corporate debt facility not due for renewal until December 2021.
- >> Targeting continued reduction in net gearing.
- >> Nil pro forma net gearing post successful completion of the capital raise.



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

Execution and next steps //

Executing our vision //

A unified platform for sustainable and profitable growth.

Rebrand and further simplification

- >> Focusing on our core product suite with a single, seamless checkout experience.
- >> Rebranding to our most loved brand **hummm™**.
- >> Simplification of the business around a unifying value proposition of interest free instalment payments.

Equity raising to underpin sustainable growth

- >> Investing in our strongest products with new features and enhancements to drive repeat usage and customer stickiness.
- >> Igniting the firepower behind our strongest brand to drive sustainable and profitable growth.
- >> Leveraging and expanding our partnerships and network.
- >> Creating additional balance sheet flexibility (nil pro forma corporate debt gearing).

Strategic Review of Commercial

- >> Creating a separate division for our high performing Commercial business.
- >> Enabling us to undertake a strategic review to assess opportunities to help this business to unlock its full potential.

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FLEXIGROUP // 2020

Equity raising to support sustainable growth //

Equity raising

flexigroup is raising additional equity capital to create greater balance sheet flexibility and to take advantage of the opportunities presented by the unification of our strong customer propositions under the **hummm™** brand.

flexigroup is undertaking a 1 for 3.20 pro rata accelerated non-renounceable entitlement offer ('Entitlement Offer') with total offer size of A\$140 million, comprising a fully underwritten institutional offer, and a 50% underwritten retail offer. The total estimated underwritten amount is ~\$115 million.

The offer structure and amount is designed to (i) enable the two largest strategic shareholders to participate, and (ii) provide funding certainty for the estimated capital requirement to support flexigroup's growth outlook, whilst minimising potential shareholder dilution.

flexigroup Board participation

Under the institutional offer, Andrew Abercrombie (Chairman and Founder) will subscribe for A\$7.5m worth of entitlements (equal to ~23% of his total pro-rata entitlement), and John Wylie (NED) & associated entities will subscribe for 100% of their pro-rata entitlement.

Pro forma Net Cash	\$m
Unrestricted cash balance as at 30 June 2020	15
Add: Underwritten proceeds net of transaction costs (comprising fully underwritten institutional offer and 50% of retail offer)	111
Pro forma cash as at 30 June 2020 (30 June 2020)	126
Drawn corporate debt (30 June 2020)	67
Pro forma net cash (30 June 2020)	59
Pro forma net gearing¹ (30 June 2020)	Nil

Funding for our growth plan is underpinned by the fully underwritten institutional component and partially underwritten retail component. Any additional capital raised under the non-underwritten retail component of the Entitlement Offer will be used to further support the growth outlook.

1. Net gearing calculated as corporate debt net of unrestricted cash, over tangible equity.

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FLEXIGROUP // 2020

Entitlement offer overview //

Offer size and structure	Equity raising with a total offer size of ~A\$140 million with total underwritten amount of ~A\$115 million: >> 1 for 3.20 pro-rata accelerated non-renounceable entitlement offer to existing shareholders at A\$114 per New Share (Entitlement Offer) ¹ >> Eligible shareholders will be invited to subscribe for one new FXL share (New Shares) for every 3.20 existing FXL shares held as at 7:00pm (Sydney time) on Friday, 28 August 2020 (Record Date). >> The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable. >> Up to 132.2 million New Shares to be issued under the Offer representing approximately 31.3% of current issued capital.
Offer pricing	Entitlement Offer price of A\$1.14 per New Share, representing a discount of: >> 10.0% to the TERP ² of A\$1.266 per FXL share >> 12.6% to the last traded FXL share price of A\$1.305 on Tuesday, 25 August 2020.
Use of proceeds	Net proceeds of the Entitlement Offer will be used to (i) provide flexibility to balance sheet to underpin sustainable growth funding; (ii) invest in the hum suite of products with continual improvements which seek to enhance customer experience and drive frequency of usage, and (iii) expand new and existing business partnerships and alliances.
Institutional investors	>> The institutional component of the Entitlement Offer (Institutional Entitlement Offer) is fully underwritten and is to be conducted from Wednesday, 26 August 2020 to Thursday, 27 August 2020. ³ >> Entitlements not taken up and those of ineligible institutional shareholders will be sold in an institutional shortfall bookbuild on Thursday, 27 August 2020 at the Entitlement Offer Price.
Retail investors	>> The retail component of the Entitlement Offer (Retail Entitlement Offer) is 50% underwritten and will open on Wednesday, 2 September 2020 and close at 5:00pm (Sydney time) on Tuesday, 15 September 2020. ³ >> Only eligible shareholders with a registered address in Australia or New Zealand may participate in the Retail Entitlement Offer.
Shareholder and director commitments	Under the institutional offer, Andrew Abercrombie (Chairman and Founder) will subscribe for A\$7.5m worth of entitlements (equal to ~23% of his total pro-rata entitlement), and John Wylie (NED) & associated entities will subscribe for 100% of their pro-rata entitlement.
Underwriting¹	Citigroup Global Markets Australia Pty Limited is acting as Sole Lead Manager, Bookrunner and Underwriter of the Institutional Entitlement Offer.
Ranking of New Shares	New Shares will rank equally with existing FXL shares on issue.

1. The Institutional Offer is fully underwritten by the Lead Manager subject to customary terms and conditions and termination rights. A summary of the Underwriting Agreement is in the Appendix.
 2. The theoretical ex-rights price (TERP) is a theoretical price at which FXL shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which FXL shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. The TERP is calculated by reference to FXL's closing price of A\$1.305 on Tuesday, 25 August 2020.
 3. These timings are indicative only and subject to variation. FXL reserves the right to alter the timetable at its absolute discretion and without notice, subject to the Listing Rules, Corporations Act and other applicable laws.

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Equity raising timetable //

Event	Date ¹
Trading halt and announcement of accelerated non-renounceable entitlement offer	Wednesday, 26 August 2020
Institutional Entitlement Offer opens	Wednesday, 26 August 2020
Institutional Entitlement Offer closes	Thursday, 27 August 2020
Announcement of results of Institutional Entitlement Offer	Friday, 28 August 2020
Trading halt lifted and shares recommence trading	Friday, 28 August 2020
Entitlement Offer record date	Friday, 28 August 2020 // 7:00pm (Sydney time)
Retail offer booklet despatched to Eligible Retail Shareholders	Wednesday, 2 September 2020
Retail Entitlement Offer opens	Wednesday, 2 September 2020
Settlement of New Shares issued under the Institutional Entitlement Offer	Wednesday, 2 September 2020
Issue and commencement of trading of New Shares under the Institutional Entitlement Offer	Thursday, 3 September 2020
Retail Entitlement Offer closes	Tuesday, 15 September 2020 // 5:00pm (Sydney time)
Announcement of results of Retail Entitlement Offer	Thursday, 17 September 2020
Settlement of New Shares issued under the Retail Entitlement Offer	Monday, 21 September 2020
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 22 September 2020
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 23 September 2020
Holding statements sent to retail holders	Wednesday, 23 September 2020

1. The timetable (and each reference in this presentation to a date specified in the timetable) is indicative only and **flexigroup** and the Lead Manager, may, in their absolute discretion, vary any of the above dates by lodging a revised timetable with the ASX. All times referred to in this presentation are Sydney time.

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FLEXIGROUP // 2020

Moving forward //

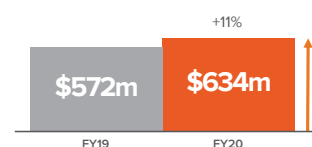
- >> We have simplified the business.
- >> We have a single minded focus: interest free payments for consumers and SMEs.
- >> We have unified this position under our most loved brand, humm™.
- >> We are now primed for sustainable and profitable growth.

Appendices //

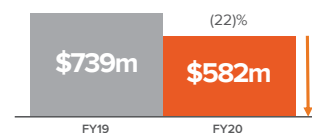
Receivables //

- >> **BNPL:** Increase of 11% driven by strong volume growth of 18% on FY19.
- >> **Australia Cards:** Decrease of 22% as a result of decreased interest free volumes and the closure and run down of legacy portfolios.
- >> **New Zealand Cards:** Decrease of 6% largely a result of declining volumes in 2H20 from the impacts of COVID-19.
- >> **Commercial and Leasing:** Increase of 11% reflects the continued strong growth in Australia Commercial, despite the cessation of the Consumer Leasing business.

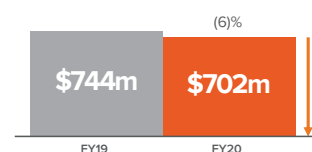
BNPL Receivables



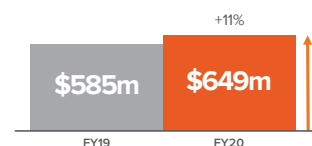
AU Cards Receivables



NZ Cards Receivables



Commercial and Leasing Receivables



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FLEXIGROUP // 2020

Profit and Loss (\$m)	FY20	FY19	v PCP %
Interest income	360	353	2%
Interest expense	(89)	(101)	(11%)
Other portfolio income	90	120	(25%)
Net income	361	372	(3%)
Employment expenses	(88)	(91)	(3%)
Receivables and customer loan impairment expenses	(145)	(87)	66%
Impairment of goodwill and intangible assets	(2)	(11)	(86%)
Depreciation and amortisation expenses	(21)	(17)	25%
Operating and other expenses	(80)	(76)	6%
Profit before income tax	25	91	(73%)
Income tax expense	(3)	(29)	(89%)
Statutory profit/(loss) after income tax	21	62	(65%)
Non-cash items:			
Amortisation of acquired intangible assets	3	3	13%
Redundancy and restructure	4	-	0%
Other	1	11	(91%)
Total non-cash items	8	14	(46%)
Group Cash NPAT	29	76	(62%)
Basic earnings per share (cents)	5.0	15.9	(69%)
Cash earnings per share (cents)	6.9	19.7	(65%)
Volume	2,483	2,556	(3%)
Closing receivables and customer loans	2,567	2,640	(3%)

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FLEXIGROUP // 2020

Financial performance

- >> Cash NPAT before the COVID-19 macro overlay of \$60.1m.
- >> Cash NPAT after the \$30.9m (post tax) COVID-19 macro overlay provision of \$29.2m.
- >> Average Net Receivables (ANR) up 5%.
- >> Growth in interest income from higher ANR.
- >> Decrease in interest expense driven predominantly by lower interest rates.
- >> Other portfolio income impacted by reduced fee income from restructuring BNPL to improve competitiveness, simplifying revolving credit and the cessation of legacy products.
- >> While FY20 operating and other expenses were broadly similar to FY19, cost savings in excess of \$10m were achieved on an annualised basis including labour costs, process optimisation and renegotiation of supplier arrangements.

Balance Sheet (\$m)	FY20	FY19	v PCP %
Cash and cash equivalents	158	143	10%
Receivables and customer loans ¹	2,453	2,577	(5%)
Investment in associate	14	14	4%
Other assets	22	11	108%
Current and deferred tax assets	47	26	77%
Goodwill	240	244	(2%)
Other intangible assets	114	102	11%
Total assets	3,046	3,117	(2%)
Payables	67	58	16%
Borrowings	2,295	2,388	(4%)
Provisions	21	23	(10%)
Other liabilities	62	29	118%
Current and deferred tax liabilities	15	4	261%
Total liabilities	2,460	2,501	(2%)
Equity	586	616	(5%)
Gearing²	28.7%	36.3%	(7.6pp)
ROE³	4.9%	12.3%	(7.4pp)

1. Includes other debtors as disclosed in the statutory accounts.

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

3. Calculated based on Cash NPAT.

Operating Cash Flow (\$m)	FY20	FY19	v PCP %
NPAT	21	62	(65%)
Impairment loss on receivables and customer loans	145	87	66%
Impairment of goodwill and other intangible assets	2	11	(86%)
Depreciation and amortisation expenses	21	17	25%
Changes in other operating assets and liabilities	4	(10)	(143%)
Other non-cash movements	2	(2)	(200%)
Operating cash flow	195	165	18%
Consolidated Cash Flow (\$m)	FY20	FY19	v PCP %
Operating cash flow	195	165	18%
Purchase of intangibles and property, plant and equipment	(32)	(27)	19%
Changes in customer loans and receivables	(57)	(350)	(85%)
Investing cash flow	(89)	(377)	(76%)
Dividends paid	(15)	(29)	(47%)
Proceeds from share issuance, net of transaction costs	–	25	(100%)
Cash payments relating to Finance Lease liability	(3)	–	100%
Treasury shares purchased on market	–	(0)	(100%)
Net movement in non-recourse borrowings	(43)	236	(118%)
Repayment of corporate borrowings	(372)	(234)	59%
Drawdown of corporate borrowings	342	227	51%
Financing cash flow	(92)	225	(141%)
Effects of exchange rate changes on cash and cash equivalents	(1)	2	(160%)
Net increase/(decrease) in cash	14	15	3%

Responsible lending //

- >> We acknowledge that the community has high expectations of us.
- >> We have a long track record of adapting to and, in many cases, leading industry and regulatory change.
- >> We are engaged with our stakeholders on the importance of responsible lending practices; submission to ASIC Review of BNPL; participation in Senate Enquiry; engagement with industry bodies and peers on self-regulation.
- >> We believe that the right financial solution differs for each individual and occasion – which is why we pride ourselves on being flexible to our customers’ needs.
- >> Ultimately our interests are aligned with our customers; affordability of finance means reliability of payments.
- >> **hummm™** recognised early the need to establish a self-governing Code of Practice (Code) in February 2019 and began engaging with the Australian Finance Industry Association (AFIA) and peers.
- >> The strong demand for BNPL during COVID-19 reinforces the value of the product for consumers and highlights the importance of developing the Code for all stakeholders.
- >> We are encouraged by the progress made to introduce similar BNPL codes of practice internationally using the AFIA Code as a template.
- >> We look forward to ratifying the Code by January 2021.

Key risks //

Key risks //

Introduction

This section describes the key business risks of investing in flexigroup together with the risks relating to participation in the Entitlement Offer, which may affect the value of flexigroup shares and flexigroup's ability to operate as a going concern. It does not describe all the risks of an investment. Before investing in flexigroup, you should be aware that an investment in flexigroup has a number of risks, some of which are specific to flexigroup and some of which relate to listed securities generally, and many of which are beyond the control of flexigroup.

Investors should consult their own professional, financial, legal and tax advisers about those risks and the suitability of investing in light of their particular circumstances. Investors should also consider publicly available information on flexigroup (including information available on the ASX website) before making an investment decision.

References to "flexigroup" or "the Group" in the key risks section of this Presentation include flexigroup and its related bodies corporate (as defined in the Corporations Act), where the context requires.

Specific risks

STRENGTH OF THE RETAIL AND RETAIL FINANCING SECTORS

flexigroup's business, including its "Buy Now, Pay Later" business, is influenced by the general state of the retail sector, and a reduction in retail spending, particularly on goods financed by flexigroup, may have a negative impact on new business volume and hence flexigroup's financial position. Consumer sentiment towards retail financing may also drive business volume, and negative consumer sentiment may also impact flexigroup's financial position. To the extent that there is a continued decline in consumer sentiment as a result of COVID-19, ongoing fixed costs associated with operating the business could place pressure on flexigroup's liquidity and profitability.

STRENGTH OF THE COMMERCIAL AND LEASE FINANCING SECTORS

flexigroup's lending volume to small and medium enterprises (SME) and consumer borrowers is dependent on the robustness of consumer and business sentiment and spending. The strength of the sector affects the risk appetite of lenders and may have an impact on credit quality and commercial and leasing lending volumes and revenue. Any reduction in confidence or spending in the commercial and leasing sectors may negatively impact flexigroup's revenue and profitability.

DIMINUTION OF CUSTOMER SATISFACTION AND LOYALTY

flexigroup's business model is dependent on customer satisfaction and loyalty. The operational and financial challenges associated with COVID-19, the associated impact on the "Buy Now, Pay Later", credit card and SME lending

sectors and flexigroup's response to these challenges, could impact upon customer satisfaction and loyalty, the reputation of flexigroup and its ability to attract customers in future. Any adverse effect on these measures may negatively impact the operating and financial performance and position of flexigroup.

MARKET RISK

Market risk is the risk of an adverse event in financial markets having a negative financial impact on flexigroup's liquidity, revenue or profitability.

LOSS OF KEY CONTRACTS AND RELATIONSHIPS

flexigroup's business relies on the continuation and success of its contracts and relationships with significant merchant clients and end customers. There can be no guarantee in the continuation or continued success of such contracts and relationships. Any loss of flexigroup's key merchant clients or end customers or a failure to secure new clients or customers on favourable terms, may materially and adversely impact flexigroup's operational results and profitability, and have a negative impact on its reputation and prospects.

IMPACT OF COVID-19

There is continued uncertainty as to the ongoing impact of COVID-19 on the Australian economy and share markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian economy and equity and debt capital markets. Any of these events and resulting market fluctuations may materially adversely impact flexigroup's earnings or the market price of flexigroup's ordinary shares, particularly considering that there is a real possibility that any of:

- flexigroup's customers in the Buy Now, Pay Later sector;
- flexigroup's credit card customers; or
- small and medium enterprises holding loans with flexigroup.

may face increasing repayment and liquidity pressures if the unemployment rate increases in Australia or Australian economic conditions worsen. There is a risk that hardship applications made to flexigroup increase and/or that large numbers of borrowers move into arrears or losses. Such impacts of the pandemic on flexigroup may materially and adversely impact its revenue and profitability.

LIQUIDITY RISK

Liquidity risk is the possibility of flexigroup being unable to meet its financial commitments when they fall due as a result of mismatches in its cash flows from financial transactions. The availability of funding from uncertain financial markets may increase liquidity risks.

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FLEXIGROUP // 2020

Key risks //

MANAGING GROWTH

As flexigroup and its operations expand, flexigroup will be required to continue to improve, and where appropriate, upscale its operational and financial systems, procedures and controls, and expand its workforce, while retaining, managing and training its employees. There is a risk of a material adverse impact on flexigroup if it is not able to manage its expansion and growth efficiently and effectively, including with respect to network infrastructure capacity constraints if unexpected increases in transaction volumes cannot be supported. Further, if capital markets are slow or unable to provide flexigroup with the additional capital required for its growth plans, such plans may be materially and adversely impacted and delayed, causing additional cost to flexigroup and adversely impacting flexigroup's business, results of operations and profitability. Although new products released by flexigroup are developed through extensive research and product testing, the success of any new product offered to the market is uncertain.

ACQUISITION ACTIVITIES

From time to time flexigroup evaluates acquisition opportunities. Any acquisition would lead to a change in the sources of flexigroup's earnings and could increase the volatility of its earnings. Integration of new businesses into flexigroup may be costly and may not generate expected earnings and may occupy a large amount of management's time. There is no guarantee that future potential acquisitions will be available on favourable terms or that they will be successfully integrated.

DEPENDENCE ON KEY PERSONNEL

The operating and financial performance of flexigroup is largely dependent on its ability to attract and retain key personnel. Whilst flexigroup makes every effort to retain key personnel, there can be no guarantee that it will be able to do so. Any loss of key personnel could materially adversely affect flexigroup's business, operating and financial performance.

TECHNOLOGY AND DATA

Technology plays an important role in the delivery of services to customers. flexigroup's ability to compete effectively in the future will, in part, be driven by its ability to secure and maintain (including update where required) an appropriate technology platform for the efficient delivery of its products and services. flexigroup plans to focus on investing in core IT systems and digital capability to support future business growth. flexigroup also relies on the technology and payment processing platforms of a range of third party service providers to provide its services. Any failure of its or its third party providers' technological systems or network infrastructure to perform as expected, including by damage, equipment faults, power failures, computer viruses and external malicious interventions such as hacking or denial-of-service attacks, may result in a loss or damage to flexigroup, including reputational damage, which may consequently

materially and adversely impact flexigroup's business, results, profitability, reputation and prospects. Financial penalties for data breaches can be significant, which if levied on flexigroup could have an adverse effect on the reputation and the financial performance of flexigroup.

INDUSTRY COMPETITION

There is substantial competition within the specialty finance sector in which flexigroup operates. The effect of competitive market conditions may adversely impact the earnings and assets of flexigroup. In particular, any reduction in fees or interest rate margins in line with, or to remain competitive with, the sector in which flexigroup operates, could materially adversely affect flexigroup's financial performance. Aggressive customer acquisition campaigns, superior technology offerings or enhanced scale benefits of competitors may materially erode flexigroup's market share and revenue, or prevent or limit its growth in new markets, and may materially and adversely impact flexigroup's operations, profitability and prospects.

CORPORATE DEBT REFINANCING RISK

Certain of flexigroup's debt facilities will need to be refinanced at various maturity dates. There is no guarantee that equity or debt funding will be available to flexigroup when an existing facility expires or is otherwise terminated (e.g. due to an event of default), or that flexigroup will be able to refinance that debt facility on reasonable terms. As a borrower of capital, flexigroup is exposed to fluctuations in interest rates which may increase the cost of servicing flexigroup's debt. The inability to refinance flexigroup's facilities on satisfactory terms could adversely affect its financial performance and prospects. To the extent that additional equity or debt funding is not available from time to time on acceptable terms, or at all, flexigroup may not be able to take advantage of acquisition and other growth opportunities, develop new products or respond to competitive pressures. Developments in global financial markets, such as the impact of COVID-19, may adversely affect the liquidity of global credit markets and flexigroup's access to those markets. This may have a material adverse effect on flexigroup's future financial performance and position.

COUNTERPARTY RISK

Credit market conditions and the operating and financial performance of flexigroup will affect borrowing costs as well as the Group's capacity to repay, refinance or increase its corporate debt. flexigroup is subject to covenants in its corporate debt facilities, including liquidity and leverage tests. If flexigroup were to breach any of these covenants, its corporate debt could be immediately declared repayable and there is no guarantee that flexigroup would have sufficient cash flow or be able to source refinancing on acceptable terms.

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FLEXIGROUP // 2020

Key risks //

FUNDING RISK

Access to capital and funding is a fundamental requirement to achieve flexigroup's business objectives and to meet its financial obligations when they fall due. There are a variety of funding risks inherent in flexigroup's financing sources which are particularly heightened in the current economic environment. A dispute, or a breakdown in the relationship, between flexigroup and its financiers, a failure to reach a suitable arrangement with a particular financier, or the failure of a financier to pay or otherwise satisfy its contractual obligations (including as a result of insolvency, financial stress or the impacts of COVID-19), could have an adverse effect on the reputation and/or the financial performance of flexigroup.

flexigroup's program comprises a mix of financing sources. Across the various markets that flexigroup operates in, it depends upon these sources to fund its operations and therefore faces funding risks. A loss of or adverse impact on or in relation to one or more of its funding sources, if it is unable to access alternative sources of funding on equivalent terms or at all, could limit flexigroup's ability to write new business or to write business on terms which are competitive, or to refinance existing facilities, all of which could materially adversely affect flexigroup's business, operating and financial performance.

EXPOSURE TO FRAUD AND END CUSTOMER BAD DEBTS

The ability of flexigroup to recoup the purchase value of 'buy now, pay later' services used by their end customers may affect flexigroup's revenue and earnings results. Each of humm and bundl relies on the Group's technology to assess end customers' repayment capability for each transaction. Prolonged miscalculation of customers' repayment ability or a material increase in repayment failures due to job losses or other adverse events, such as events consequential to the COVID-19 pandemic and related containment measures, may cause flexigroup to be materially exposed to bad debts where end customers are unable to meet their repayment obligations to humm or bundl or make hardship applications. Further, changes in the proportions of high quality and low quality credit customers of the humm and bundl businesses may result in unexpected changes in credit quality of the relevant business portfolios, increasing the risk of financial exposure for flexigroup.

There is also a risk that flexigroup may be exposed to fraud attempts, including risks from the potential collusion between internal and external parties, and end customers attempting to circumvent flexigroup's fraud and credit risk systems (such as its repayment capability assessments and AML or identification checks). Fraud attempts may potentially result in damage to flexigroup's reputation and a higher than budgeted cost of fraud to rectify and safeguard business operations, which may materially adversely impact flexigroup's results of operations, profitability, reputation and prospects.

REGULATORY RISK

flexigroup operates in highly regulated industries. Changes in law or regulation in a market in which flexigroup operates could materially impact its business, operating and financial performance.

flexigroup operates in a range of jurisdictions, and with any geographic expansion may become subject to additional legal, regulatory, tax, licensing, compliance requirements and industry standards that are constantly changing. There is a risk that any changes to law, regulations or industry standards in any jurisdiction in which flexigroup operates may impose significant compliance costs, or even make it infeasible for flexigroup to continue to operate in its current markets or to expand. This may materially and adversely impact flexigroup's ability to achieve its strategic goals, and negatively impact its revenue and profitability by preventing its business from reaching sufficient scale in particular markets.

flexigroup proactively tracks the external regulatory environment in which it operates to ensure that it is able to manage a constructive dialogue with and can respond proactively to the key strategies and priorities of its primary regulators.

Any media attention, regulatory scrutiny or other action taken against flexigroup in any of the countries in which it operates may have adverse effects on the reputation of flexigroup or on its operating and financial performance.

FINANCIAL PRODUCT REGULATION

flexigroup's business, operating or financial performance may also be adversely affected by the impact of laws on the enforceability of its loans (or related securities). For example, changes to the law of penalties could result in contractual provisions such as late payment, dishonour and over-limit fees being unenforceable, and flexigroup could be adversely affected in other ways by non-compliance with laws or regulatory requirements. Such events or circumstances may materially adversely affect its business, operating or financial performance either directly or indirectly (for example through liabilities it may have to respective third party funders or funding vehicles) in connection with the origination and servicing of loans.

flexigroup's business activities in Australia are primarily regulated by ASIC under the *Corporations Act 2001* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth), the *National Consumer Credit Protection Act 2009* (National Credit Act) and the National Credit Code. There is a risk that flexigroup could face legal or regulatory sanctions or reputational damage as a result of any failure to comply with applicable laws, regulations, codes of conduct and applicable standards, including the rollout of costly remediation programs being enforced by regulators, which may increase flexigroup's financial exposure. A breach of any of these could result in fines, penalties, the payment of compensation or the cancellation or suspension of flexigroup's ability to carry on certain of its activities or businesses. This could materially adversely affect flexigroup's business, operating and financial performance.

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In particular, flexigroup is regulated by the National Credit Act and the National Credit Code in relation to its Australian credit cards business and discontinued consumer leasing business. The National Credit Act imposes a number of obligations on flexigroup. For example, flexigroup has to comply with statutory obligations in relation to responsible lending, disclosure and enforcement. If responsible lending obligations are imposed on other segments of flexigroup's business, the associated increased costs may adversely affect flexigroup's business, operating and financial performance.

The Australian parliament has recently passed legislation which empowers ASIC with regulatory oversight and the ability to intervene in relation to financial and credit products where it identifies a risk of significant detriment to consumers, enabling it to make orders prohibiting certain conduct related to prospects offered to consumers. Any regulatory action may materially adversely affect flexigroup's business, operating or financial performance. Over the past 12 months in particular, ASIC has had an industry wide focus on compliance with responsible lending requirements.

AML/CTF LAWS

Recently there has been increased supervisory, regulatory and enforcement focus in Australia on compliance with anti-money laundering, counter-terrorism financing, anti-bribery and corruption and sanctions laws (AML/CTF laws). flexigroup has been engaging with AUSTRAC in 2020 in respect of its AML/CTF compliance procedures. Any ineffective implementation, monitoring or remediation of any of flexigroup's relevant policies, systems or controls could lead to future compliance issues associated with AML/CTF laws.

LITIGATION AND CLAIMS

As with all businesses, flexigroup is exposed to potential legal and other claims or disputes in the course of its business, including contractual disputes, work health and safety claims and other liability claims in relation to the services that it provides. flexigroup takes legal advice in respect of such claims and, where relevant, makes provisions and disclosure regarding such claims in its consolidated financial statements. Although flexigroup seeks to minimise the risk of such claims arising, and their impact if they do arise, such claims will arise from time to time and could materially adversely affect flexigroup's business, operating and financial performance.

INTELLECTUAL PROPERTY

Unauthorised use or copying of any of flexigroup's software, data, specialised technology or platforms may occur and the validity, ownership or authorised use of intellectual property relevant to flexigroup's business may be successfully challenged by third parties. This could result in disputes or litigation and this could require flexigroup to incur significant expenses even if it is able to successfully defend or settle such claims. It could also result in the inability to use the intellectual property in question, which may materially and adversely impact flexigroup's business, results of operations, profitability and prospects.

FUTURE PAYMENT OF DIVIDENDS

The payment of dividends on flexigroup's shares is dependent on a range of factors including the profitability of its group, the availability of cash, capital requirements of the business and obligations under debt instruments. Any future dividend levels will be determined by the flexigroup board having regard to its operating results and financial position at the relevant time. That said, there is no guarantee that any dividend will be paid by flexigroup or, if paid, that they will be paid or franked at previous levels.

RISKS ASSOCIATED WITH NOT TAKING UP NEW SHARES UNDER THE ENTITLEMENT OFFER

You should note that if you do not take up all or part of your entitlement, then your percentage shareholding in flexigroup will be diluted by not participating to the full extent in the Entitlement Offer. Investors may also have their investment diluted by future capital raisings by flexigroup. flexigroup may issue new securities in the future to finance acquisitions or pay down debt which may, under certain circumstances, dilute the value of an investor's interest. Before deciding whether to take up New Shares under the Entitlement Offer, you should seek independent advice.

General risks

SHARE PRICE RISK

There are general risks associated with an investment in the share market. As such, the value of New Shares may rise above or fall below the offer price, depending on the financial position and operating performance of flexigroup and other factors. Further, the market price of flexigroup shares will fluctuate due to various factors, many of which are non-specific to flexigroup, including:

- operating results of the Group that may vary from expectations of securities analysts and investors;
- recommendations by brokers and analysts;
- the impact of COVID-19, including on the health of the workforce, the industry and customers;
- general movements in Australian and international stock markets, including market volatility;
- investor sentiment and the risk of contagion;
- Australian and international general economic conditions, including changes in inflation rates, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
- changes in Australian and foreign government regulation and fiscal, monetary and regulatory policies;
- global geo-political events and international hostilities, acts of terrorism and the response to COVID-19;
- loss of key personnel and delays in replacement;
- announcement of new technologies; and
- future issues of flexigroup equity securities.

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In the future, these factors may cause flexigroup shares to trade at a lower price.

The share prices for many listed companies have in recent times been subject to wide fluctuations and high volatility, which in many cases may reflect a diverse range of non-company specific influences referred to above. In particular, the events relating to COVID-19 have recently resulted in significant market falls and volatility both in Australia and overseas, including in the prices of securities trading on the ASX.

It is also possible that new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including the impacts of COVID-19) may evolve in ways that are not currently foreseeable. The equity capital markets have in the past and may in the future be subject to significant volatility.

No assurances can be given that the New Shares will trade at or above the Offer Price. None of flexigroup, its Board, the Underwriter, or any other person guarantees the market performance of the New Shares.

TAXATION

Future changes in taxation law in Australia, New Zealand, Hong Kong, Singapore, Norway, the United Kingdom and in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions, may impact the future tax liabilities of flexigroup or may affect taxation treatment of an investment in flexigroup shares, or the holding or disposal of those shares. Tax liabilities are the responsibility of each individual shareholder.

ACCOUNTING STANDARDS

flexigroup prepares its general purpose financial statements in accordance with AIFRS and with the Corporations Act. Australian Accounting Standards are subject to amendment from time to time, and any such changes may impact on flexigroup's statement of financial position or statement of financial performance.

ASSET IMPAIRMENT

Under AIFRS, flexigroup is required to review the carrying value of its assets annually or whenever there is an indication of impairment. If there is any indication of impairment, then the assets' recoverable amount is estimated. Changes in key assumptions underlying the recoverable amount of certain assets of flexigroup could result in an impairment of such assets, which may have a material adverse effect on flexigroup's financial performance and position.

EXCHANGE RATES

flexigroup operates internationally and is exposed to exchange risk arising from movements in exchange rates. flexigroup's financial statements are expressed and maintained in Australian dollars. Exchange rate movements affecting these currencies may impact the profit and loss account or assets and liabilities of flexigroup, to the extent the foreign exchange rate risk is not hedged or not appropriately hedged.

flexigroup consolidates results of overseas businesses into Group results and the performance of overseas businesses in Australian dollars when reported in Group financial statements may vary due to the movement of foreign exchange rates. This could have an adverse effect on flexigroup's financial performance.

DOMESTIC AND GLOBAL ECONOMIC CONDITIONS

Any deterioration in the global economy or the jurisdictions in which flexigroup operates in may have a material adverse effect on the performance of flexigroup's business, particularly matters which adversely affect the key indicators of consumer sentiment, economic growth and unemployment rates. Particularly, significantly higher unemployment or higher interest rates may result in lower retail spending, an increase in loan default rates or reduced demand for credit, all of which would adversely impact on flexigroup's earnings.

A prolonged deterioration in general economic conditions, including a decrease in consumer and business demand, would likely have a material adverse effect on flexigroup's business or financial condition (or both). This risk is heightened in the current uncertain economic environment. In light of recent Australian and global macroeconomic events, including but not limited to the global impact of COVID-19, it is likely that Australia will experience an economic downturn of uncertain severity and duration which would affect discretionary spending and the operating and financial performance of flexigroup.

There are also other changes in the macroeconomic environment which are also beyond the control of flexigroup and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs, which may affect the cost structure of the Group;
- changes in aggregate investment and economic output; and
- other changes in economic conditions which may affect the revenue or costs of the Group.

Due to the impact of COVID-19, many of these factors are in a state of change, and may have an adverse impact on the financial position and prospects of the Group in the future.

Foreign selling restrictions //

Foreign selling restrictions //

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the New Shares) are in Hong Kong, you represent and warrant that you (and any such person) are a "professional investor" as defined under the SFO.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (FMC Act)*.

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the *FMC Act*;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the *FMC Act*;
- is large within the meaning of clause 39 of Schedule 1 of the *FMC Act*;
- is a government agency within the meaning of clause 40 of Schedule 1 of the *FMC Act*; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the *FMC Act*.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the *Norwegian Securities Trading Act of 29 June 2007 no. 75*. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the *Norwegian Securities Trading Act*. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the *Norwegian Securities Trading Act*).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the *Securities and Futures Act*, Chapter 289 of Singapore (the *SFA*), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the *SFA*.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the *SFA*) or (iii) an "accredited investor" (as defined in the *SFA*). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the *SFA* provisions relating to resale restrictions in Singapore and comply accordingly.

Foreign selling restrictions //

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons:

- who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000* (Financial Promotions) Order 2005 (**FPO**),
- who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO, or
- to whom it may otherwise be lawfully communicated (together, **relevant persons**).

The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Underwriting agreement summary //

Underwriting agreement summary //

Overview of Underwriting Agreement

Citigroup Global Markets Australia Pty Limited ACN 003 114 832 (**Citi** or **Underwriter**) is acting as underwriter of the Institutional Entitlement Offer and has entered into an underwriting agreement with **flexigroup** (**Underwriting Agreement**) pursuant to which the Underwriter has agreed to fully underwrite the Institutional Entitlement Offer on the terms and conditions of the Underwriting Agreement and to underwrite 50% of the Retail Entitlement Offer.

The Underwriting Agreement is subject to certain terms and conditions which are customary for an underwriting agreement of this type, including conditions precedent, representations, warranties and indemnities (in favour of the Underwriter) and termination rights. If certain events occur, some of which are beyond the control of **flexigroup**, the Underwriter may terminate the Underwriting Agreement, which have a materially adverse impact on the total amount of proceeds that could be raised under the Institutional Entitlement Offer.

In this summary, **Offer Materials** refers to this Investor Presentation, any document released to ASX in connection with the Entitlement Offer or used, with **flexigroup's** approval, to market the Offer, including institutional confirmation letters, the Retail Offer Booklet and written communications with shareholders, nominees and other parties.

Termination Events

If the Underwriter terminates its obligations under the Underwriting Agreement, the Underwriter will not be obliged to perform any of its obligations that remain to be performed.

The Underwriter may terminate its obligations under the Agreement if any of the following events occur prior to 5.00pm on the settlement date for Retail Entitlement Offer by giving notice to **flexigroup**.

These termination event include, but are not limited to:

- a) (**Listing**) **flexigroup** ceases to be admitted to the official list of ASX or its Shares are suspended from trading for two or more than two trading days for any reason other than a trading halt in connection with the **Entitlement Offer** or cease to be quoted on ASX;
- b) (**Insolvency**) **flexigroup** or certain of its subsidiaries becomes or is likely to become insolvent or there is an act or omission, or a circumstance arises, which is likely to result in **flexigroup** or certain of its subsidiaries becoming insolvent where such insolvency would have a Material Adverse Effect under the Underwriting Agreement;
- c) (**regulatory action**) any government agency commences, or gives notice of or conveys an intention to commence, any investigation, proceedings or hearing in relation to the Entitlement Offer or the Offer Materials or prosecutes or commences proceedings against, or gives notice of an intention to prosecute or commence proceedings against, **flexigroup**;

d) (**quotation**) approval (subject only to customary conditions) is refused or not granted to the official quotation of all the Offer Shares on ASX, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

e) (**delay**) there is a delay in the timetable for the **Entitlement Offer** except as permitted by the Underwriting Agreement;

f) (**withdrawal**) **flexigroup** withdraws the **Entitlement Offer**, or indicates in writing to the Underwriter that it does not intend to, or is unable to proceed with, the **Entitlement Offer**;

g) (**unable to issue Offer Shares**) **flexigroup** is prevented from allotting and issuing the Offer Shares within the times required by the timetable under the Underwriting Agreement, the ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency;

h) (**no Certificate**) any 'Certificate' which is required to be furnished by **flexigroup** under the Underwriting Agreement is not furnished when required;

i) (**fraud**) the Company, any of its Directors or the Chief Executive Officer or Chief Financial Officer of **flexigroup** is charged in relation to any fraudulent conduct or activity whether or not in connection with the Offer;

j) (**prosecution or investigations**) any of the following occur:

(i) a Director or the Chief Executive Officer or Chief Financial Officer of the Company is charged with an indictable offence;

(ii) any government agency charges or commences any court proceedings or public action against **flexigroup** or any of its Directors in their capacity as a Director of **flexigroup**, or announces that it intends to take action, or commences or, other than as disclosed in the Due Diligence Questionnaire, gives notice of an intention to commence a hearing or investigation into **flexigroup**;

(iii) any Director is disqualified from managing a corporation under Part 2D.6 of the *Corporations Act*;

k) (**change in management**) resignation or termination of the Chief Executive Officer, Chief Financial Officer or the Chairman of **flexigroup** occurs;

l) (**Material Adverse Effect**) a Material Adverse Effect occurs, being a material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting the business, operations, assets, liabilities, financial position or performance, profits, losses, prospects or results of operations of **flexigroup** and its subsidiaries (taken as a whole);

m) (**illegality or commercial impracticability**) there is an event, occurrence or non-occurrence after the execution of this agreement which makes it illegal or commercially impracticable for the Underwriter to satisfy a material obligation under the Underwriting Agreement, or to market, promote or settle the offer of Offer Shares;

Underwriting agreement summary //

- n) (**Offer Materials**) a statement contained in the Offer Materials is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, or the Offer Materials omit any information they are required to contain (having regard to section 708AA of the *Corporations Act* and any other applicable requirements), or the issue or distribution of an Offer Materials, or the conduct of the **Entitlement Offer**, is misleading or deceptive or likely to mislead or deceive;
- o) (**Market Fall**) at any time:
- between the Institutional Opening Date and the First Settlement Date, either the S&P/ASX 200 Index or the S&P/ASX 200 SPI Futures Index falls to a level that is 10% below the level of the relevant index as at the close of trading on the day before the date of this agreement and remains at that level for a period of not less than 1 Business Day; or
 - after the Institutional Opening Date, either the S&P/ASX 200 Index or the S&P/ASX 200 SPI Futures Index falls to a level that is 10% below the level of the relevant index as at the close of trading on the day before the date of this agreement and remains at that level for more than two Business Days; or
- p) (**corrective statement**) an obligation arises on flexigroup to give ASX a notice in accordance with section 708AA(10) or 708AA(12) of the *Corporations Act*.
- Certain termination events are qualified by the Underwriter having reasonable grounds to believe that the event has or is likely to have a material adverse effect on the success, settlement or marketing of the Entitlement Offer, on the ability of the Underwriter to market, promote or settle the Entitlement Offer or will or likely give rise to a contravention by or liability for the Underwriter under the *Corporations Act* or applicable laws including (but not limited to):
- (**amendments**) flexigroup amends any of the Offer Materials without the prior written consent of the Underwriter;
 - (**Certificate incorrect**) a statement in any 'Certificate' under the Underwriting Agreement is false, misleading, deceptive, untrue or incorrect;
 - (**change in law**) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law or regulation, or the Reserve Bank of Australia, or any Commonwealth or State authority (including ASIC), adopts or announces a proposal to adopt a new policy (other than a law, regulation, or policy which has been announced prior to the date of this agreement);
 - (**market disruption**) Any of the following occurs: (i) a general moratorium on commercial banking activities in Australia, New Zealand, Singapore, Hong Kong, the United States or the United Kingdom (**Relevant Countries**) is declared by the relevant central banking authority in any of those countries or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) any adverse effect on the financial markets in the Relevant Countries, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or (iii) trading of all securities quoted on ASX, London Stock Exchange, Hong Kong Stock Exchange, Singapore Stock Exchange or New York Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading, or a Level 3 "marketwide circuit breaker" is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P 500 Index only;
 - (**hostilities**) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, the United States of America, United Kingdom, any member state of the European Union, Japan, Hong Kong (excluding a recurrence of the recent hostilities, but including any escalation of those recent hostilities, through any military deployment by the People's Republic of China or otherwise), or the People's Republic of China, or a state of emergency is declared by any of those countries (other than as already declared prior to the date of this agreement) or a major escalation occurs in relation to a previously declared state of emergency by any of those countries, or a major terrorist act is perpetrated on any of those countries or any diplomatic establishment of any of those countries;
 - (**representations and warranties**) a representation, warranty or undertaking or obligation contained in this agreement on the part of flexigroup is breached or is or becomes misleading or deceptive or not true or correct;
 - (**breach**) flexigroup fails to perform or observe any of its obligations under this agreement;
 - (**information**) the due diligence committee report or any information supplied (including any information supplied prior to the date of this agreement) by or on behalf of flexigroup to the Underwriter for the purposes of the due diligence investigations, the Offer Materials or the **Entitlement Offer**, is or becomes false, misleading or deceptive or is likely to mislead or deceive (including by omission); and
 - (**contravention of law**) either: (i) flexigroup contravenes in connection with the **Entitlement Offer** any provision of the *Corporations Act*, its constitution, any of the ASX Listing Rules or any other applicable law; or (ii) any of the Offer Materials or any aspect of the **Entitlement Offer** does not comply with the *Corporations Act* or the ASX Listing Rules or any other applicable law.

Important notice and disclaimers //

Important notice and disclaimers //

The following notice and disclaimer applies to this investor presentation (Presentation) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation you represent and warrant that you are entitled to receive the Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation is dated 26 August 2020 and has been prepared and authorised by FlexiGroup Limited (ABN 75 122 574 583) (**flexigroup** or the Company) in connection with the Company's proposed partially underwritten 1 for 3.20 pro rata accelerated non renounceable entitlement offer of new **flexigroup** fully paid ordinary shares (New Shares) to be made under section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73) (Entitlement Offer). The Entitlement Offer will be made to eligible retail shareholders of **flexigroup** (Retail Entitlement Offer) and eligible institutional shareholders of **flexigroup** (Institutional Entitlement Offer).

CitiGroup Global Markets Australia Pty Limited ACN 003 114 832 (Citi or Lead Manager) is acting as sole lead manager of the Entitlement Offer. Citi will fully underwrite the Institutional Entitlement Offer and underwrite 50% of the Retail Entitlement Offer on the terms of the Underwriting Agreement.

SUMMARY INFORMATION

This Presentation contains summary information about **flexigroup** and its subsidiaries (together, the Group) and their respective activities which is current only as at the date of this Presentation (unless otherwise stated). The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in **flexigroup** or that would be required to be included in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. **flexigroup's** historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (ASX). This Presentation should be read in conjunction with **flexigroup's** other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

NO RECOMMENDATION, OFFER, INVITATION OR ADVICE

This presentation is not a prospectus, product disclosure statement, financial product or investment advice or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission (ASIC)) or any other law. This presentation is for information purposes only and is not financial product or investment advice nor a recommendation, offer or invitation by any person or to any person to acquire the New Shares or any other financial products in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or invitation and does not and will not form any part of any contract for the acquisition of New Shares. **flexigroup** is not licensed to provide financial product advice.

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Important notice and disclaimers //

flexigroup, its officers, employees, agents and advisers, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the Group's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond **flexigroup's** control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the 'Risk factors' in the Appendix to this Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Group.

There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to **flexigroup** as at the date of this Presentation. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise is disclaimed. **flexigroup** disclaims any responsibility to update or revise any forward-looking statement to reflect any change in the Group's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

DISCLAIMER

Neither the Lead Manager nor any of the Lead Manager's or **flexigroup's** respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation and none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. To the maximum extent permitted by law, **flexigroup**, the Lead Manager and each of their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents:

- exclude and disclaim all liability (including, without limitation, for negligence) for any direct or indirect expenses, losses, damages or costs incurred as a result of participation in the Entitlement Offer or the information in this Presentation being inaccurate or incomplete in any way for any reason; and
- make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and take no responsibility for any part of this Presentation.

The Lead Manager and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents (Lead Manager Parties) take no responsibility for the Entitlement Offer and make no recommendations as to whether any person should participate in the Entitlement Offer nor do they make any representations or warranties

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The Retail Entitlement Offer will be made on the basis of the information contained in the retail offer booklet to be prepared for eligible retail shareholders of the Company in Australia and New Zealand (Retail Offer Booklet), and made available following its lodgement with ASX. Any eligible retail shareholder in Australia or New Zealand who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet before deciding whether to apply for New Shares under the Retail Entitlement Offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Offer Booklet and the entitlement and acceptance form.

This Presentation contains general information about **flexigroup** only in summary form and does not take into account the investment objectives, financial situation and particular needs of individual investors. The information in this Presentation does not purport to be complete. Investors should make their own independent assessment of the information in this Presentation including the assumptions, uncertainties and contingencies which may affect **flexigroup's** future operations and the values and the impact that future outcomes may have on **flexigroup** and obtain their own independent advice from a qualified financial adviser having regard to their objectives, financial situation and needs before taking any action. This Presentation should be read in conjunction with **flexigroup's** other periodic and continuous disclosure announcements lodged with ASX.

FORWARD LOOKING STATEMENTS

The information in this Presentation is subject to change without notice and **flexigroup** is not obliged to update or correct it. This Presentation contains statements that constitute 'forward-looking statements'. The forward-looking statements in this Presentation include statements regarding **flexigroup's** intent, belief or current expectations with respect to the timetable, conduct and outcome of the Entitlement Offer and the use of proceeds therefore, statements about the plans, objectives and strategies of the management of the Group, statements about the industry and markets in which the Group operates, statements about the future performance of the Group's business activities and its financial condition, indicative drivers, forecasted economic indicators and the outcome of the Entitlement Offer and the use of proceeds. Words such as "will", "may", "expect", "indicative", "intent", "seek", "would", "should", "could", "continue", "plan", "probability", "risk", "forecast", "likely", "estimate", "anticipate", "believe", "aim" or similar words are used to identify forward-looking statements.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of

concerning the Entitlement Offer, and they disclaim (and by accepting this Presentation you disclaim) any fiduciary relationship between them and the recipients of this Presentation, or any duty to the recipients of this Presentation or participants in the Entitlement Offer. Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including at discretion of **flexigroup** and/or the Lead Manager. **flexigroup** and the Lead Manager Parties disclaim any liability in respect of the exercise of that discretion, to the maximum extent permitted by law.

A summary of the key terms of the underwriting agreement between **flexigroup** and the Lead Manager is provided in the Appendix.

JURISDICTION

The distribution of this Presentation including in jurisdictions outside Australia, may be restricted by law. Any person who receives this presentation must seek advice on and observe any such restrictions.

This Presentation may not be distributed or released in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares to be offered and sold under the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. Each institution that reviews the document that is in the United States, or that is acting for the account or benefit of a person in the United States, will be deemed to represent that each such institution or person is a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act of 1933, and to acknowledge and agree that it will not forward or deliver this document, electronically or otherwise, to any other person. No securities may be offered, sold or otherwise transferred except in compliance with the registration requirements of applicable securities laws or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws. By accepting this Presentation you represent and warrant that you are entitled to receive such Presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein. The distribution of this Presentation (including an electronic copy) may be restricted by law in certain other countries. You should read the important information set out in the 'Foreign selling restrictions' in the Appendix to this Presentation. Failure to comply with these restrictions may constitute a violation of applicable securities laws.

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MARKET AND INDUSTRY DATA

Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of flexigroup, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

PAST PERFORMANCE

Past performance and pro forma historical financial information in this Presentation is given for illustrative purposes only and should not be relied upon and is not an indication of future performance, including future share price information. Historical information in this Presentation relating to flexigroup is information that has previously been released to the market. For further details on that historical information, please see past announcements released by the Company to the ASX.

INVESTMENT RISK

An investment in flexigroup securities is subject to investment and other known and unknown risks, including possible loss of income and principal invested, some of which are beyond the control of flexigroup. flexigroup does not guarantee any particular rate of return or the performance of flexigroup securities nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Recipients should read the 'Risk factors' in the Appendix to this Presentation for a non-exhaustive summary of the key risks that may affect flexigroup and its financial and operating performance. All amounts are in Australian dollars unless otherwise indicated.

FINANCIAL INFORMATION AND REFERENCES TO FLEXIGROUP

This Presentation includes certain historical financial information extracted from flexigroup's audited consolidated financial statements for the year ended 30 June 2020 (collectively, the Historical Financial Information). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the Australian Accounting Standards (AAS) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the flexigroup's views on its future financial condition and/or performance. Investors should be aware that certain financial measures included in this Presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC, and are not recognised under AAS or International Financial Reporting Standards (IFRS). Such non-IFRS financial information does not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although flexigroup believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of the Group's business, investors are cautioned not to place undue reliance on any non-IFRS financial information included in this Presentation. In this presentation references to 'flexigroup', 'we', 'us' and 'our' are to flexigroup and its controlled subsidiaries. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

WITHDRAWAL AND COOLING-OFF

flexigroup reserves the right to withdraw, or vary the timetable for any part of the Entitlement Offer without notice. Cooling off rights do not apply to the acquisition of New Shares.

Thank you //

5 Additional information

5.1 Responsibility for this Retail Offer Booklet

This Retail Offer Booklet has been prepared by FXL. No party other than FXL has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations or undertakings in, this Retail Offer Booklet.

5.2 Date of this Retail Offer Booklet

This Retail Offer Booklet is dated 2 September 2020. Subject to the following paragraph, statements in this Retail Offer Booklet are made only as of the date of this Retail Offer Booklet unless otherwise stated and the information in this Retail Offer Booklet remains subject to change without notice. FXL is not responsible for updating this Retail Offer Booklet.

The ASX Announcement and Investor Presentation set out in Section 4 of this Retail Offer Booklet are current as at the date on which they were released. There may be additional announcements that are made by FXL (including after the date of this Retail Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by FXL before submitting an Application.

5.3 Eligibility of Retail Shareholders

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

Eligible Retail Shareholders are Shareholders on the Record Date who:

- (a) are registered as a holder of Existing Shares;
- (b) have a registered address in Australia or New Zealand as noted on FXL's share register;
- (c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Existing Shares;
- (d) were not invited to participate in the Institutional Entitlement Offer and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

FXL has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand, but reserves its right to do so (subject to compliance with relevant laws).

5.4 Ranking of New Shares

The New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares with effect from their date of issue.

The rights attaching to the New Shares are set out in FXL's constitution and are regulated by the Corporations Act, Listing Rules and general law.

5.5 Issue, quotation and trading

FXL will apply for quotation of the New Shares in respect of the Retail Entitlement Offer on ASX in accordance with Listing Rule requirements. If ASX does not grant quotation of the New Shares, FXL will repay all Application Monies (without interest).

Subject to ASX approval being granted, it is expected that the New Shares issued under the Retail Entitlement Offer will commence trading on a normal basis on Wednesday, 23 September 2020. No interest will be paid on Application Monies, and any interest earned on Application Monies will be for the benefit of FXL and will be retained by FXL irrespective of whether New Shares are issued.

It is the responsibility of Applicants to determine the number of New Shares issued to them prior to trading in such Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk. FXL disclaims all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by FXL or the Share Registry or otherwise.

5.6 Reconciliation

In any entitlement offer, investors may believe that they own more shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all eligible shareholders have the opportunity to receive their full entitlement.

FXL may need to issue a small quantity of additional New Shares to ensure all eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

FXL reserves the right to reduce the number of an Entitlement or New Shares allocated to eligible Shareholders or persons claiming to be eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees / custodians fail to provide information requested to substantiate their Entitlement claims, or if they are not eligible Shareholders.

5.7 Underwriting

The Retail Entitlement Offer is being underwritten, as to 50% of the New Shares offered under the Retail Entitlement Offer, by the Lead Manager. The balance of the New Shares offered for issue under the Retail Entitlement Offer is not being underwritten by the Lead Manager or any other party.

Accordingly, 50% of the New Shares which are not subscribed for by Eligible Retail Shareholders pursuant to their Entitlement will form part of the Shortfall to be taken up by the Underwriter or sub-underwriters, on the terms and conditions of the Underwriting Agreement.

In connection with the Lead Manager's underwriting of the Entitlement Offer, FXL and the Lead Manager entered into the Underwriting Agreement. Customary with these types of arrangements:

- (a) FXL and the Lead Manager have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer;

- (b) FXL has agreed, subject to certain carve-outs, to indemnify the Lead Manager, its affiliates and related bodies corporate, and their respective directors, officers, and employees (including the respective directors, officers and employees of its affiliates and related bodies corporate) against all claims, demands, damages, losses, costs, expenses and liabilities arising out of or in connection with the Entitlement Offer; and
- (c) the Underwriting Agreement provides the Lead Manager with the right to terminate their obligation to underwrite the Entitlement Offer in certain circumstances (see 'Underwriting Agreement Summary' of the Investor Presentation included in Section 4 of this Booklet);

The Lead Manager will be paid, in aggregate, in respect of the Institutional Entitlement Offer:

- (a) an underwriting fee equal to 2.5% of the Institutional Entitlement Offer Proceeds (excluding proceeds received from certain related party shareholders of the Company who have pre-committed to subscribe for New Shares in the Entitlement Offer) paid solely as consideration for underwriting:
 - (i) any New Shares not taken up by Shareholders eligible to participate in the Institutional Entitlement Offer; and
 - (ii) any New Shares which would have been offered to certain institutional Shareholders excluded from participating in the Institutional Entitlement Offer, had they been entitled to participate in the Institutional Entitlement Offer; and
- (b) a management fee equal to 0.5% of the Institutional Entitlement Offer Proceeds paid solely for lead managing the Institutional Entitlement Offer and conducting the institutional bookbuild process for Institutional Entitlement Offer.

The Lead Manager will be paid, in aggregate, in respect of its underwriting of 50% of the Retail Entitlement Offer:

- (a) an underwriting fee equal to 1.25% of the Retail Entitlement Offer Proceeds paid solely as consideration for underwriting 50% of the New Shares not taken up in the Retail Entitlement Offer; and
- (b) a management fee equal to 0.5% of the Retail Entitlement Offer Proceeds paid solely for lead managing the Retail Entitlement Offer.

Neither the Lead Manager nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents (collectively, the '**Lead Manager Parties**') have authorised or caused the issue or lodgement, submission, dispatch or provision of this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on a statement made by a Lead Manager Party. To the maximum extent permitted by law, each Lead Manager Party expressly disclaims all liabilities in respect of, and makes no, representations regarding, and takes no responsibility for any part of this Retail Offer Booklet or any action taken by you on the basis of the information in this Retail Offer Booklet, and makes no representation or warranty as to the currency, accuracy, reliability or completeness of this Retail Offer Booklet. To the maximum extent permitted by law, the Lead Manager Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Lead Manager Parties makes any recommendations, express or implied, as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by any of the Lead Manager Parties in relation to the New Shares or the Entitlement Offer generally.

5.8 Continuous disclosure

FXL is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

FXL is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, FXL has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of FXL Shares. That information is available to the public from ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to FXL. These documents may be obtained from, or inspected at, an ASIC office.

5.9 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been made or accepted.

5.10 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

5.11 Not financial product or investment advice

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form is for information purposes only and is not a prospectus, disclosure document or other offering document under the Corporations Act or any other law and has not been lodged with ASIC. It is also not financial product or investment advice or a recommendation to acquire New Shares and has been prepared without taking into account your objectives, financial circumstances or particular needs. This Retail Offer Booklet should not be considered to be comprehensive and does not purport to contain all the information that you may require to make a decision about whether to submit your Entitlement and Acceptance Form and invest in New Shares.

Before making an investment decision, you should consider the appropriateness of the information in this Retail Offer Booklet having regard to your own objectives, financial situation and needs and seek legal and taxation advice appropriate to your jurisdiction. If you have any questions about whether you should participate in the Entitlement Offer, you should seek professional financial advice before making any investment decision. FXL is not licensed to provide financial product advice in respect of New Shares. No cooling off period applies to the acquisition of New Shares under the Offer.

5.12 Financial data

All dollar values are in Australian dollars (\$A).

All financial data is presented as at 30 June 2020 unless otherwise stated.

5.13 Ineligible Shareholders

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless FXL otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because FXL has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number and value of New Shares to which those Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

FXL, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. FXL, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, Eligible Institutional Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, FXL disclaims all liability in respect of such determination.

The price at which the Ineligible Entitlements will be sold is the Offer Price. Accordingly, Ineligible Shareholders will not receive any value as a result of the issue of any of those New Shares they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

6 Australian taxation consequences

Below is a general guide to the Australian income tax, goods and services tax (**GST**) and stamp duty implications of participation in the Retail Entitlement Offer for Eligible Retail Shareholders that hold their New Shares on capital account. In addition, the guide below applies only to Eligible Retail Shareholders who are Australian tax resident individuals, companies or complying superannuation entities. The guide does not apply to Eligible Retail Shareholders who:

- (a) hold Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading), or are subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* or the investment manager regime in Subdivision 842-I of the *Income Tax Assessment Act 1997*, or are exempt from Australian income tax;
- (b) acquired the Shares in respect of which their Entitlements are issued under any employee share scheme or where New Shares are acquired pursuant to any employee share scheme;
- (c) may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), non-complying superannuation funds (except where expressly stated) or temporary residents; or
- (d) are not tax residents of Australia or hold their shares through a permanent establishment outside of Australia.

The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. It does not purport to be a complete analysis of the potential tax consequences of participation in the Retail Entitlement Offer and is intended as a general guide to the Australian income tax, GST and stamp duty implications. Eligible Retail Shareholders should seek advice from an appropriate professional advisor in relation to the tax implications of the Retail Entitlement Offer based on their own individual circumstances.

The comments below are based on the Australian tax law as it applies as at 9.00am (Sydney, Australia time) on 2 September 2020. Other than as expressly discussed or specified, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time. The comments also do not take into account tax legislation of any country other than Australia.

6.1 Issue of Entitlement

Subject to the qualifications noted above and assuming that the Eligible Retail Shareholder continues to hold their Shares until the issue of the Entitlement, the issue of the Entitlement should be non-assessable non-exempt income and should not, in itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder. This is on the basis that the Entitlement satisfies the requirements in section 59-40 of the *Income Tax Assessment Act 1997* (Cth).

6.2 Exercise of Entitlement

New Shares will be acquired where the Eligible Retail Shareholder exercises all or part of their Entitlement under the Retail Entitlement Offer.

An Eligible Retail Shareholder should not derive any assessable income, or make any capital gain or capital loss, at the time of exercising their Entitlement under the Retail Entitlement Offer.

For Australian capital gains tax (**CGT**) purposes, New Shares will be taken to have been acquired on the day that an Eligible Retail Shareholder exercises their Entitlement. The cost base of each New Share will be equal to the Offer Price payable for each New Share plus certain non-deductible incidental costs the Eligible Retail Shareholder incurs in acquiring, holding and disposing of the New Shares.

6.3 Lapse of Entitlement

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and the Eligible Retail Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no tax implications for an Eligible Retail Shareholder from the lapse of the Entitlement and Eligible Retail Shareholders will not be entitled to any tax deductions or capital losses from the lapsed Entitlements.

6.4 Taxation in respect of dividends on New Shares

Any future dividends or other distributions made in respect of New Shares will be subject to the same income taxation treatment as dividends or other distributions made on Existing Shares held in the same circumstances. The dividends or distributions will generally be included in the assessable income of an Eligible Retail Shareholder in the income year in which the dividends or distributions are paid and subject to Australian income tax at the Eligible Retail Shareholder's marginal tax rate.

Where the Eligible Retail Shareholder is a 'qualified person' and the dividends are franked, the Eligible Retail Shareholder must include the franking credits attached to the dividends in its assessable income. Subject to being a 'qualified person', the Eligible Retail Shareholder should also be entitled to a franking tax offset equal to those franking credits, which reduces the tax payable on the Eligible Retail Shareholder's taxable income.

Where the franking tax offset exceeds the tax payable on the Eligible Retail Shareholder's taxable income and such Eligible Retail Shareholder is:

- an individual or complying superannuation entity – the Eligible Retail Shareholder should be entitled to a refund of the excess franking tax offsets;
- a corporate tax entity – the excess franking tax offsets may be carried forward to future income years as tax losses (provided certain loss utilisation tests are satisfied); or

- a trust – the treatment of the excess franking tax offsets will depend upon the identity of the person liable to tax on the trust's net income and the tax status of the trust.

Broadly, an Eligible Retail Shareholder is a 'qualified person' if the Eligible Shareholder:

- is an individual and would obtain total franking tax offsets of no more than A\$5,000 in the income year in which the dividend was paid; or
- holds the New Shares for a continuous period which includes at least 45 days 'at risk' during the period commencing the day after the Eligible Retail Shareholder acquires the New Shares and ending on the 45th day after the New Shares become ex-dividend (but excluding the day of any disposal).

The holding period rule generally only needs to be satisfied once for the New Shares and will apply in respect of the New Shares beginning on the day after the day on which the Eligible Retail Shareholder acquires the New Shares.

6.5 Disposal of New Shares

The disposal of New Shares will give rise to a CGT event for Eligible Retail Shareholders.

Eligible Retail Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the Eligible Retail Shareholder's cost base or less than the Eligible Retail Shareholder's reduced cost base of the New Shares.

The cost base of those Shares is generally described above. The cost base should include a reasonable apportionment of the non-deductible incidental costs on disposal and any interest paid in respect of borrowings used to acquire those Shares that was not otherwise deductible to the Eligible Retail Shareholder. Such non-deductible interest costs are not included in the reduced cost base of those Shares, but otherwise the reduced cost base is calculated in a similar way to the cost base.

Eligible Retail Shareholders that are individuals, trusts or complying superannuation entities and that have held their New Shares for 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trusts and 33⅓% for complying superannuation entities.

Eligible Retail Shareholders will be taken to have acquired New Shares on the day they exercise their Entitlement under the Retail Entitlement Offer. Accordingly, to be eligible for the CGT discount, there must be at least 12 months from the date that Eligible Retail Shareholders exercised their Entitlement until the CGT event occurs. A CGT event will occur at the earlier of the entry into a contract for the sale of the New Shares or disposal of the New Shares.

Any current year or carry forward capital losses of the Eligible Retail Shareholder can only be applied to offset the capital gain prior to the application of any applicable CGT discount.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied. Eligible Retail Shareholders which are trusts should seek specific advice as to the circumstances in which a beneficiary may be entitled to a CGT discount.

Eligible Retail Shareholders that make a capital loss can only use that loss to offset other capital gains from other sources i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year, it can be carried

forward to use in future income years, provided certain loss utilisation tests are satisfied. The tax loss utilisation tests do not apply to capital losses of trusts.

6.6 Taxation of a return of capital by FXL without a cancellation of the New Shares

Where a return of capital is made by FXL, the cost base and reduced cost base of the Eligible Retail Shareholder's New Shares for CGT purposes will be reduced by the amount of the return of capital. To the extent that the cost base of the New Shares is reduced to below zero, any excess should result in a capital gain.

The amount returned may also include a dividend component, or be deemed under taxation law to include a dividend component. The taxation implications of this dividend component should be the same as set out above under the 'Taxation in respect of dividends on New Shares' subheading.

6.7 Tax file numbers and withholding

An Eligible Retail Shareholder is not required to quote their tax file number (**TFN**) or their Australian Business Number (**ABN**) to FXL. However, if a TFN, an ABN or exemption details are not provided, Australian tax may be required to be deducted by FXL at the maximum marginal tax rate for individuals plus the Medicare levy from certain dividends paid.

No withholding requirement applies in respect of fully franked dividends paid by FXL on the New Shares.

6.8 GST and stamp duty

No Australian GST or stamp duty should be payable in respect of the issue, exercise or lapse of Entitlements or the acquisition of New Shares pursuant to the Retail Entitlement Offer.

Subject to certain requirements, there may be a restriction on the entitlement of Eligible Retail Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares (such as brokerage or advisor fees).

No stamp duty should be payable in respect of the acquisition of New Shares on the assumption that no Eligible Retail Shareholder alone or together with any associated persons will hold 90% or more of the total issued shares in FXL immediately after that acquisition.

7 Definitions

Applicant means an Eligible Retail Shareholder who has submitted a valid Application.

Application means the arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

Application Monies means the aggregate amount payable for the New Shares applied for through Bpay® or in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it on which Shares are quoted.

ASX Announcement means the announcement released to ASX by FXL on Wednesday, 26 August 2020 in connection with the Offer, incorporated in Section 4 of this Retail Offer Booklet.

BPAY® means registered to BPAY Pty Ltd ABN 69 079 137 518.

CGT means capital gains tax.

Company or **FXL** or means FlexiGroup Limited (ACN 122 574 583).

Closing Date means the day the Retail Entitlement Offer closes, expected to be 5.00pm (Sydney, Australia time) on Tuesday, 15 September 2020.

Corporations Act means the *Corporations Act 2001* (Cth).

Eligible Institutional Shareholder means an Institutional Shareholder to whom the Lead Manager made an offer on behalf of FXL under the Institutional Entitlement Offer (and who, for the avoidance of doubt, is not an excluded institutional shareholder under the Underwriting Agreement).

Eligible Retail Shareholder means a Shareholder on the Record Date who:

- (a) is registered as a holder of Existing Shares;
- (b) has a registered address in Australia or New Zealand;
- (c) is not in the United States and is not a person (including nominees or custodians) acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Existing Shares;
- (d) was not invited to participate in the Institutional Entitlement Offer, was not an Eligible Institutional Shareholder and was not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Entitlement means the right to subscribe for 1 New Share for every 3.2 Existing Shares held by eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form that accompanies this Retail Offer Booklet.

Entitlement Offer means the pro rata accelerated non-renounceable entitlement offer of New Shares to Eligible Shareholders to raise approximately A\$140 million at the Offer Price on the basis of 1 New Share for every 3.2 Existing Shares held on the Record Date, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

Existing Shares means the Shares already on issue on the Record Date.

GST means goods and services tax imposed in Australia pursuant to the A *New Tax System (Goods and Services Tax) Act 1999* (Cth).

Ineligible Institutional Shareholder means an Institutional Shareholder that is not an Eligible Institutional Shareholder.

Ineligible Retail Shareholder means a retail Shareholder that is not an Eligible Retail Shareholder.

Ineligible Shareholder means an Ineligible Institutional Shareholder and an Ineligible Retail Shareholder.

Institutional Entitlement Offer means the accelerated pro rata non-renounceable entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

Institutional Investor means a person:

- (a) in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84); or
- (b) in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which FXL, at its absolute discretion, is willing to comply with such requirements),

provided that if such an investor is in the United States, it is only an Institutional Investor if it (and any person for whom such person is acting) is an Approved U.S. Shareholder or Approved U.S. Investor (each as defined in the Underwriting Agreement).

Institutional Shareholder means a Shareholder who is an Institutional Investor.

Investor Presentation means the presentation to investors released to the ASX on Wednesday, 26 August 2020, incorporated in Section 4 of this Retail Offer Booklet.

Lead Manager means Citigroup Global Markets Australia Pty Limited ACN 003 114 832.

Listing Rules means the official listing rules of ASX.

New Shares means Shares to be issued under the Entitlement Offer, including (as the context requires) to the Lead Manager or any sub-underwriters.

Offer Price means \$1.14 per New Share, being the price payable per New Share under the Offer.

Record Date means 7.00pm (Sydney, Australia time) on Friday, 28 August 2020.

Retail Entitlement Offer means the pro rata non-renounceable entitlement offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.

Retail Entitlement Offer Period means the period during which the Retail Entitlement Offer is open.

Retail Offer Booklet means this document (including the personalised Entitlement and Acceptance Form accompanying it).

Section means a section of this Retail Offer Booklet.

Share means a fully paid ordinary share in the capital of FXL.

Share Registry means Link Market Services Limited.

Shareholder means a registered holder of Shares.

Shortfall means the New Shares offered under the Retail Entitlement Offer for which valid Applications are not received from Eligible Retail Shareholders.

Underwriting Agreement means the underwriting agreement entered into on 26 August 2020 between FXL and the Lead Manager in respect of the partial underwriting of the Entitlement Offer.

US Securities Act means the U.S. Securities Act of 1933.

8 Corporate information

Company

FlexiGroup Limited
Level 7, 179 Elizabeth St
Sydney NSW 2000

Lead Manager

Citigroup Global Markets Australia Pty Limited
Level 23, 2 Park Street
Sydney NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Legal adviser

MinterEllison
Level 23, Rialto Towers
525 Collins Street
Melbourne VIC 3000 Australia

FXL Retail Entitlement Offer information line

Australia: 1800 881 432
International: +61 1800 881 432
Open 8.30am to 5.30pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period

2 September 2020

<address>

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder

Flexigroup Limited Entitlement Offer – Notification to ineligible shareholders

On Wednesday, 26 August 2020, Flexigroup Limited ACN 122 574 583 (ASX: FXL) (**FXL**) announced a partially underwritten accelerated non-renounceable pro rata entitlement offer to eligible shareholders of FXL to subscribe for 1 new fully paid ordinary share in FXL (**New Share**) for every 3.20 existing fully paid ordinary shares in FXL (**Share**) held as at 7.00 pm (Sydney, Australia time) on the record date (being, Friday, 28 August 2020) (**Record Date**) (**Entitlement**) at an issue price of \$1.14 per New Share (**Issue Price**) to raise up to \$140 million (**Entitlement Offer**).

The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) will be fully underwritten by Citigroup Global Markets Australia Pty Limited ("**Citi**" or "**Lead Manager**") and the retail component of the Entitlement Offer (**Retail Entitlement Offer**) will be partially underwritten (as to 50% of the New Shares to be issued under the Retail Entitlement Offer) by Citi. As noted above, the Entitlement Offer comprises both Institutional Entitlement Offer and the Retail Entitlement Offer which will allow Eligible Retail Shareholders (as defined below) to participate in the Entitlement Offer on the same terms as investors participating in the Institutional Entitlement Offer.

On Friday, 28 August 2020, the Company announced that it had successfully raised approximately \$79 million under the Institutional Entitlement Offer. The Retail Entitlement Offer is non-renounceable, and Entitlements that are not taken up by Eligible Retail Shareholders, together with the Entitlements of Ineligible Retail Shareholders (as defined below), will lapse.

The Entitlement Offer is being made by FXL in accordance with section 708AA of the Corporations Act 2001 (**Corporations Act**) as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Documents relating to the Retail Entitlement Offer were lodged with the Australian Securities Exchange (**ASX**) today and are being mailed to Eligible Retail Shareholders.

This letter has been sent to you to inform you about the Retail Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

Details of the Retail Entitlement Offer

The Retail Entitlement Offer is being made to Eligible Retail Shareholders on the basis of 1 New Share for every 3.20 existing Shares held at 7.00 pm (Sydney, Australia time) on the Record Date, being Friday, 28 August 2020.

Eligibility criteria

FXL has determined, pursuant to section 9A(3) of the Corporations Act and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to FXL shareholders in all countries in connection with the Retail Entitlement Offer. Accordingly, in compliance with section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(b), FXL wishes to inform you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer.

Shareholders who are eligible to participate in the Retail Entitlement Offer (Eligible Retail Shareholders) are those shareholders of FXL who:

- (a) are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney, Australia time) on Friday, 28 August 2020;
- (b) have a registered address on FXL's share register that is in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such shareholders hold securities in FXL for the account or benefit of such persons in the United States);
- (d) other than those holders of Shares who have an address in Australia or New Zealand on FXL's share register, are eligible under all applicable laws to receive an offer under the Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification; and
- (e) were not invited to participate, (other than as nominee in respect of other underlying holdings) in the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder (as defined in the Investor Presentation lodged with ASX on Wednesday, 26 August 2020) under the Institutional Entitlement Offer.

Shareholders who are not Eligible Retail Shareholders are '**Ineligible Retail Shareholders**' and are consequently unable to participate in the Retail Entitlement Offer. FXL may (at its absolute discretion) extend the Retail Entitlement Offer to certain institutional shareholders in foreign jurisdictions who did not participate in the Institutional Entitlement Offer (subject to compliance with applicable laws).

Non-renounceable offer

As the Retail Entitlement Offer is non-renounceable, entitlements in respect of the New Shares you would have been entitled to if you were an Eligible Retail Shareholder will lapse and you will not receive any payment or value for your entitlements in respect of any New Shares that would have been offered to you if you had been eligible. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Retail Shareholder may be allocated to other Eligible Retail Shareholders who subscribe for New Shares in excess of their entitlement under the Retail Entitlement Offer.

Further information

If you have any questions in relation to any of the above matters, please contact the FXL Entitlement Offer Information Line on 1800 881 432, hotline hours (8.30-5.30) (local call from within Australia) or +61 1800 881 432 (from outside Australia) from 8.30am to 5.00pm (Sydney, Australia time) Monday to Friday.

On behalf of the Board and management of FXL, thank you for your continued interest in FXL.

Yours sincerely



Andrew Abercrombie
Chairman

**Approved by the Board of Directors of
Flexigroup Limited**

This letter is not a prospectus or offering document under Australian law or under any other law. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. This letter is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any New Shares in FXL.

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been or will be registered under the U.S. Securities Act of 1933 (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold in the United States or to any person acting for the account or benefit of a person in the United States unless they are registered under the Securities Act or unless they are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Regulation S under the Securities Act) in reliance on Regulation S under the Securities Act.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.