

**ASX ANNOUNCEMENT (ASX: LBY)**

24 March 2022

**Laybuy Market Update**

Laybuy Group Holdings (**ASX:LBY**) (“**Laybuy**” or the “**Company**”) provides the following update regarding its operational performance for this quarter.

At the Q3 results market briefing, management noted that it had anticipated an improvement in credit collections in the early months of Q4 based on past experience, with an expectation that this would result in an improvement in Net Transaction Margin (NTM) for Q4 over Q3.

Consistent with other Buy Now Pay Later (BNPL) market participants, Laybuy has experienced prolonged elevated credit and fraud losses in the UK in January and February 2022. This has resulted in a negative NTM being recorded in those months.

While NTM has remained positive for the ANZ business over this period, NTM in March is expected to improve across all regions. The NTM for the fourth quarter is expected to be negative and lower than break even reported for the third quarter.

A marked improvement in gross losses, however, has been achieved to date this quarter as a result of improved fraud and credit risk management tools being introduced. The dollar value of losses has also decreased in January and February, when compared to the expense recorded in December. The seasonal dip in NTM, however, has resulted in the NTM contribution falling as a factor of reduced revenue.

As has been widely reported, fraudulent activity, which is a key driver of credit defaults, has increased globally in recent months and this has impacted those involved in e-commerce, including the BNPL sector in which Laybuy operates.



Management continues to take a proactive approach to reducing the incidence of fraudulent activity on Laybuy's payment platform, including deactivation of merchants attracting high levels of fraud and strengthening the fraud and credit decision process on new customer sign-up.

Laybuy remains committed to continuing to reduce fraudulent activity and has recently appointed an experienced Chief Risk Officer, who will be responsible for leading Laybuy's fraud and credit loss prevention strategy.

Revenue is now anticipated to increase between 43% and 48% for FY22 over the prior year<sup>1</sup>, in line with the revenue growth we have experienced in Q2 and Q3, but lower than earlier guidance of 60-70% growth. Whilst the number of merchants has increased and GMV continues to grow, merchant commissions have declined slightly as the App Exclusives partnership contributes a greater share of the growth.

Laybuy continues to report strong growth in its Gross Merchandise Value (GMV), which was up 25% year-on-year (YoY) for January and February. The UK market was particularly strong, with UK GMV up 38% YoY over the same two months. Laybuy has seen this momentum continuing into March.

New customer and merchant numbers also continue to grow, with over 175,000 active customers and over 4,200 active merchants added this financial year to date (since April last year). Active customers now total 930,000 and active merchants total 13,400.

"Our focus at Laybuy is on prioritising measures to achieve profitable growth. The UK remains an important growth market for our business, while we continue to focus on growing our profitable operations in ANZ," says Laybuy Managing Director Gary Rohloff.

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**ENDS**

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<sup>1</sup> Merchant Commission Income expected to increase 44%-49% and Late Fee Income 36%-41% year on year.





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

**About Laybuy**

Launched in 2017, Laybuy is a rapidly growing fintech company providing buy now, pay later services partnering with over 13,000 retail merchants. Laybuy is available in New Zealand, Australia and the UK. 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](https://laybuyinvestors.com).

