

ASX ANNOUNCEMENT (ASX: LBY)

22 October 2020

Q2 Business Update Investor Presentation

Attached is Laybuy's investor presentation relating to the Quarterly Business Update released earlier today.

For more information, please contact:

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This announcement was approved for release by Gary Rohloff, Managing Director

About Laybuy

Launched in 2017, Laybuy is a rapidly growing fintech company providing buy now, pay later services partnering with over 6,000 retail merchants. Laybuy is available in New Zealand, the UK and Australia. The unique, fully integrated payment platform is helping to revolutionise the way consumers spend. Laybuy is simple. Customers can shop now, receive their purchase straight away, and pay it off over six weekly payments without paying interest. For more information visit laybuyinvestors.com.





Laybuy Q2 Business Update
22 October 2020

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All numbers are stated in New Zealand dollars (NZ\$) and relate to the three months ended 30 September 2020 (Q2 FY21) and comparisons relate to the three months ended 30 September 2019 (Q2 FY20 or PcP) or the three months ended 30 June 2020 (Q1 FY21 or QoQ), unless stated otherwise.

Investment Highlights

Laybuy is a fast-growing “Buy-Now-Pay-Later” (BNPL) provider with a market leadership position in New Zealand and a growing presence in the United Kingdom (UK) and Australia.

- A leading **BNPL provider** in New Zealand
- Successfully entered **large UK Market**
- Partnerships with UK merchants and strategic partners (EML Payments and Mastercard) driving **rapid growth**
- Annualised gross merchant value (**GMV**) of **NZ\$508.4m an increase of 162%** ^(1,2)
- Attractive merchant proposition, **6,323 active merchants** ⁽²⁾
- Differentiated offering for consumers, **568,000 active customers**
- Funding options and capital efficient business model to **facilitate future growth up to NZ\$4bn GMV**
- **Highly scalable and flexible** technology platform
- Laybuy managed **by retailers for retailers**
- **Proven management and board**
- Net Transaction Margin continues to improve, increasing to **2.3% of GMV**⁽²⁾
- **A\$80m IPO** completed in September 2020

1. Annualised GMV is based on annualising the GMV for the three months to September 2020. Growth on the comparable 3 month period in 2019.
2. As at 30 September 2020

Positive momentum continues in Q2 FY21

Strong growth in all key metrics for the three months ended 30 September 2020

- Gross merchandise value (GMV) of NZ\$127.1 million; annualised³ GMV of NZ\$508.4m⁴ (up 162% on PcP)
- Net Transaction Margin⁵ continues to improve, increasing by ~432% to 2.3% of GMV for Q2 FY21 from 0.5% of GMV for Q1 FY21
- Active Merchants⁶ totalled 6,323 (up 48% on PcP)
- UK Active Merchants increased 354% on PcP (up 527)
- Active Customers⁷ totalled 568,000, an uplift of ~95,000 QoQ, reflecting strong growth in both the ANZ (Australia and New Zealand) and United Kingdom (UK) regions
- UK Active Customers increased 916% on PcP (up 269,000)
- Customer defaults declined by ~32% to 2.1% of GMV for Q2 FY21 (reduced from 3.4% in Q1 FY21)
- At the end of September, launched the global partner program with major eCommerce platforms including, Big Commerce, Shopify, Wix, nopCommerce and Aurora Commerce to accelerate merchant adoption of Laybuy platform in Q3 FY21
- As well as the existing partnership with Mastercard, signed formal agreement with EML Payments to roll out a digital card to allow a fully functional 'tap and go' BNPL offering aimed at improved in-store experience and quicker more seamless transacting
- Successfully listed on the ASX raising A\$80 million in the IPO (A\$40 million through the issue of new shares and an A\$40 million sell down by existing shareholders)
- Increased debt facilities to NZ\$174m (NZ\$20 million from Kiwibank and ~NZ\$156m from Victory Park Capital) – this together with the new capital of A\$40 million, has provided Laybuy with significant capacity for GMV growth

3. Annualised GMV is calculated by multiplying the actual GMV for Q2 FY21 by four

4. GBP and AUD denominated GMV have been converted to NZD at the average historical exchange rates for the September 2020 quarter.

5. Measured as revenue less cost of services provided, less receivables impairment expense.

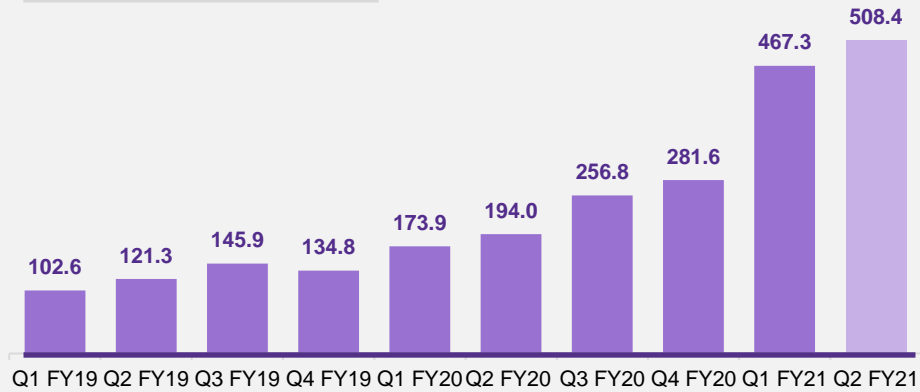
6. Merchants who have received payment for a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period.

7. Customers who have made a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period.

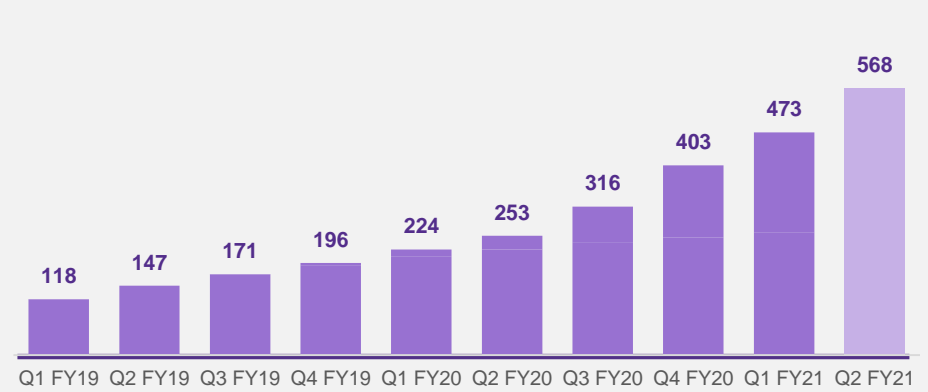
Group Key Operating Metrics

Laybuy continues to demonstrate strong growth across all key metrics

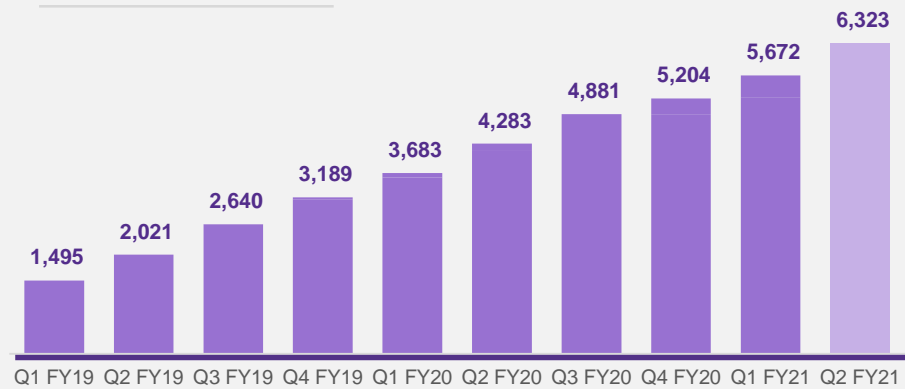
Annualised GMV (NZ\$m)⁸



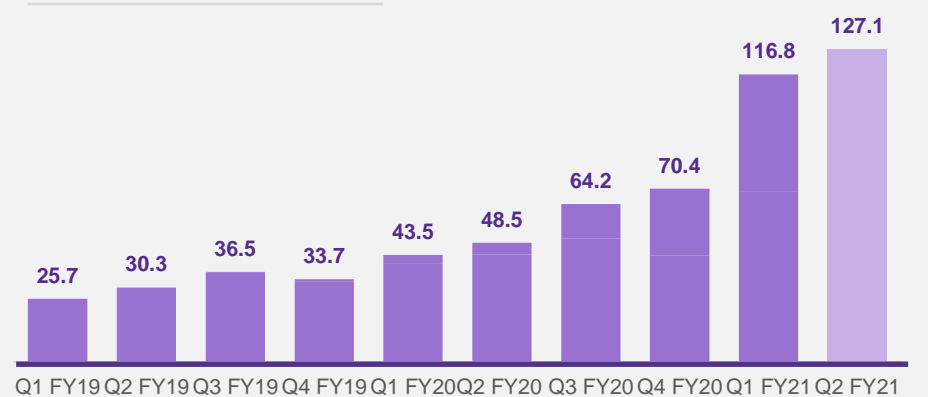
Active customers (000's)⁹



Active merchants¹⁰



GMV (NZ\$m)



8. Annualised GMV is based on annualising the GMV for the relevant quarter

9. An "Active Customer" is a customer who has made a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period

10. An "Active Merchant" is a Merchant who has received payment for a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period

United Kingdom



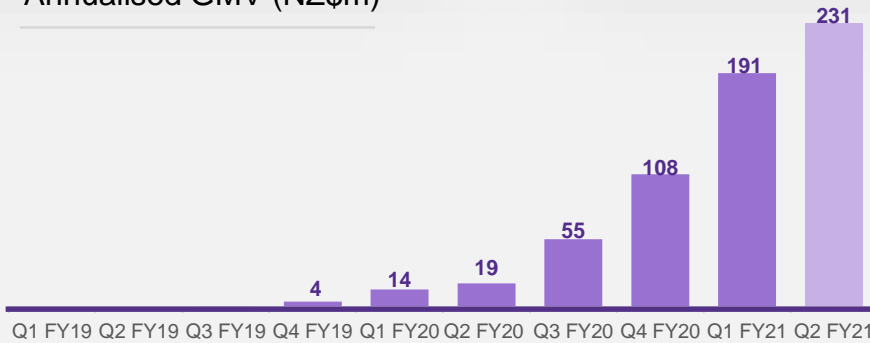
All operating metrics growing rapidly in the UK. Significant opportunity for value creation with strong partners validating customer and merchant proposition

Since official UK launch in February 2019, Laybuy has grown rapidly

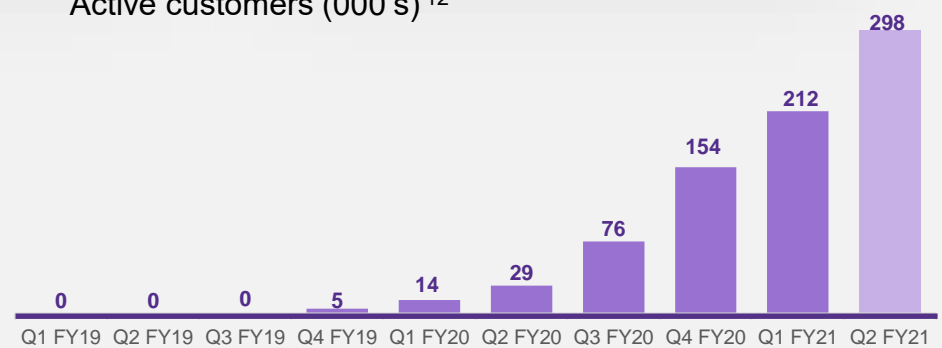
GMV is accelerating in 2020 despite COVID-19 impacts. Continue to monitor impacts of second lock-down.

Laybuy believes the BNPL segment is at an earlier stage in UK vs Australia and NZ with significant potential for growth

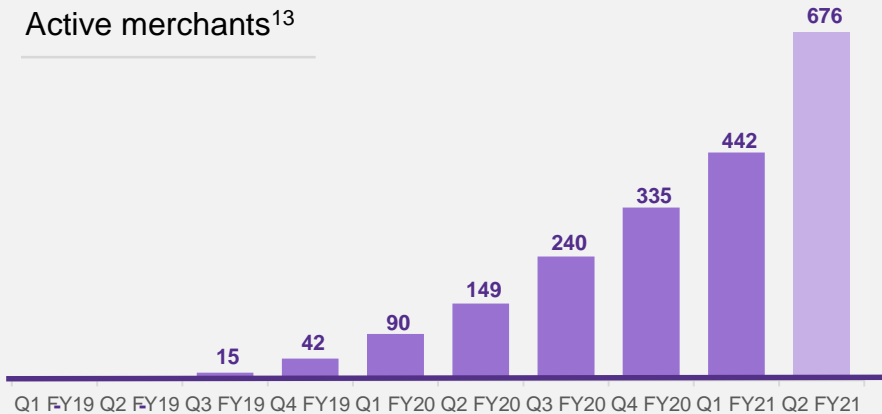
Annualised GMV (NZ\$m)¹¹



Active customers (000's)¹²



Active merchants¹³



Key Merchants

FOOTASYLUM

boohoo



WH Smith

ESTÉE LAUDER



ALEXACHUNG

LOOKFANTASTIC



PRETTYLITTLETHING

11. Annualised GMV is based on annualising the GMV for the relevant quarter

12. An "Active Customer" is a customer who has made a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period

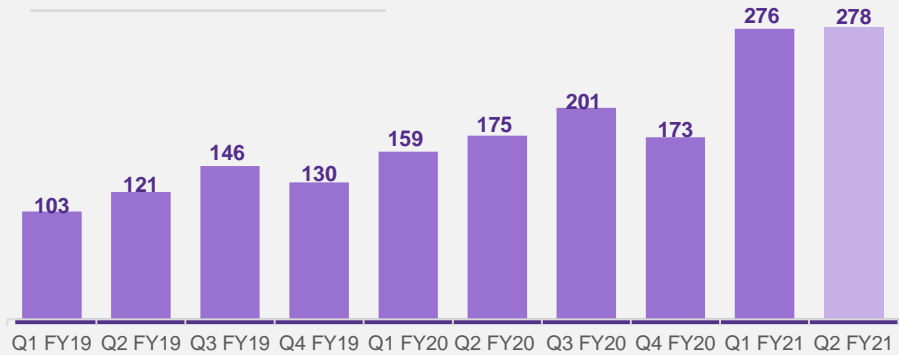
13. An "Active Merchant" is a Merchant who has received payment for a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period

Australia & New Zealand

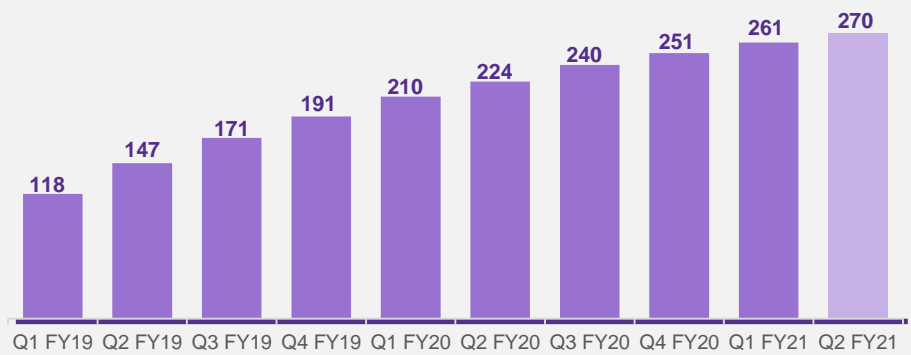


Laybuy is a market leader in New Zealand, and has a growing presence in Australia

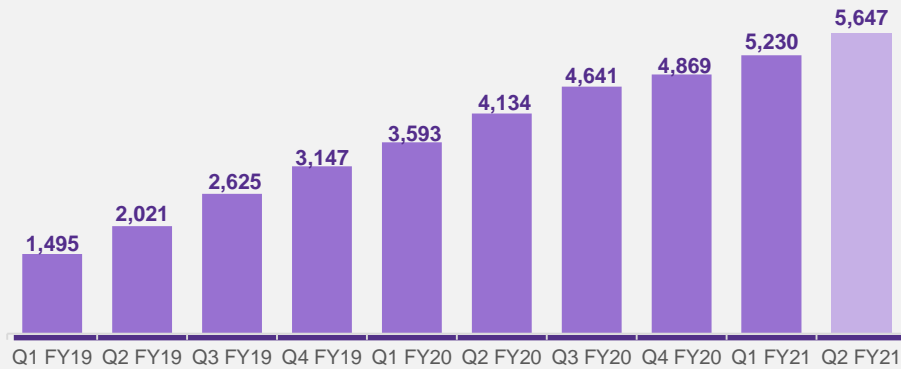
Annualised GMV (NZ\$m)¹⁴



Active customers (000's)¹⁵



Active merchants¹⁶



Key Merchants



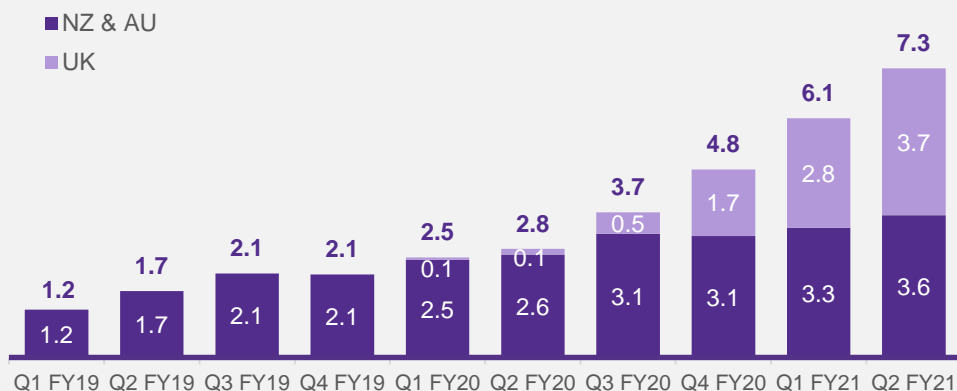
14. Annualised GMV is based on annualising the GMV for the relevant quarter

15. An "Active Customer" is a customer who has made a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period

16. An "Active Merchant" is a Merchant who has received payment for a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period

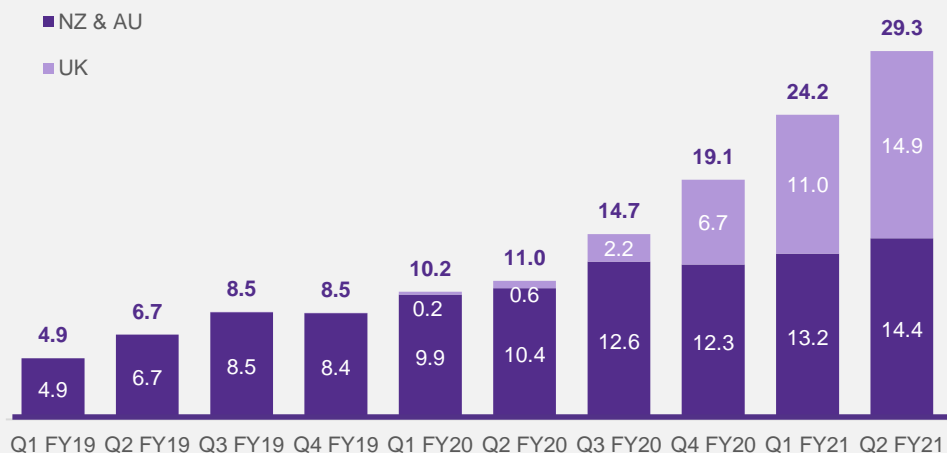
Rapidly Growing Revenue

Revenue – (NZ \$m)



- Revenue increased across the group by 166% compared to PcP and 21% QoQ, due to increases in GMV.
- ARR growing rapidly, with Annualised 2020 September quarter ARR of NZ\$29.3m
- UK has grown rapidly and now represents approximately half of revenue

Group Annualised Revenue Runrate¹⁷ (NZ \$m)



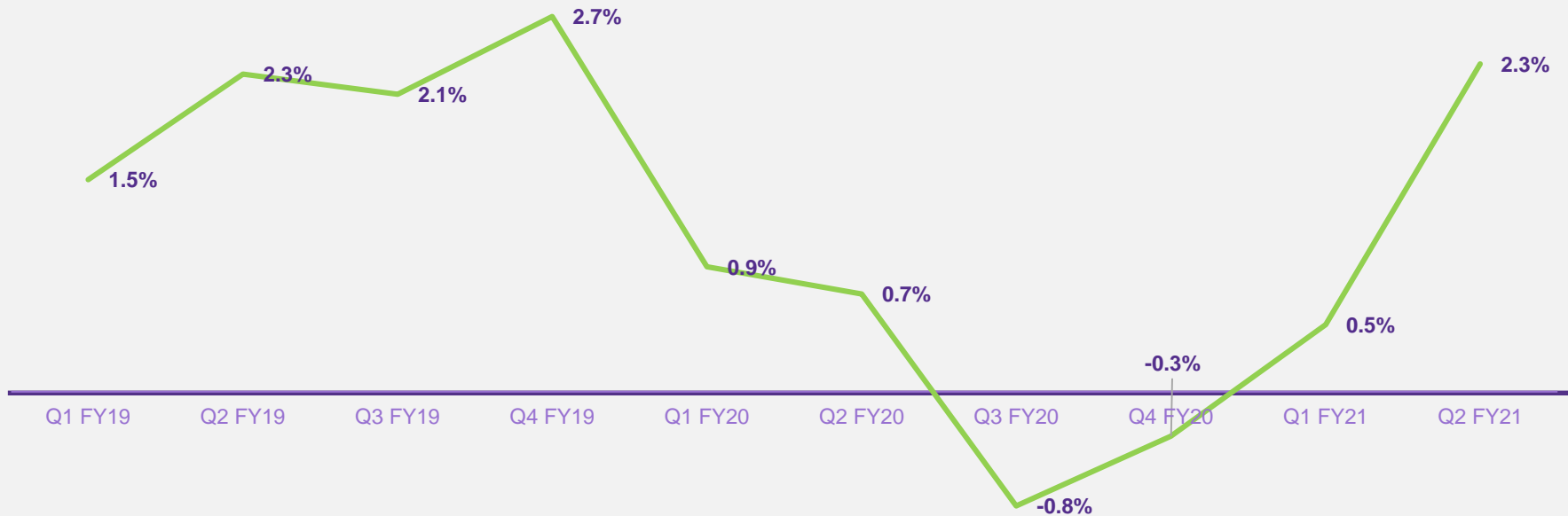
17. Annualised Revenue Runrate is calculated via annualising the relevant quarter

Transaction Margin Recovering

Net Transaction Margin was more favourable in Q2 FY21 than had been initially expected, at 2.3% of GMV due to increased average merchant fees and a reduction in credit losses on customer receivables.



Net Transaction Margin (% of GMV)



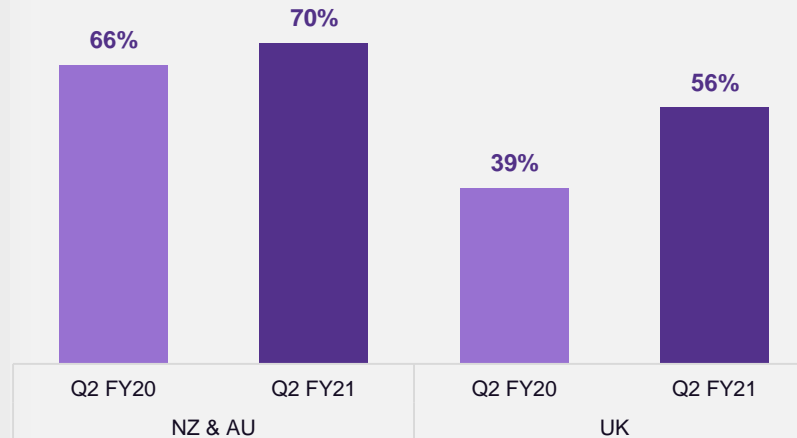
Repeat Customers and Purchase Frequency



Higher levels of repeat customers and purchase frequency drive lower default rates and increase net transaction margin

- New Zealand is Laybuy's oldest geography, and demonstrates high levels of repeat customers and purchase frequency per customer
- Purchasing frequency has been increasing over time, with the earliest joining customers the most frequent users of Laybuy in New Zealand.
- New Zealand 2017 cohort is now purchasing 17.5x per year (based on the September quarter annualised)
- UK and Australian cohort are purchasing at a greater frequency compared to NZ at a similar point of expansion

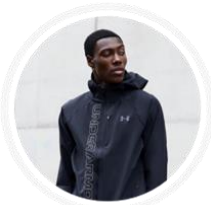
Repeat customers as % of active customers



18. Calculated as the number of purchases made for the year's customer cohort in the trailing six month period, annualised by multiplying by 2

Big Merchants and Partners Signing up in the UK

Momentum is building fast in the UK with further large brands coming on board in 2020 which will support step changes in GMV



FOOTASYLUM 足力

Officially launched in UK with Footasylum

February 2019



Mastercard
®

Mastercard Partnership announced

February 2020



THE HUT GROUP®

The Hut Group rollout

March 2020



Cotton On rollout in NZ, UK and Australia

June 2020



Announced partnership with Manchester United FC

October 2020



WH Smith

WH Smith go live in UK
January 2020



JD Sports go live in UK
February 2020

boohoo

Boohoo global rollout
March 2020



Arsenal FC

Launched on Arsenal FC online Store
April 2020



Announced partnership with Manchester City FC
September 2020

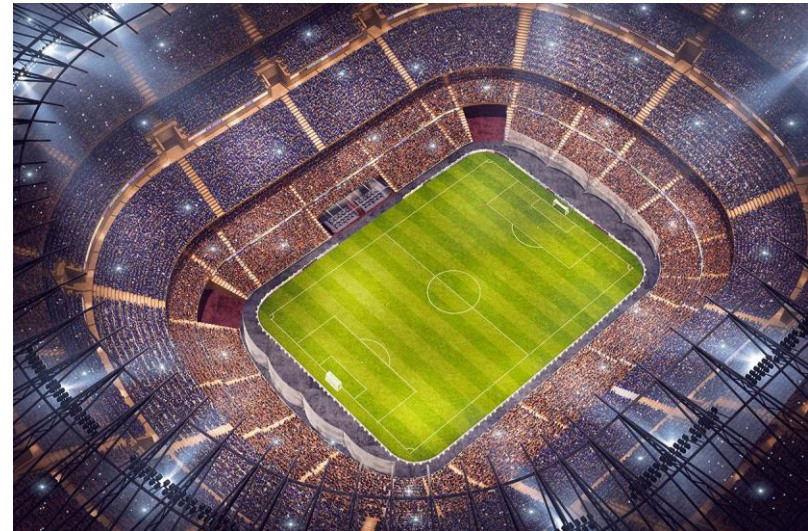
English Premier League Football Club Partnerships

Laybuy's relationships with English Premier League (EPL) football clubs are expected to drive GMV growth and consumer engagement

- Laybuy provides BNPL services for the **Arsenal FC's** online store

- Laybuy launched on the Arsenal store in the UK for merchandise in April 2020 and Australia and New Zealand during the September quarter of 2020

- Laybuy are the official Buy Now Pay Later Partner of **Manchester United FC** and **Manchester City FC** in New Zealand, Australia and the UK



Mastercard® Fintech Express Partnership and Card Issuing

Laybuy card is expected to broaden Laybuy's revenue streams and deepen customer engagement and loyalty



- Significant boost for Laybuy's in-store offer

 - Partnership with Mastercard's Fintech Express program to issue digital cards through Mastercard in New Zealand

 - Digital card is designed to integrate with the existing Laybuy App and offer integrated payment support for the majority of mobile devices, including iOS and Android

 - Benefits Laybuy customers and merchants with improved in-store experience and quicker, more seamless transactions

 - Laybuy is the first Australasian partner to enter the program
- Mastercard approved an issuing license to Laybuy covering New Zealand in June 2020

 - Laybuy is expecting to roll out the new digital card in all markets by the end of 2020

“ Laybuy is a great example of a high growth fintech platform that is meeting an unmet need in the market by offering consumers a more flexible, interest-free alternative payment option. Mastercard is delighted to announce Laybuy as the first Australasian Fintech Express partner in our program and to be part of its growth story ”



Rich Wormald
Division President, Australasia
Mastercard

Funding for Growth

Laybuy has sufficient debt and equity funding to underpin significant GMV and revenue growth

- Laybuy has secured a NZ\$20 million debt facility with Kiwibank to fund its New Zealand and Australian operations
- Laybuy has also secured a £80 million (~NZ\$156 million¹⁹) debt facility with U.S. funding provider Victory Park Capital to fund growth in the United Kingdom
- The expanded debt facilities, existing capital and new capital raised provide significant capacity for GMV growth

Combined with Laybuy's capital efficient business model of six weekly payments, these funding arrangements will support annual GMV of approximately NZ\$4 billion²⁰ (which is almost 8 times Laybuy's GMV for the quarter to September 2020)

VICTORY PARK
CAPITAL

Kiwi
bank.

19. Converted at NZD/GBP of 0.5098

20. Weekly payments mean that Laybuy turns over its capital base approximately 21 times per year. This combined with Laybuy's expanded debt facilities, existing capital and new capital raised will support annual GMV of approximately NZ\$4 billion

Laybuy Growth Strategy

Laybuy's global growth strategy is anchored around leveraging the Company's scalable platform and proven execution

Increase market share in already established geographies

- Improve Laybuy's penetration in existing industries and sectors through co-branded marketing campaigns
- Laybuy will seek to expand in the health, beauty, digital, travel and ticketing verticals

Rapidly grow in the UK and other international markets

- The Laybuy platform is built for global scalability
- In the UK Laybuy is targeting large, influential merchants to drive scale, network effects and brand recognition
- Targeting payment providers and global digital agencies to refer merchants
- USA among other countries to potentially form part of Laybuy's expansion plans over the short term

New Laybuy Platform Enhancements to drive network effects

- Future platform enhancements to improve operational efficiencies and merchant and consumer experience
- Laybuy will focus on increasing user engagement and repeat purchases through improvements to the Laybuy App
- Card project, including Mastercard® collaboration will deepen consumer engagement with the Laybuy App



Thank you.



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