

## ASX ANNOUNCEMENT (ASX: LBY)

28 January 2021

### Q3 FY21 Investor Presentation

Attached is Laybuy's investor presentation relating to the Q3 Business Update released earlier today.

A Zoom webinar will be held on **28 January 2021 at 12:00 (AEDT)/ 14:00 (NZDT)** by Gary Rohloff (Co-Founder & Managing Director) and Katrina Kirkcaldie (Chief Financial Officer) to discuss the Q3 Business Update.

Please click this URL to join <https://us02web.zoom.us/j/88348327827>. Or join by phone using meeting ID 883 4832 7827. International numbers available at the following link: <https://us02web.zoom.us/u/kjmegAdA>.

For more information, please contact:

Gary Rohloff

Co-Founder & Managing Director

Email: [investors@laybuy.com](mailto:investors@laybuy.com)

Katrina Kirkcaldie

Chief Financial Officer

Email: [investors@laybuy.com](mailto:investors@laybuy.com)

**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 8,000 retail merchants. Laybuy is available in New Zealand, Australia, the UK and the USA. 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](http://laybuyinvestors.com).





# Q3 FY21 Results Presentation

28 January 2021

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All numbers are stated in New Zealand dollars (NZ\$) and relate to the three months ended 31 December 2020 (Q3 FY21) and comparisons relate to the three months ended 31 December 2019 (Q3 FY20 or PcP) or the three months ended 30 September 2020 (Q2 FY21 or QoQ), unless stated otherwise.

# Performance Highlights (Q3 FY21)

Group Revenue of  
**NZ\$9.5m** (up 157% on  
PcP)

Active merchants totalled  
**8,007**  
(up 64% on PcP)

Active customers totalled  
**687,000**  
an uplift of 371,000 PcP  
reflecting strong growth in both  
regions

Annualised Gross Merchant Value  
(GMV)<sup>1</sup> of  
**NZ\$730m<sup>2</sup>**

Net Transaction Margin  
(NTM) of  
**1.3%**  
of GMV for Q3 FY21 from  
-0.8% for Q3 FY20

YTD revenue of **NZ\$22.9m**  
(9 months to December 2020, up  
154% on December 2019)

Q3 FY21 GMV  
**NZ\$182m**  
(up 184% on  
PcP)<sup>2</sup>

NTM of  
**NZ\$2.3 million**  
up from NZ\$ -0.5 million  
in PcP

United Kingdom (UK) annualised  
GMV of **NZ\$401m**  
an uplift of NZ\$346m  
on PcP

Defaults reduced from 4.6%  
of GMV in Q3 FY20 to  
**2.8%**  
for Q3 FY21

Launched **Tap to Pay** to  
support in-store growth

Beta launch into the **US**  
market

Record sales over the  
**Black Friday week**  
(330% increase on Black  
Friday week in 2019)<sup>3</sup>



1. GMV is defined as Gross Merchant Value and is regarded as a key non-GAAP operating metric. Annualised GMV is calculated as quarter GMV multiplied by four.  
2. GBP and AUD denominated GMV are converted at the average historical exchange rates for each of the quarters.  
3. Black Friday week includes global sales for the 7 days from Black Friday 27 November 2020, compared to the Black Friday week starting 29 November 2019.



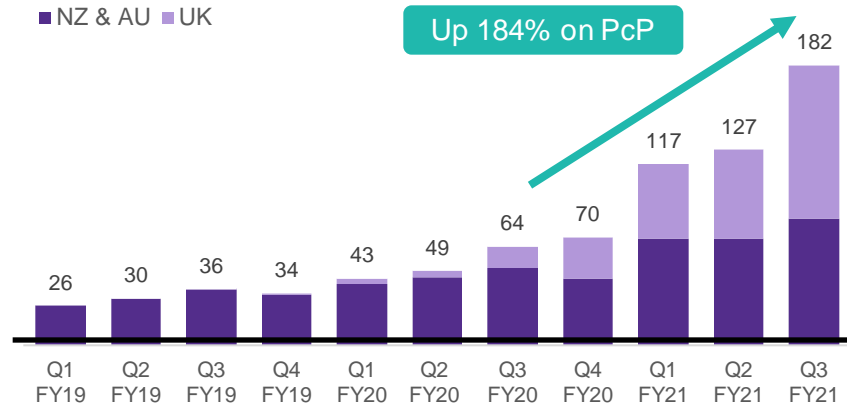


Operating update

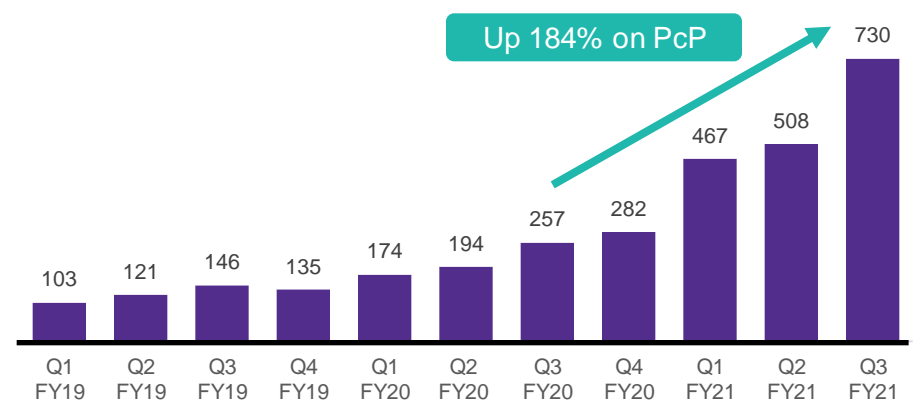
# Group Key Operating Metrics

Laybuy continues to demonstrate record growth across all key metrics

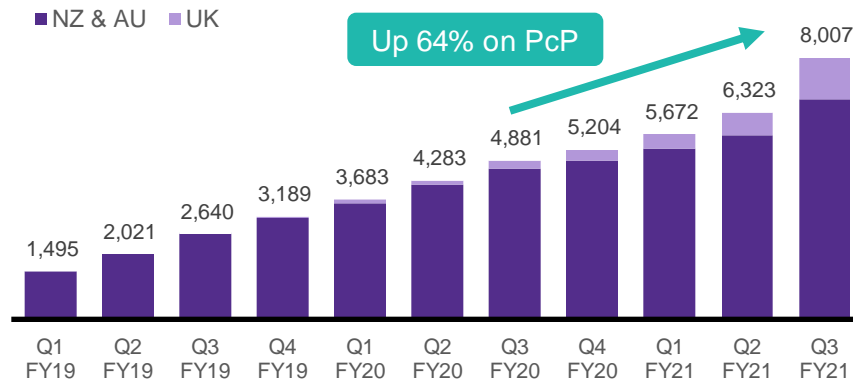
## GMV (NZ\$m)



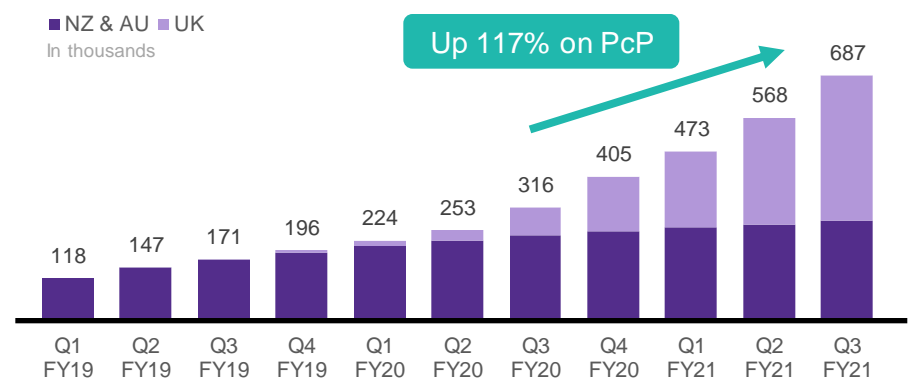
## Annualised GMV (NZ\$m)<sup>4</sup>



## Active merchants<sup>5</sup>



## Active customers<sup>6</sup>



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

5. 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

6. 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

# United Kingdom



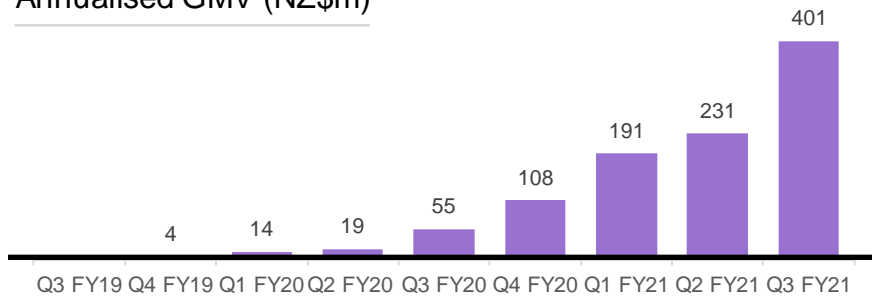
All operating metrics growing rapidly in the UK, with record sales over the Black Friday and holiday sales period. Significant opportunity for value creation with strong partners validating customer and merchant proposition.

Growth accelerated in the UK through large and small merchant wins and increasing customer adoption

Laybuy is poised to rollout the “Tap to Pay” product into the UK once COVID-19 restrictions are eased. This will accelerate in-store adoption post UK lockdown

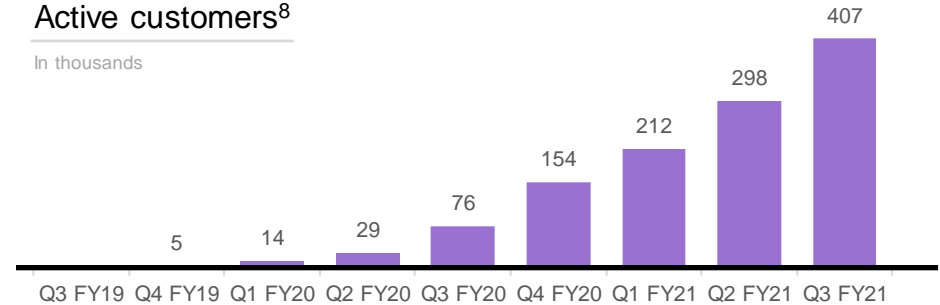
The Manchester United, Manchester City and Arsenal partnerships drive both customer adoption and brand awareness

Annualised GMV (NZ\$m)<sup>7</sup>

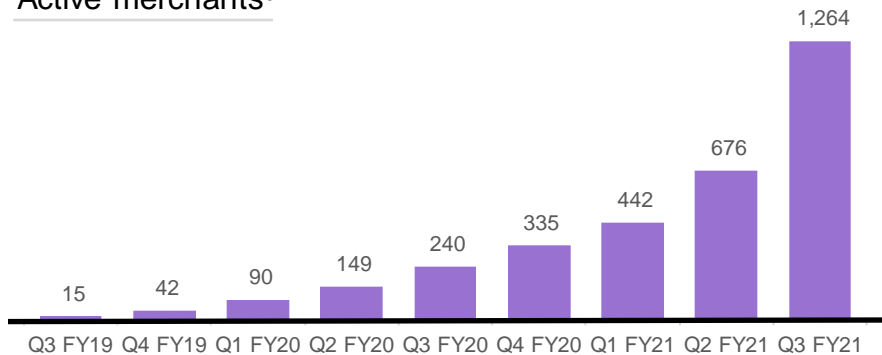


Active customers<sup>8</sup>

In thousands



Active merchants<sup>9</sup>



Key merchants



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

8. 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

9. 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 (ANZ)

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

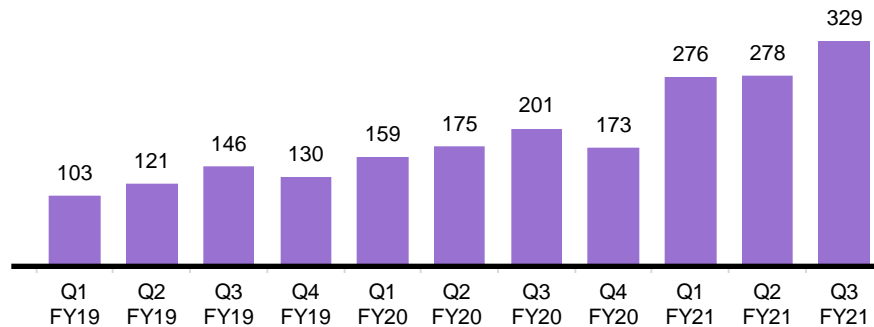


ANZ GMV continues to grow strongly with increased frequency of purchasing by existing customers, with record growth in Q3 following Black Friday and holiday sales

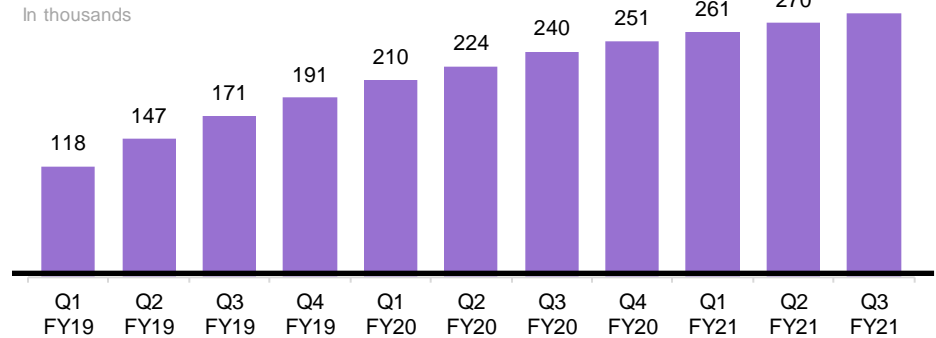
Laybuy rolled out the “Tap to Pay” product into the Australia and New Zealand markets to support in-store growth

COVID-19 has increased BNPL penetration due to a shift to online purchasing

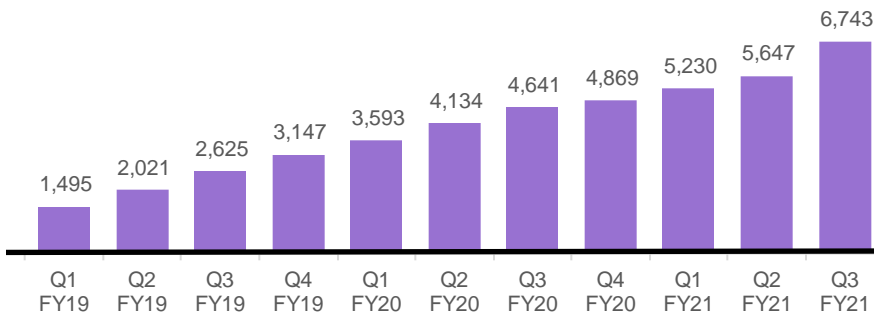
Annualised GMV (NZ\$m)<sup>10</sup>



Active customers<sup>11</sup>



Active merchants<sup>12</sup>



Key merchants



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

11. 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

12. 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

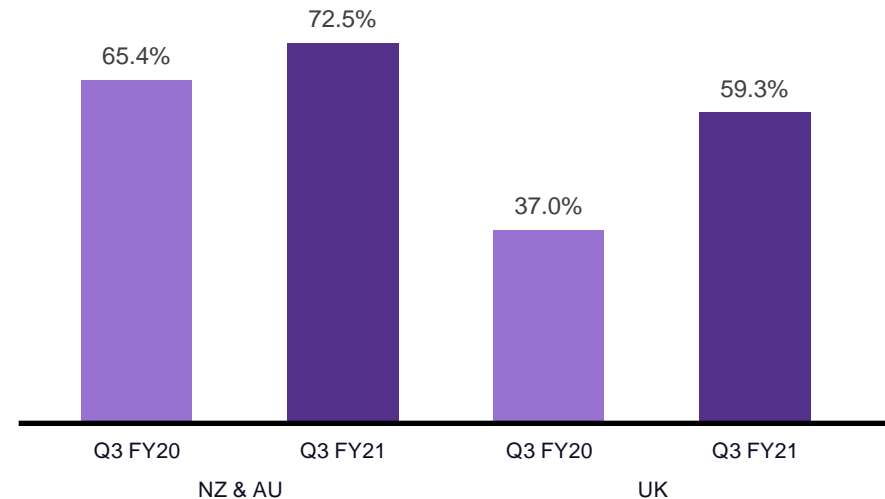


# Repeat Customers and Purchase Frequency

Higher levels of repeat customers and purchase frequency drive lower default rates and increase NTM

- 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
- Greater purchasing frequency reduces defaults as the 'bad actors' are filtered out. As the UK market has grown and has seen greater purchasing frequency, defaults have reduced
- Laybuy is seeing new customers start making their second and subsequent purchases at a faster rate than previously seen, further indicating the strong affinity customers have to the Laybuy platform and the increasing range of merchants available
- 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<sup>13</sup>



13. A customer who has made more than one purchase through the Laybuy platform within the 12 months prior to the end of the relevant period.



Financial information

# Key Financial Metrics

Strong growth in GMV and reduced defaults has improved NTM and EBITDA as a percentage of GMV

NZ\$m	Q3 FY21	Q2 FY21 (QoQ)	Q3 FY20 (PcP)	% increase on Q2 FY21 (QoQ)	% increase on Q3 FY20 (PcP)
UK GMV	100	58	14	74%	624%
ANZ GMV	82	69	50	18%	63%
GMV	182	127	64	44%	184%
Annualised UK GMV	401	231	55	74%	624%
Annualised ANZ GMV	329	277	201	18%	63%
Annualised GMV <sup>14</sup>	730	508	257	44%	184%
Revenue	9.5	7.3	3.7	30%	157%
Annualised revenue	37.9	29.3	14.7		
Gross Losses	(5.1)	(2.0)	(3.0)	160%	74%
Gross Losses as a % of GMV	(2.8%)	(1.6%)	(4.6%)		
Net transaction margin (NTM)	2.3	3.6	(0.5)	(35%)	230%
NTM % of GMV	1.3%	2.8%	(0.8%)		
Active Customers <sup>15</sup>	687,000	568,000	316,000	21%	117%
Active Merchants <sup>16</sup>	8,007	6,323	4,881	27%	64%

- Revenue increased across the Group by 157% compared to PcP and 30% QoQ to NZ\$9.5 million.
- NTM remained positive across all regions. Due to the increased rate of customer acquisition in the UK, NTM reduced to 1.3% of GMV for Q3 FY21, in line with expectations due to growth rates experienced by Laybuy.
- Gross Losses as a % of GMV increased from 1.6% to 2.8% QoQ, reflecting the significant increase in new customers and resulting GMV growth (119,000 additional active customers).
- Transaction processing costs reduced from 1.2% to 1.0% QoQ, reflective of the increased GMV contribution from the UK vs ANZ region. UK has lower transactional costs than ANZ.
- Merchant commission reduced slightly in Q3 FY21 due to the higher UK contribution, where lower processing costs are passed on to merchants.
- Cash held by Laybuy as at 26 January 2021 was NZ\$19.3 million, an increase of NZ\$5.9 million from 31 December 2020.

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

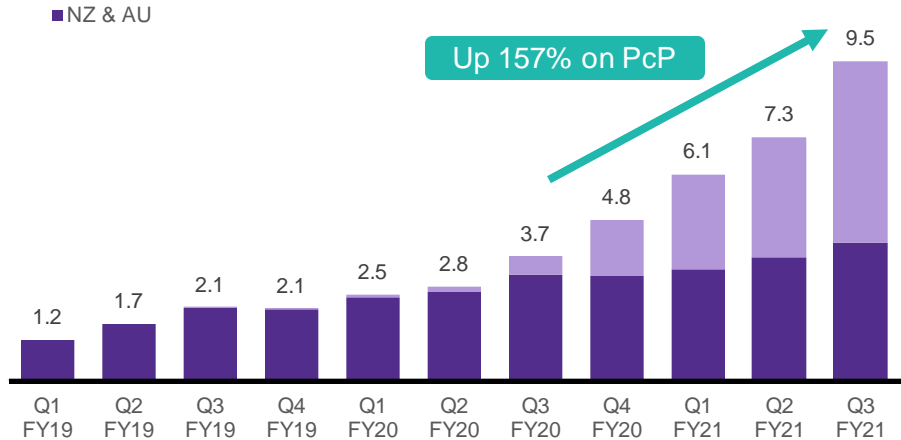
15. Represents number of active customers. An 'Active Customer' is a customer who has made a purchase through the Laybuy platform with the 12 months prior to the relevant period

16. Represents number of active merchants. An 'Active Merchant' is a merchant who has received payment for a purchase through the Laybuy platform within the 12 months prior to the relevant period

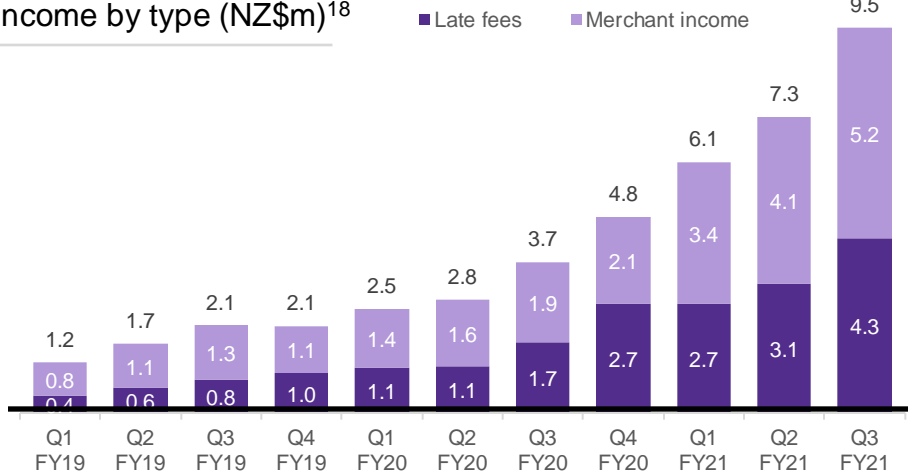
# Rapidly Growing Income

Income contribution from the UK continues to grow and has surpassed NZ

Income by region (NZ\$m)



Income by type (NZ\$m)<sup>18</sup>



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

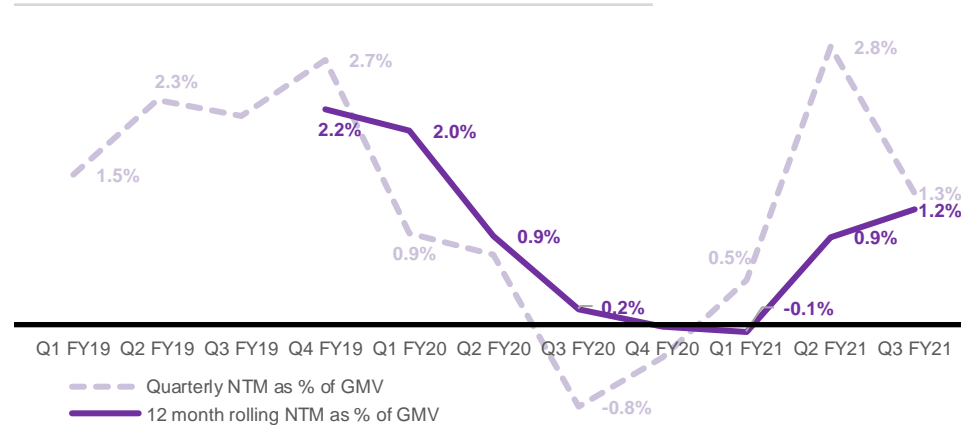
18. Revenue on graphs don't add due to rounding

- Total income for Q3 FY21 increased to NZ\$9.5 million or NZ\$37.9 million annualised, an increase of 157% on PcP<sup>17</sup> due to record GMV growth.
- UK has grown rapidly, with NZ\$5.4 million of total income in Q3 FY21, compared to the ANZ region of NZ\$4.1 million. This represents an 893% increase on PcP.
- New Zealand has significantly lower levels of late fees as a percentage of revenue compared to UK reflecting the relative stages of maturity in these markets. As the UK market becomes more established, management believes that late fees will reduce to a similar level to that experienced in New Zealand.

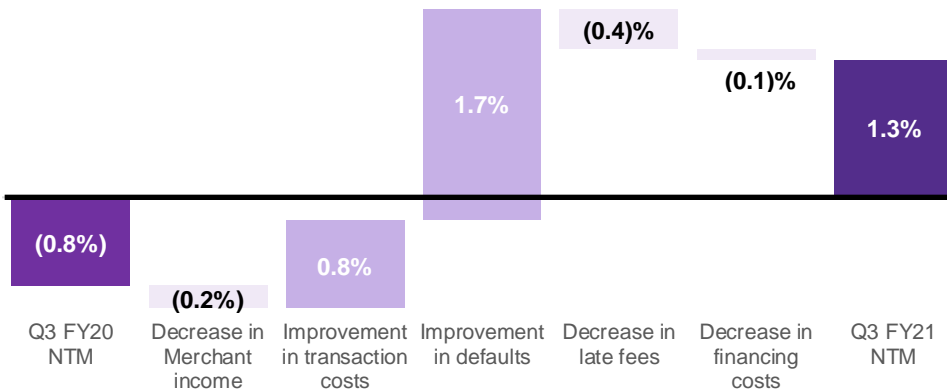
# Quarterly Net Transaction Margin

NTM was more favourable in Q2 FY21 than had been initially expected, at 2.8% of GMV, primarily due to the company tightening the credit approval criteria in the wake of the COVID19 outbreak. This reduced to 1.3% for Q3 FY21, well above PcP of -0.8%.

Quarterly NTM (% of GMV)



Quarterly NTM Bridge (% of GMV)



- NTM remained positive across all regions for Q3 FY21. Due to the increased rate of customer acquisition in the UK, NTM for the quarter reduced to 1.3% of GMV – in line with expected growth rates experienced by the business
- Credit losses have increased from 1.6% to 2.8% QoQ, attributable to significant increase in active customers and GMV growth in the UK.
- Transaction costs have reduced from 1.16% to 1.0% of GMV due to the UK being a higher proportion of total GMV, as the UK market has lower gateway and merchant service fees

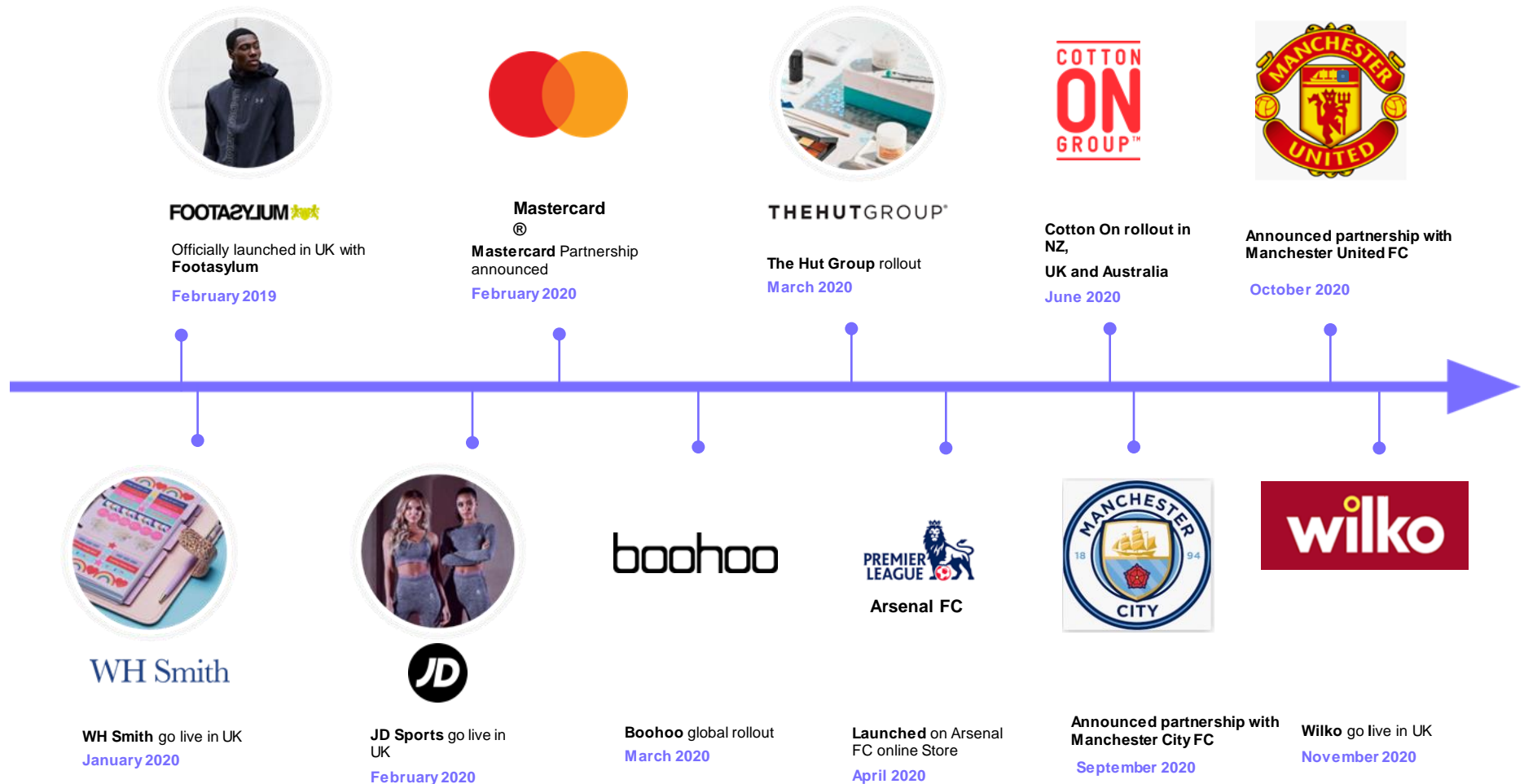




Strategy and outlook

# Big Merchants and Partners Signing up in the UK

Momentum is building fast in the UK with further large brands coming on board in 2021 which will support step changes in GMV



# English Premier League Football Club Partnerships

Laybuy's relationships with English Premier League (EPL) football clubs are expected to drive GMV growth, brand awareness and customer 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 BNPL Partner of **Manchester United FC** and **Manchester City FC** in New Zealand, Australia and the UK



# Funding for Growth

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

Facility	Facility Limit	Drawn as at 31 Dec 2020	Capacity <sup>19</sup>	Maturity
Kiwibank	NZ\$20.0m	NZ\$8.1m	NZ\$11.9m	Dec-21
Victory Park <sup>20</sup>	NZ\$151.0m	NZ\$6.1m	NZ\$144.9m	Aug-25
<b>Total</b>			NZ\$156.8m	

- As at 31 December 2020, based on the receivable book, the total unused facility amounts available to be drawn down was NZ\$5.2 million
- As the GMV increases and receivable book grows, additional funding becomes available, subject to the total financing facility limits
- Cash held by Laybuy as at 26 January 2021 was NZ\$19.3 million, an increase of NZ\$5.9 million from 31 December 2020
- Based on average customer loan balances, Laybuy's loan book turned 6.1 times in Q3 FY21, which is equivalent to 24.4 times per annum (prior quarter was 5.3 and 21.0 times respectively)

Due to Laybuy's capital efficient business model of six weekly payments, the funding facilities, once fully drawn can support a GMV of approximately NZ\$333m per month (or NZ\$4 billion per annum)<sup>21</sup>, which is almost 5.5 times Laybuy's GMV for the quarter ended December 2020



**VICTORY PARK**  
CAPITAL

19. Capacity is the difference between the facility limit and the drawn amount, and its availability is linked to the size of the receivables book

20. Converted at NZD/GBP of 0.5297


21. Weekly payments mean that Laybuy turns over its capital base approximately 21 times per year. As Laybuy's GMV and loan book grows, upon fully drawing the facilities in accordance with their terms, the facilities can support annual GMV of approximately NZ\$4 billion



# Digital Card is transforming the in-store customer and merchant experience

Currently live in AU and NZ, the UK to closely following easing of COVID19 restrictions, this “Tap to Pay” BNPL offering allows customers to bypass a number of steps currently required for in-store transactions

- Significant acceleratory for Laybuy's in-store offer.
- The digital card is live in Australia and New Zealand, UK on hold until the New Year due to COVID restrictions.
- Digital card integrates with the existing Laybuy App and offers integrated payment support for the majority of mobile devices, including iOS and Android.
- The digital card makes it easier for customers to use Laybuy in-store because it allows them to skip a number of steps that are usually required when making purchases using BNPL.
- Allows retailers to enable Laybuy with unparalleled ease, making it even easier for them to introduce 'Tap to Pay' BNPL to their shoppers





**Wave.  
Pass.  
Tap.**

**Tap to Pay with  
Laybuy is here.**

Got the Laybuy app? Pay it in 6 with one tap.

[Apply now](#)

 LAYBUY





# Laybuy Growth Strategy

Laybuy's global growth strategy is anchored around leveraging the Laybuy'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.
- Grow merchant numbers through the global partner programme.



## 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.
- Target SME merchants through the partnership program to diversify the concentration away from the larger merchants. Driving merchant commissions up.
- US beta launched in Q3 FY21



## New Laybuy Platform Enhancements to drive network effects

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



# Strong momentum continues into Q3 FY21

Record growth in GMV, active customers and active merchants – supported by key initiatives and strong Black Friday and holiday sales

- Added over 119,000 active customers and over 1,600 active merchants.
- GMV for November and December were record months following Black Friday and holiday sales, at NZ\$71 million and NZ\$67 million respectively. This represents GMV growth for the quarter of over 183% on PcP.
- In November, Laybuy launched with Wilko, a UK homeware and department store. It is already seeing significant growth from this merchant.
- The digital card product launched in Australia and New Zealand, the business has already seen good acceptance in the early stages and expects to see this continue to grow.
- The UK lockdown has again seen GMV surge to record levels. The UK government support for workers is likely to see continued strong credit performance, however the business continues to monitor fraud and defaults closely.



**375%**

increase in sales compared to Black Friday in 2019

**315%**

increase in sales on Black Friday compared to the average day for Q3 (record trading day)

**170%**

increase in sales on Cyber Monday compared to the average day for Q3 (2<sup>nd</sup> highest ever trading day)

**NZ\$22m**

GMV during the Black Friday week, up 330% on the Black Friday week in 2019

# Q4 FY21 Outlook

Laybuy remains focused on growing its presence and brand across New Zealand, Australia and in particular the UK

- **Continued investment in people, product and partnerships to support growth ambitions**
  - product focus will be on improving the simplicity of Laybuy for customers and retailers across the entire platform. This will see investment in people for product management and development roles
  - the partner program continues to evolve and is already delivering strong growth in merchant numbers. Laybuy will continue to invest in this program through additional resources to drive adoption rates
- **Continued strong growth expected** further supported by the “Tap to Pay” product and Gift Card store launch
- **We will continue to monitor the impact of the second wave of COVID-19 in key markets**
- **230 active merchants and 23,000 active customers added in January 2021 month to date**
- **Laybuy expects to drive improved year on year GMV growth for Q4 with a number of initiatives and events**
- **Laybuy continue to test the US market with a view to progressive launch during the year**

# Thank you.



Gary Rohloff  
Co- Founder & Managing Director

[investors@laybuy.com](mailto:investors@laybuy.com)  
[laybuy.com](https://laybuy.com)



Katrina Kirkcaldie  
Chief Financial Officer

