

ASX ANNOUNCEMENT (ASX: LBY)

20 April 2021

Q4 FY21 Investor Presentation

Attached is Laybuy's investor presentation relating to the Q4 Business Update released earlier today.

A Zoom webinar will be held **20 April 2021 at 13:00 (AEST) 15:00 (NZST)** by Gary Rohloff (CEO and Managing Director) and Katrina Kirkcaldie (Chief Financial Officer) to discuss the Q4 Business Update. Please click this URL to join <https://laybuy.zoom.us/j/86194688237>. Or join by phone using meeting ID 86194688237. International numbers available at the following link: <https://laybuy.zoom.us/u/kd85u5LlaH>.

For more information, please contact:

Gary Rohloff

CEO and Managing Director

Email: investors@laybuy.com

Katrina Kirkcaldie

Chief Financial Officer

Email: investors@laybuy.com

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

About Laybuy

Launched in 2017, Laybuy is a rapidly growing fintech company providing buy now, pay later services partnering with over 9,000 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.





Laybuy (ASX:LBY) Q4 FY21 Results Presentation

20 APRIL 2021



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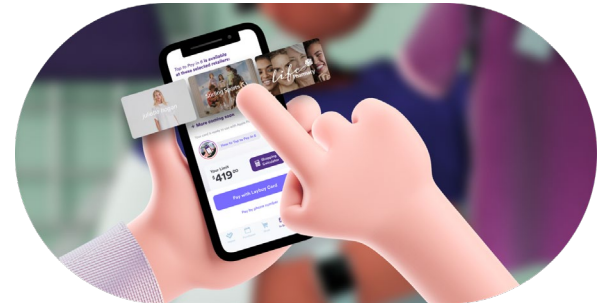
The distribution of this presentation outside of Australia may be restricted by law and any such restrictions should be observed.

All numbers are stated in New Zealand dollars (NZ\$) and relate to the three months ended 31 March 2021 (Q4 FY21) and comparisons relate to the three months ended 31 March 2020 (Q4 FY20 or PcP) or the three months ended 31 December 2020 (Q3 FY21 or QoQ), unless stated otherwise.

Q4 FY21 – Performance Highlights

Laybuy continues to deliver strong growth across all its markets supported by delivery of key strategic initiatives and growth in active customers and active merchants.

- **Annualised Gross Merchandise Value (GMV^{1,2}) increased to NZ\$645m** (up 129% or NZ\$363m on PcP), the second highest trading quarter after Q3 FY21
- **Revenue for the quarter was a record NZ\$9.8m** (up 105% on PcP and annualised NZ\$39.1m), resulting in FY21 revenue of NZ\$32.6m, an increase of 138% on FY20
- **UK GMV growth of 504% in FY21** compared to FY20, increasing to NZ\$296m. Laybuy is already recognised as one of the top three Buy Now Pay Later (BNPL) providers in the UK market
- **Net Transaction Margin (NTM) at 2.5%** of GMV for Q4 FY21, up from -0.3% in Q4 FY20 and up from 1.3% in Q3 FY21, due to a significant reduction in customer defaults
- **Active Customers³ reached 756,000** and increased by 351,000 or 87% on PcP
- **Active Merchants⁴ reached over 9,000** and increased by 3,922 or 75% on PcP
- **Positive operating cashflow of NZ\$1.0m** achieved in Q4 FY21
- Laybuy remains on track to **exceed annualised GMV of NZ\$1 billion** during FY22
- **FY22 revenue expected to grow between 90% to 100%** on FY21 and NTM expected to continue to improve (12 month rolling average)



1. GBP and AUD denominated GMV and metrics are converted at the average historical exchange rates for each of the years or quarters

2. GMV is defined as Gross Merchandise Value and is regarded as a key non GAAP operating metric. Annualised GMV is calculated as quarter GMV multiplied by four.

3. 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

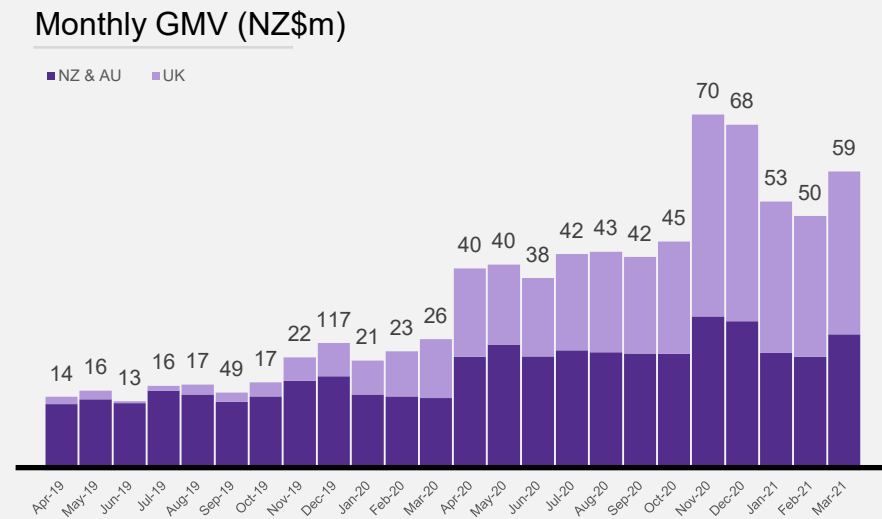
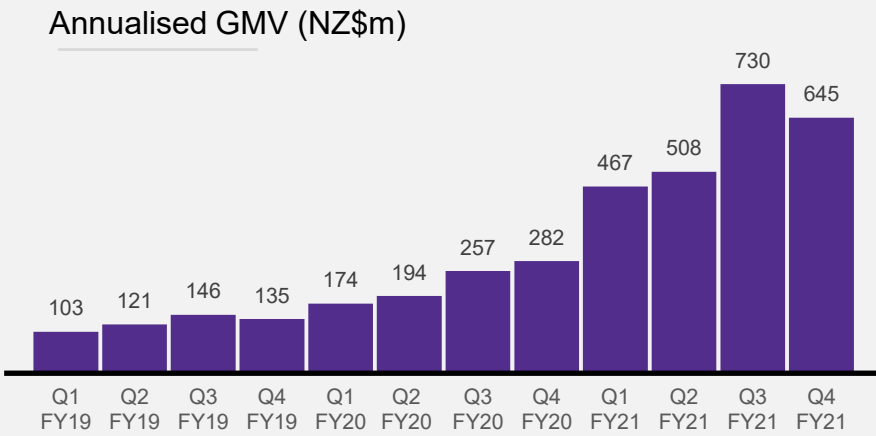
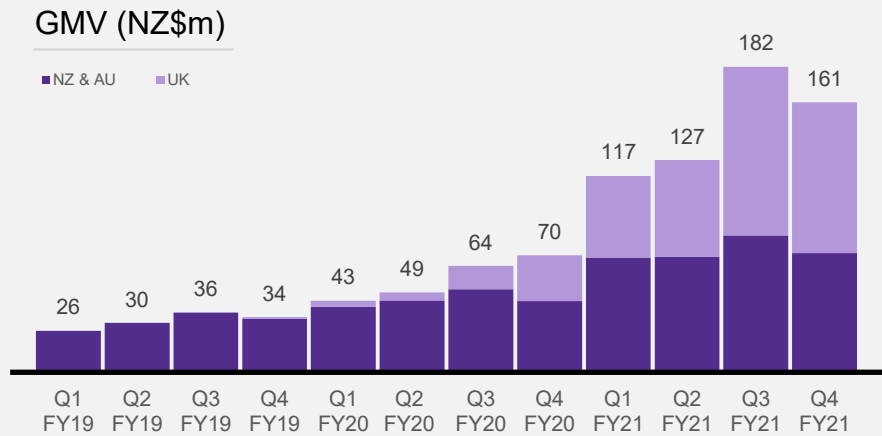
4. An "Active merchant" is a merchant who has received payment for a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period



Operating update

Strong growth across all regions

Strong GMV and revenue growth across all regions in Q4 FY21 compared to PcP, supported by delivery of key initiatives and growth in active merchants and active customers

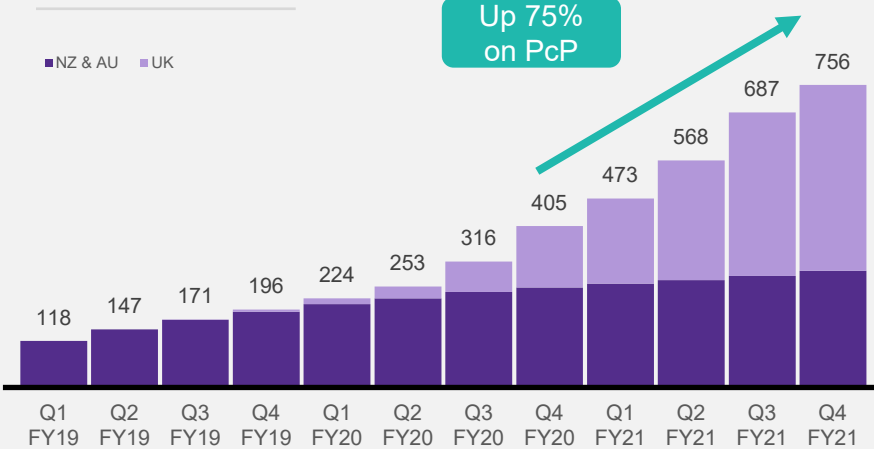


January and February continued the growth trajectory from the pre-holiday sales period, with substantial growth in March

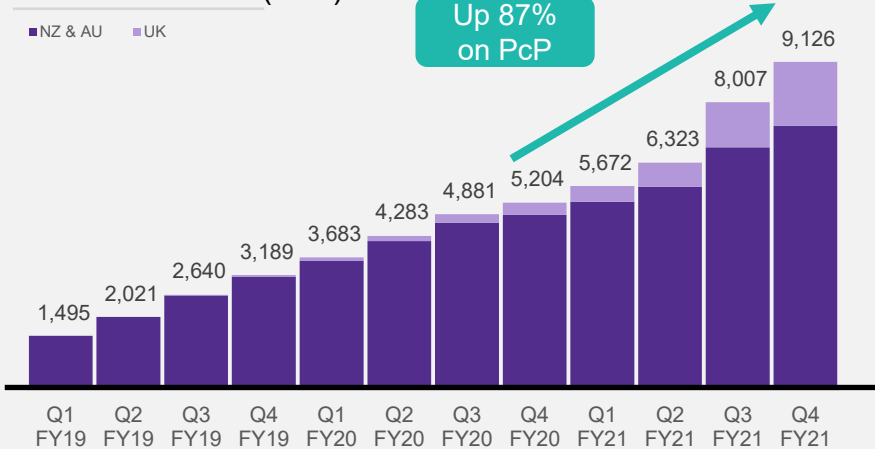
Strong growth across all regions

Strong growth in active merchants and active customers supported record GMV growth, together with delivery of key initiatives

Active merchants



Active customers ('000)



United Kingdom



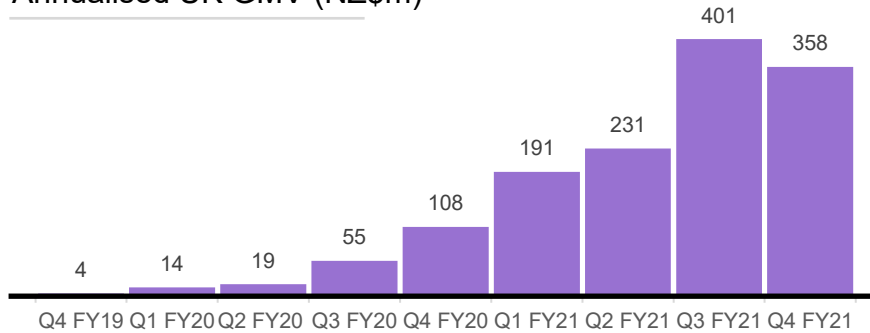
Record growth across all operating metrics, with a 504% growth in GMV from FY20 to FY21. Significant opportunity for value creation with strong partners validating customer and merchant proposition.

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

"Tap to Pay" product will launch into the UK in May 2021 which will accelerate in-store adoption post UK lockdown

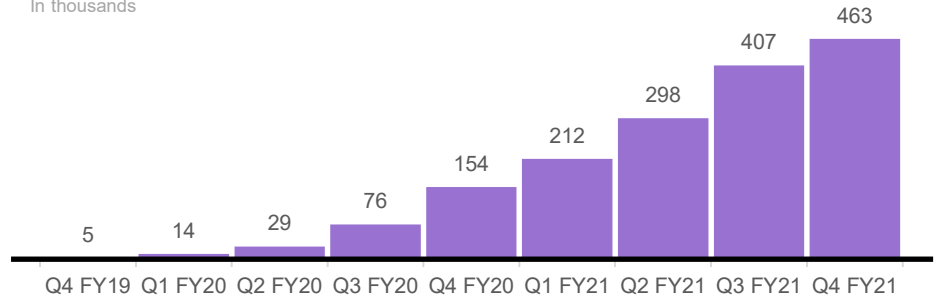
The Manchester United, Manchester City and Arsenal partnerships drive both customer adoption and brand awareness

Annualised UK GMV (NZ\$m)

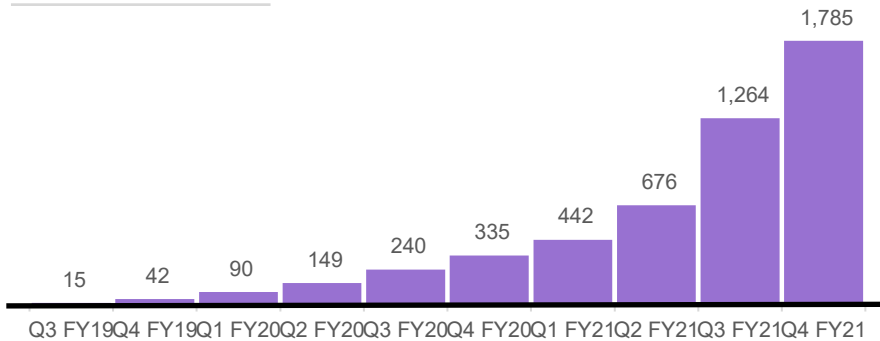


UK Active customers

In thousands



UK Active merchants



Key merchants



Australia & New Zealand (ANZ)



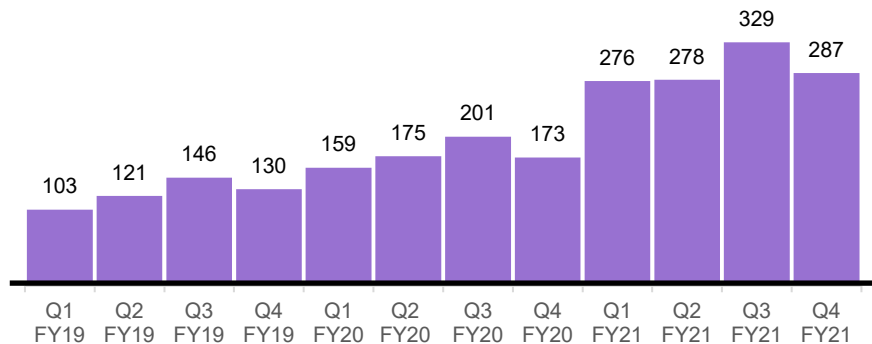
Laybuy is a market leader in New Zealand, and has a growing presence in Australia

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

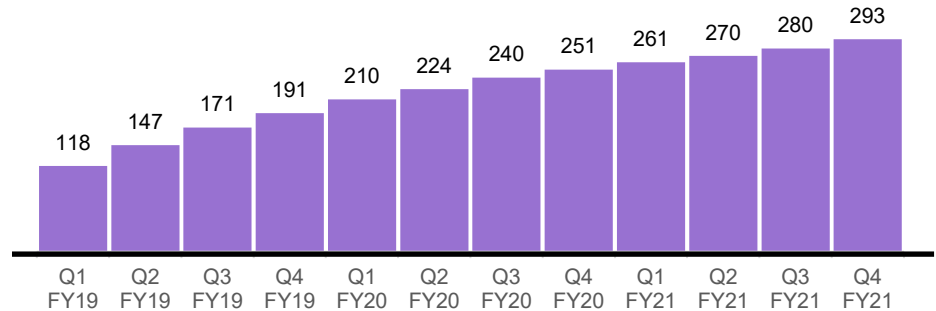
COVID-19 has increased BNPL penetration due to a shift to online purchasing

Annualised ANZ GMV (NZ\$m)

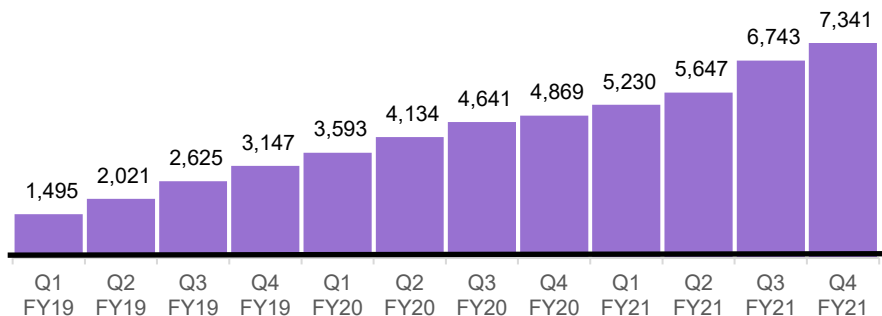


ANZ Active customers

In thousands



ANZ Active merchants



Key merchants

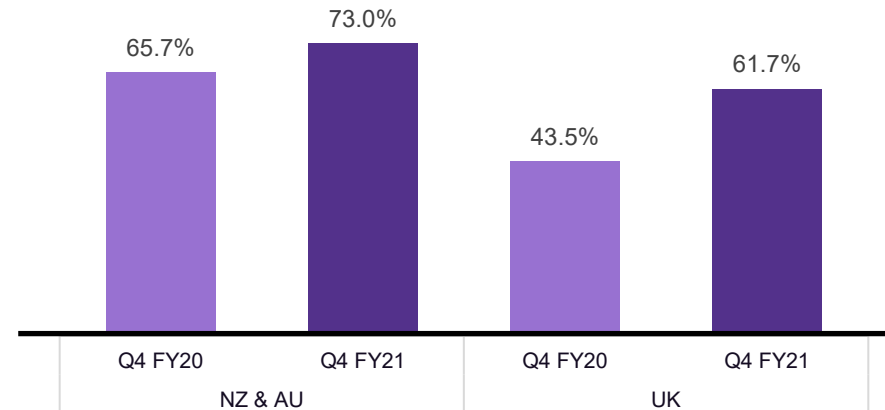


Repeat Customers and Purchase Frequency

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 customers⁵



5. 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

NZ\$m	Q4 FY21	Q3 FY21 (QoQ)	Q4 FY20 (PcP)	% increase on Q3 FY21 (QoQ)	% increase on Q4 FY20 (PcP)
UK GMV	89	100	27	(11%)	230%
ANZ GMV	72	82	43	(13%)	66%
GMV	161	182	70	(12%)	129%
Annualised UK GMV	358	401	108	(11%)	230%
Annualised ANZ GMV	287	329	173	(13%)	66%
Annualised GMV⁶	645	730	282	(12%)	129%
Revenue	9.8	9.5	4.8	3%	105%
Annualised revenue	39.1	37.9	19.1		
Gross Losses	(3.4)	(5.1)	(3.5)	(33%)	(3%)
Gross Losses as a % of GMV	(2.1%)	(2.8%)	(5.0%)		
Net transaction margin	4.0	2.3	(0.2)	74%	113%
Net transaction margin % of GMV	2.5%	1.3%	(0.3%)		
Active Customers ⁷	756,000	687,000	405,000	10%	87%
Active Merchants ⁸	9,126	8,007	5,204	14%	75%

Q4 FY21 highlights

- Strong GMV growth especially in the UK, up 230% compared to PcP while ANZ was up 66%
- Revenue increased across the Group by 105% compared to PcP to NZ\$9.8 million supported by strong GMV growth
- NTM improved to 2.5% for Q4 FY21 and includes a reduction in gross losses as a % of GMV
- Strong increase in active customers and active merchants continue in Q4 FY21, up 87% and 75% on PcP respectively.

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

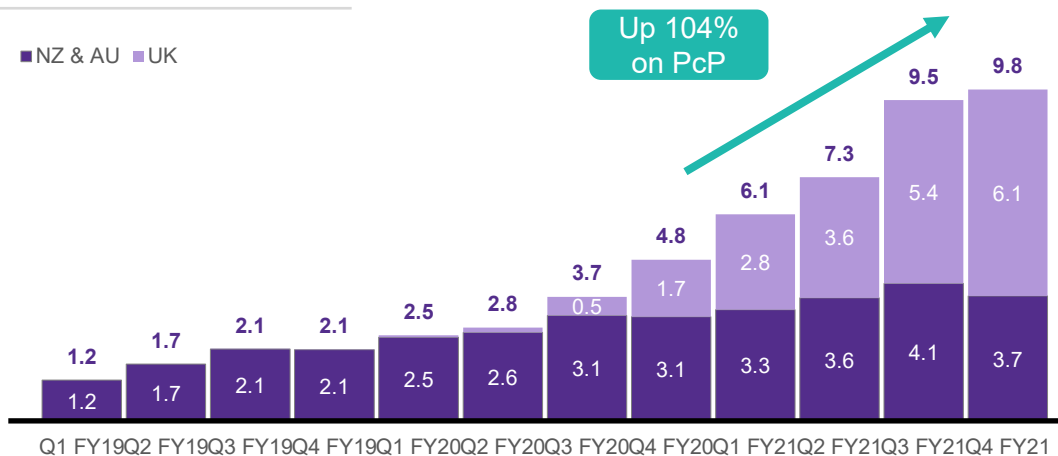
7. Represents number of active customers. An 'Active Customer' is a customer who has made a purchase through the Laybuy platform with the 12 months prior to the relevant period

8. 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

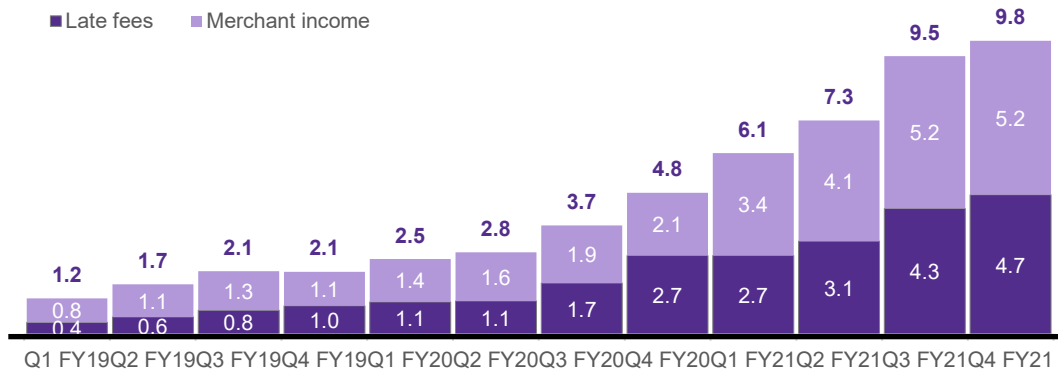
Rapidly Growing Income

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

Income by region (NZ\$m)



Income by type (NZ\$m)¹⁰



9. Annualised Revenue runrate is calculated via annualising the relevant quarter

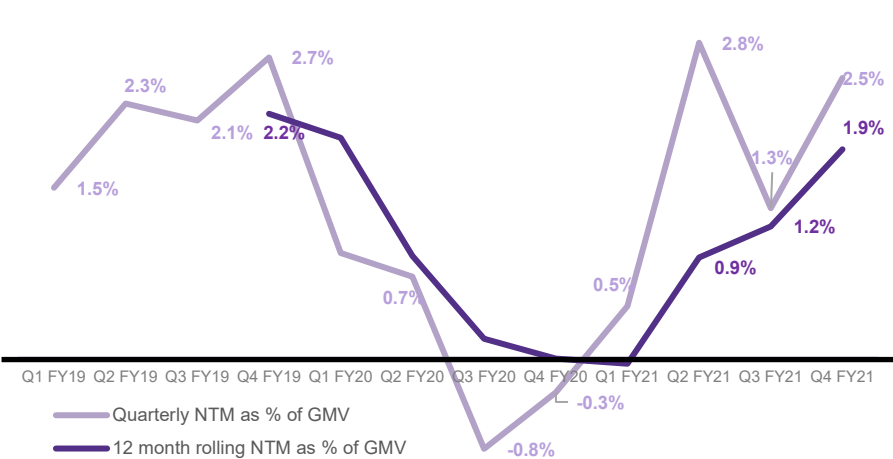
10. Revenue on graphs don't add due to rounding

- Total income for Q4 FY21 increased to NZ\$9.8 million or NZ\$39.1 million annualised, an increase of 105% on PcP⁹ due to strong GMV growth
- UK has grown rapidly, with NZ\$6.1 million of total income in Q4 FY21, compared to the ANZ region of NZ\$3.7 million. This UK growth represents an 259% 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.

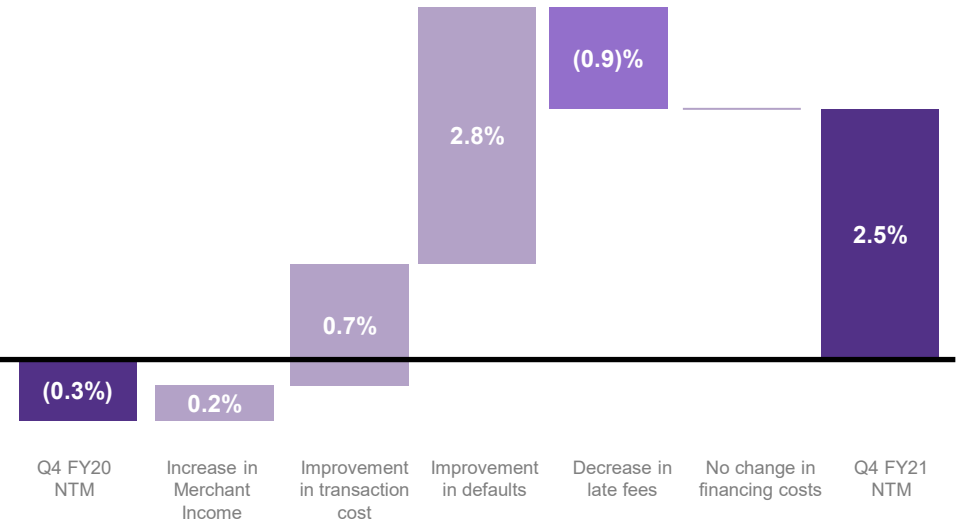
Quarterly Net Transaction Margin

NTM improved in Q4 FY21 with a rolling 12 month average NTM of 1.9% largely due to improved gross losses and improved revenue, compared to break-even at Q4 FY20.

Quarterly NTM (% of GMV)



Quarterly NTM Bridge (% of GMV)





Strategy and outlook

Laybuy Growth Strategy

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



Increase market share in already established markets

- 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.



Acceleration of growth in the UK market

- The Laybuy platform is built for global scalability.
- Target 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 to continue into Q2 FY22 for ANZ and UK merchants to access US based customers.
- US market remains a long-term growth opportunity.
- Potential M&A opportunities may arise from industry consolidation.



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.

Focused on large UK market opportunity

Laybuy has seen significant growth in the UK market and seeks to continue that momentum

UK Opportunity

As one of the leading BNPL providers in the UK, Laybuy has seen significant growth, **GMV up +504%** on prior year to NZ\$296m with momentum continuing

Laybuy is looking at **targeting large, influential merchants** in order to drive scale, network effects and brand recognition

Laybuy will then use its customer base and exclusive relationships to target SMEs through its **partnership program** in order to diversify its retailer base and increase average commissions

UK Retail Market¹¹



£394bn (NZ\$757bn)

Addressable retail market opportunity



£75bn (NZ\$145bn)

UK e-commerce market

Competitive Advantages

Key exclusive partnerships with major professional sporting clubs providing Laybuy with a unique opportunity to leverage a number of mutually exclusive, global supporter bases

Scalable technology stack with a nimble and flexible team who truly service merchant needs

Upcoming launch of Laybuy's digital **"Tap to Pay"** card program¹²

11. Retail market estimates are approximate and rounded as at 2019. Retail market : Predominantly food stores, Non-specialised stores, textile, clothing and footwear stores, Household goods stores, Other stores and Non-store retailing. Converted at NZD/GBP of 0.52
12. Currently on hold due to COVID-19 lockdown restrictions in the UK.

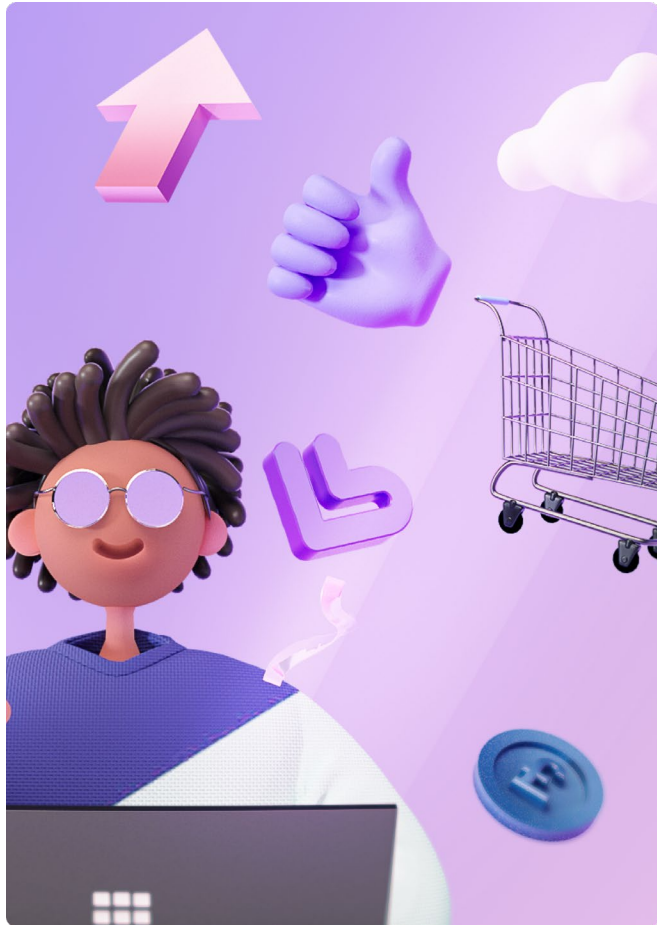
Big Merchants and Partners Signing up in the UK

Momentum is building fast in the UK with further large brands coming on board in FY22 which will support step changes in GMV



Market leader in responsible lending

A market leader in responsible consumer finance, Laybuy was founded with a vision of making life easier for consumers by helping them better manage their budgets and avoid the traps of high-interest credit. At Laybuy, we work hard to prevent customers from falling into debt they cannot afford.



Purchase price split into six, weekly instalments. **No interest charged, ever!**



Strict credit limits and automatic suspension of account in event of missed payment to prevent accruing of additional debt – average customer transaction limit is £240.



Late fees capped, and 97% of customers never pay a late fee.



Championing the development of an industry-wide **Code of Practice** that protects consumers while establishing an enabling but effective self-regulatory framework for the BNPL sector.



Independent credit checking of every new customer to provide an assessment of their ability to fulfil future repayment commitments.



Robust hardship policy and commitment to work proactively with customers in financial difficulty.



Laybuy pays any and all collection fees so customers only ever pay the amount borrowed.

Funding for Growth

Laybuy has sufficient facilities in place to underpin significant GMV and revenue growth

Facility	Facility Limit	Drawn as at 31 Mar 2021	Capacity ¹³	Maturity
Kiwibank	NZ\$20.0m	NZ\$9.2m	NZ\$10.8m	Dec-21
Victory Park ¹⁴	NZ\$151.0m	NZ\$6.4m	NZ\$144.6m	Aug-25
Total			NZ\$155.4m	

Due to Laybuy's capital efficient business model of six weekly payments, the funding facilities can support significant GMV growth.

As GMV increases and the receivable book grows, additional funding becomes available, subject to the total financing facility limits.

Cash held by Laybuy as at 31 March 2021 was NZ\$15.5 million, an increase of NZ\$2.1 million from 31 December 2020.

Based on average customer loan balances, Laybuy's loan book approximately turned 20 times in FY21.



VICTORY PARK
CAPITAL

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

14. Converted at NZD/GBP of 0.5298

FY22 Outlook

Laybuy continues to remain confident of strong growth across all its markets as it continues to deliver on key strategic initiatives.

- **Firmly focused on accelerating growth in the significant UK market**

- Already recognised as one of the top three leading BNPL providers in the UK
- Strong momentum continues into Q1 FY22
- “Tap to Pay” to launch in UK in May as COVID restrictions start to ease

- **Strong list of new merchants which will include (but not limited to) well-known brands such as**

- **UK:** Debenhams, Dorothy Perkins, Burton, Wallis, Fanatics¹⁵
- **ANZ:** Stateside Sport, Bailey Nelson, Tony Bianco, Black Swallow, Vodafone NZ, Overland Footwear, EziBuy and Blue Illusion

- Significant growth expected to be delivered in FY22 based on new initiatives, **on track to exceed annualised GMV of NZ\$1 billion during FY22**

- **Year on year revenue to grow between 90% to 100% on FY21, driven by:**

- Ongoing GMV growth across all regions led by the UK
- Continued growth in new merchants and active customers

- **Net Transaction Margin expected to continue to improve (12 month rolling),** driven by lower defaults and increased repeat customers



¹⁵. Subject to final documentation



Thank you.



Gary Rohloff
Co- Founder & Managing Director



Katrina Kirkcaldie
Chief Financial Officer



investors@laybuy.com
laybuy.com

