

ASX ANNOUNCEMENT (ASX: LBY)

23 November 2020

Setting the foundations for growth and demonstrating continued positive momentum

Laybuy Group Holdings Limited (Laybuy) is pleased to provide its first half year financial results for the six months ended 30 September 2020 (H1 FY21) since its Initial Public Offering (IPO) in September 2020. Laybuy has reported strong growth across all key operating metrics, with strong momentum continuing into October and November 2020.

All numbers are stated in New Zealand dollars (NZ\$) and comparisons relate to the six months ended 30 September 2019 (H1 FY20 or PcP) unless stated otherwise.

Highlights

- H1 FY21 gross merchant value (GMV) NZ\$244.8 million (up 167% on PcP)
- Annualised GMV¹ of NZ\$489.6 million²
- UK annualised GMV of NZ\$212.5 million (an uplift of NZ\$196.0 million on PcP)
- Total Group income of NZ\$13.3 million up 151% on PcP
- Net Transaction Margin (NTM) of NZ\$4.1 million, up 448% from NZ\$0.8 million on PcP
- NTM increased to 1.7% of GMV in H1 FY21 from 0.8% for H1 FY20³
- Active merchants totalled 6,323 (up 48% on PcP)
- Active customers totalled 568,000, an uplift of 315,000 PcP reflecting strong growth in all regions
- Defaults reduced from 3.0% of GMV in H1 FY20 to 2.5% for H1 FY21⁴
- Successfully listed on the ASX raising AU\$80 million (NZ\$86.9 million) in September 2020
- GMV for October and November⁵ improved 164% and 175% on PcP.
- Since 30 September 2020 Laybuy has added over 60,000 active consumers and over 1,000 active merchants
- Laybuy UK hits £100m GMV milestone since launch

Managing Director Gary Rohloff said “Laybuy is delighted to announce its first financial results as an ASX listed company and update shareholders on the significant progress we have made against our growth strategy. Revenue has increased 151% largely due to growth in the UK. We reported strong growth in all key operating metrics for the half year period. In addition to this strong revenue growth, we saw a significant improvement in Net Transaction Margin, more than doubling to 1.7% in H1 FY21.”

“Setting the foundations for growth, Laybuy has expanded its debt facilities and raised capital on the ASX, which together with its capital efficient business model supports annual GMV growth of approximately NZ\$4 billion. This sets us up well to capitalise on our differentiated offering and highly scalable and flexible technology platform to capture the substantial growth opportunity in both the UK and Australian market.”

1. GMV is defined as Gross Margin Value and is regarded as a key non GAAP operating metric. Annualised GMV is calculated as the 6 months period ended 30 September multiplied by 2.
2. GBP and AUD denominated GMV are converted at the average historical exchange rates for each of the two 3 month quarters for the period ended 30 September 2020
3. Following PwC New Zealand's review of the half year results receivables impairment provisioning of ca.\$560k was written back resulting in a lower level of defaults for the September quarter and therefore a lift to NTM.
4. NTM for Q2 FY21 has been restated from 2.3% to 2.8%, following a ca.\$560,000 impairment provision write back reflecting better than anticipated UK receivables collections.
5. Month to date run rate

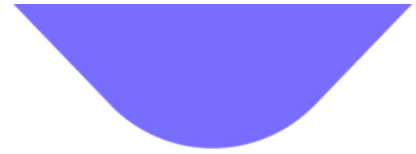


Key operating and financial metrics

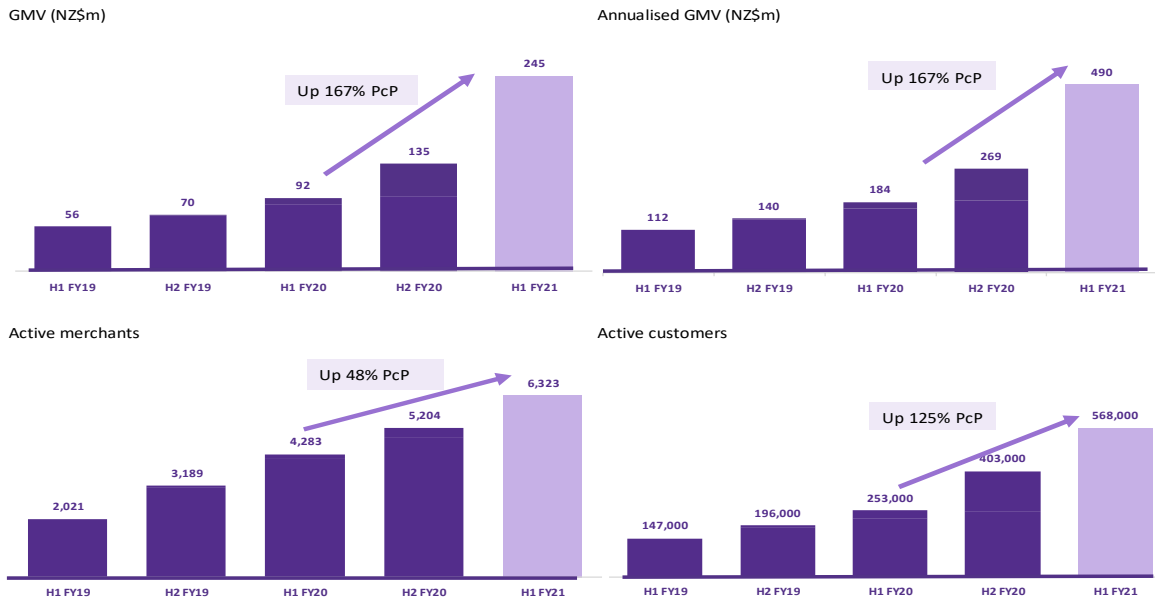
“In October and November, we have continued to see strong momentum in our operating metrics. Our partner program is driving merchant growth, we are increasing customers adoption through the Mastercard collaboration and an awareness campaign and the Laybuy Mania campaign in early-November was a great success. Ahead of Christmas we expect further growth supported by Black Friday and Cyber Monday”.

NZ\$m	H1 FY21	H1 FY20	Change
GMV			
ANZ	138.6	83.6	66%
UK	106.2	8.2	1188%
Total GMV	244.8	91.8	167%
Merchant income	7.5	3.1	145%
<i>% of GMV</i>	3.1%	3.3%	
Other income	5.8	2.2	160%
<i>% of GMV</i>	2.4%	2.4%	
Laybuy total revenue	13.3	5.3	151%
Net transaction margin	4.1	0.8	448%
<i>% of GMV</i>	1.7%	0.8%	
Normalised EBITDA	(8.1)	(4.5)	79%
<i>% of GMV</i>	(3.3%)	(4.9%)	
Net loss	(26.4)	(5.3)	403%





Operating performance

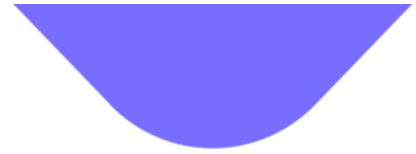


Annualised GMV increasing by 167% on PcP to NZ\$489.6 million in H1 FY21 reflecting significant growth across all regions. Growth accelerated in the UK through large and small merchant wins and increasing customer adoption and repeat usage. New Zealand and Australian (ANZ) GMV continues to grow strongly with increased frequency of purchasing by existing customers and COVID-19 increasing buy now, pay later (BNPL) penetration due to a shift to online purchasing.

Laybuy's active customers increased to 568,000 in H1 FY21, an uplift of 315,000 (125%) on PcP. Impressive growth was seen across both the ANZ (active customers increased 21% from PcP to 270,000) and UK (active customers increased 928% from PcP to 298,000) regions.

Active merchants at the end of September 2020 totalled 6,323 (48% growth compared to PcP), merchants in the UK increased by 527 merchants compared to PcP an increase of 354%. In September, Laybuy launched its global partner programme, which is a set of strategic relationships and integration with over 20 best-in-class e-commerce platforms and agencies. Laybuy continues to increase its UK brand awareness through major sporting partnerships including Manchester United, Manchester City and Arsenal which drive both customer adoption and brand awareness.





Financial performance

Laybuy has continued to grow and expand its operations globally, with total income up 151% over PcP. There has been a restatement in NTM since the Q2 Business Update on 22 October 2020 due to a ca.NZ\$560,000 impairment provisioning write back reflecting better than anticipated UK receivables collections. This resulted in a restatement in September quarter NTM from 2.3% to 2.8%. NTM has significantly improved from 0.8% in H1 FY20 to 1.7% in H1 FY21. This improvement is due to reduced credit losses and improved margins from processing costs. Laybuy continues to invest for future growth. In the six months ended 30 September 2020, Laybuy heavily invested in marketing, people, product development, partnerships and capital and debt right sizing. Several one-off costs have been factored into the normalisations of NZ\$8.3 million for H1 FY21. Normalised EBITDA loss increased from NZ\$4.5 million to NZ\$8.1 million.

Financial position

The Group's net asset position has increased to NZ\$50 million up from NZ\$0.7 million net liabilities as at 31 March 2020. This is due to the capital raising activities of the Group offset by the losses for the period. The customer loan book continues to grow in line with the GMV growth. Total liabilities as of 30 September 2020 were NZ\$13.1 million, this is a reduction compared to the year-end balance of 31 March 2020, due to the repayment of the Kiwibank debt facility with the cash raised as part of the IPO as well as the convertible notes being converted into equity at the time of the IPO.

Capital management

The Group raised NZ\$98.2 million during the six months ended 31 September 2020 from the pre-IPO convertible note offer as well as the IPO. The net contributed capital was NZ\$76.7 million. The Group has two debt facilities with Kiwibank and Victory Park Management, the combined facility limits are NZ\$176.9 million, as at 30 September 2020 the undrawn capacity from these facilities was NZ\$172 million.

Strong momentum continues into H2 FY21

Since the end of September, Laybuy has seen a marked uplift in activity, adding over 60,000 customers and over 1,000 merchants. GMV for October and November (based on MTD run rate) improved to NZ\$45 million and NZ\$61 million respectively. This represents GMV growth of 164% and 175% over the same periods last year. In October, Laybuy launched with Wilko, a highly successful UK general merchandise retailer with an annual turnover of c.£1.6 billion. Laybuy Mania, was held on 7 November, which produced record results with a 858% increase in referral to merchants, 804% more customers visiting Laybuy's shop directory and 100% increase in orders made with Laybuy compared to the prior month. Global Gaming giant, EB Games launched in New Zealand on the 16th of November 2020.

In early November Laybuy signed an agreement with ecommerce provider EKM, which will enable c.8,000 online merchants to offer Laybuy's six-week repayment method to customers at checkout, without the need for additional integration or software development.

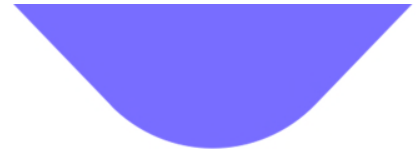
Laybuy Group Holdings Limited | ARBN 642 138 476

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Auckland, New Zealand

[Laybuy.com](https://www.laybuy.com)





At the start of November Laybuy launched its globally unique and innovative digital BNPL Mastercard® card in Australia, allowing customers to purchase goods and services in-store using Laybuy with a simple tap of their smartphone. The Laybuy card is a win-win for both shoppers and retailers. There is no integration required for retailers making it even easier for them to introduce 'Tap to Pay' BNPL to their shoppers. The Tap to Pay solution will be enabled in the UK in mid- November but the decision has been taken to delay the launch until after the Christmas period due to the current lockdown situation in the UK. New Zealand customers will be able to use this functionality in early December.

Outlook

Laybuy remains focused on growing its presence and brand across New Zealand, Australia and in particular the UK. Looking forward to the second half of FY21, Laybuy will continue to invest in its people, product and partnerships to support its growth ambitions.

Since the end of September Laybuy has seen a marked uplift in activity in October and November MTD. The Board and Management will continue to monitor the impact of the second wave of COVID-19 in the key markets.

In the lead up to Christmas the company is focussing on;

- driving active merchant growth through the partner program,
- increasing customer adoption through the Mastercard collaboration,
- an awareness campaign launched in mid-October.

Laybuy will participate alongside all retailers in the major retailer events of Black Friday, Cyber Monday and Boxing Day in the festive season. These events combined are expected to drive improved year on year GMV growth.

Laybuy will be testing the US market pre-Christmas with a view to a progressive launch in the New Year.

Further information

Additional details of Laybuy's results are included in the company's 4D statement, Half Year Report and investor presentation, all of which can be found on the Laybuy investor website laybuyinvestors.com.

A Zoom webinar will be held **23 November at 11am (AU time)/1pm (NZ time)** by Gary Rohloff (Co-Founder and Managing Director) and Katrina Kirkcaldie (Chief Financial Officer) to discuss the half year results. Please click this URL to join <https://us02web.zoom.us/j/87980303947?pwd=QVNzOWViNXIxUzlsa0JKQkpMQzkrQT09> or join by phone using meeting 879 8030 3947. International numbers available at the following link: <https://us02web.zoom.us/j/87980303947?pwd=QVNzOWViNXIxUzlsa0JKQkpMQzkrQT09>

For more information, please contact:

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This announcement was approved for release by the Board of Directors of Laybuy Group Holdings Limited.

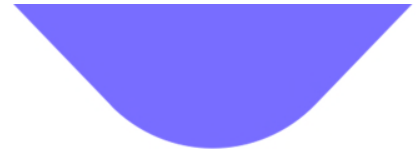
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About Laybuy

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 customers 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.

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