



LAYBUY

Laybuy (ASX:LBV)

# Strategic Update

& Q1 FY23 Results

29 July 2022

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All numbers are stated in New Zealand dollars (NZ\$) and relate to the quarter ended 30 June 2022 (Q1 FY23) or the year ended 31 March 2022 (FY22).

Comparisons relate to the quarter 30 June 2021 (Q1 FY22 or prior comparative period, "PcP") or the year ended 31 March 2021 (FY21 or year on year, "YoY") unless stated otherwise.

# Strategic Review Findings

- Strategic review completed **reaffirming Laybuy's commitment to both the UK and ANZ business.**
- Review **confirms pathway to profitability** providing assurance on the sustainability of the business model.
- **Sale or partial sale** of the business currently **not in the best interests of shareholders or our people.**
- **Success in fraud prevention programme** has provided Board alternative options.
- **Initiating major cost reduction** programme that will see profitability achieved across the Group by Q4 FY23.
- Laybuy will **reduce headcount by one third** delivering significant savings to the business.
- Reduction in costs, alongside continued investment in fraud prevention, will **remove need for capital raise in the medium-term.**
- Laybuy on track to be one of, if not the first, profitable pure play BNPL provider on the ASX.

# Our Strategy to Achieving Profitability



## Saving to invest

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We have been working across the business to identify areas where we can improve efficiencies, reduce costs and reprioritise spending so that we are investing in those areas that have a strong return on investment and support our pathway to profitability.



## Increasing our quality customers and merchants

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We will focus on increasing and retaining quality customers and partnering with the right merchants in the right verticals. We have tightened our approach to credit risk and will focus on those merchants who are best able to support our growth and who are least likely to attract fraudulent activity.



## Reducing fraudulent activity

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We will continue to take proactive action to improve the security of our platform, including investing in fraud prevention and intelligence software.

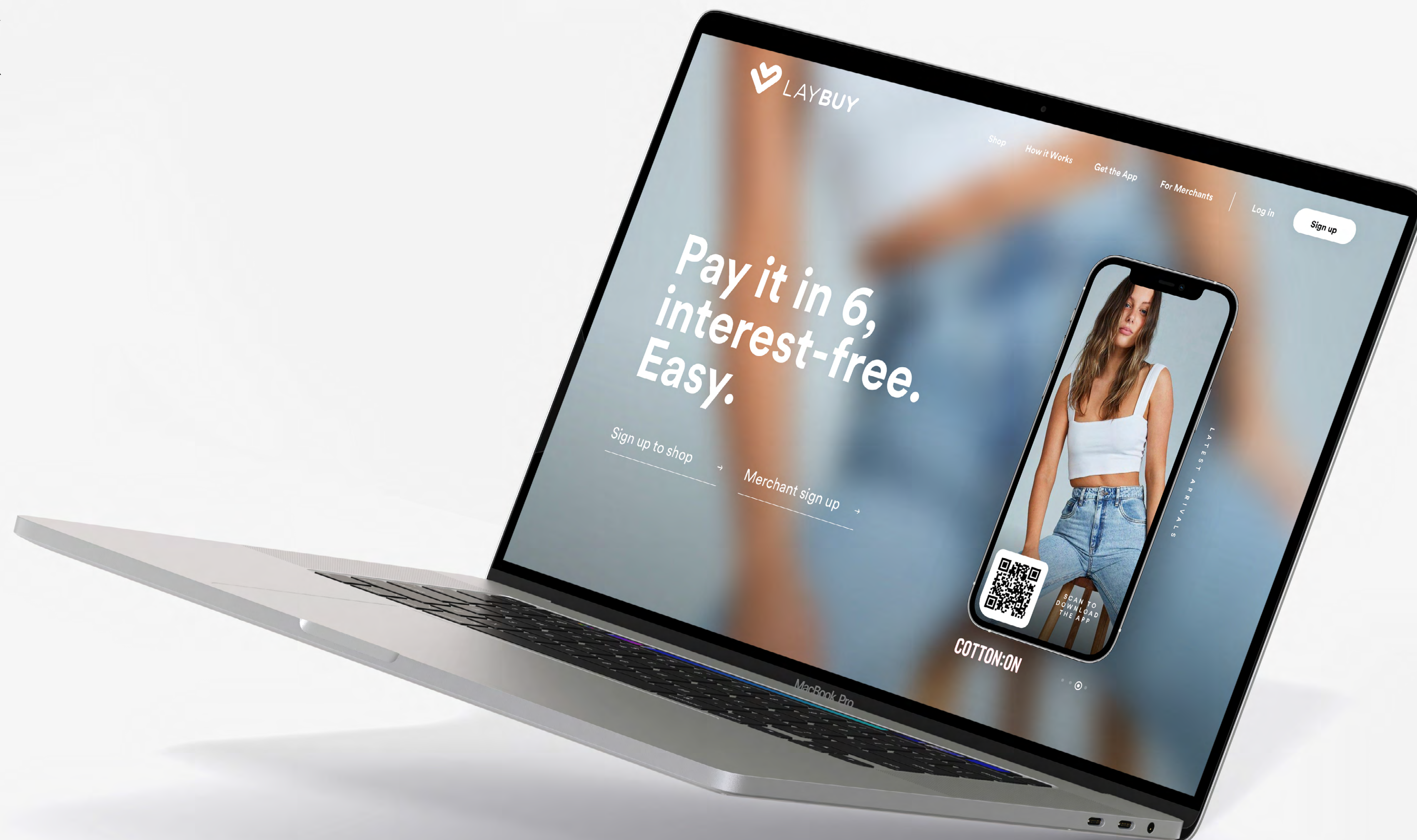
# Company Restructure

- Restructure reflects reorientation of strategy from high-growth to achieving profitability in the short-term.
- Headcount will be reduced by one third (approx. 45 employees).
- Majority of impacted staff from Auckland Head Office, with a number of roles also impacted in the UK and Australia.
- New structure streamlines operations and minimal impact anticipated on customers and merchants.
- Delivers significant savings that will be pragmatically invested into the business, in areas where there is a high return on investment.



# Proactively Managing Credit Risk

- Fraud prevention strategy delivering strong results, with significant reduction in losses attributable to fraud in Q1 FY23.
- Gross losses fallen by 210bps, supporting an increase in NTM from -0.5% to 1.4%.
- Strong improvement in NTM throughout quarter, with NTM in June of 1.9%, with UK NTM of 1.7%
- Continuing to implement steps, including investing in fraud prevention technology to improve the security of the Laybuy platform.
- Increasing focus on attracting and retaining quality customers and merchant to further reduce risk of fraud and default.



# Q1 FY23 Key Metrics



# Q1 FY23 Highlights

in New Zealand Dollars, compared to Q1 FY22

Gross Merchandise Value (GMV)

**\$215m**

↗ 17% on PcP  
Annualised GMV \$860m, 2nd highest qtr

UK GMV

**\$128m**

↗ 34% on PcP

Active Customers

**918,000**

↗ 12% PcP, UK up 19%

Total Income

**\$11.3m**

↗ 9% on PcP

Net Transaction Margin

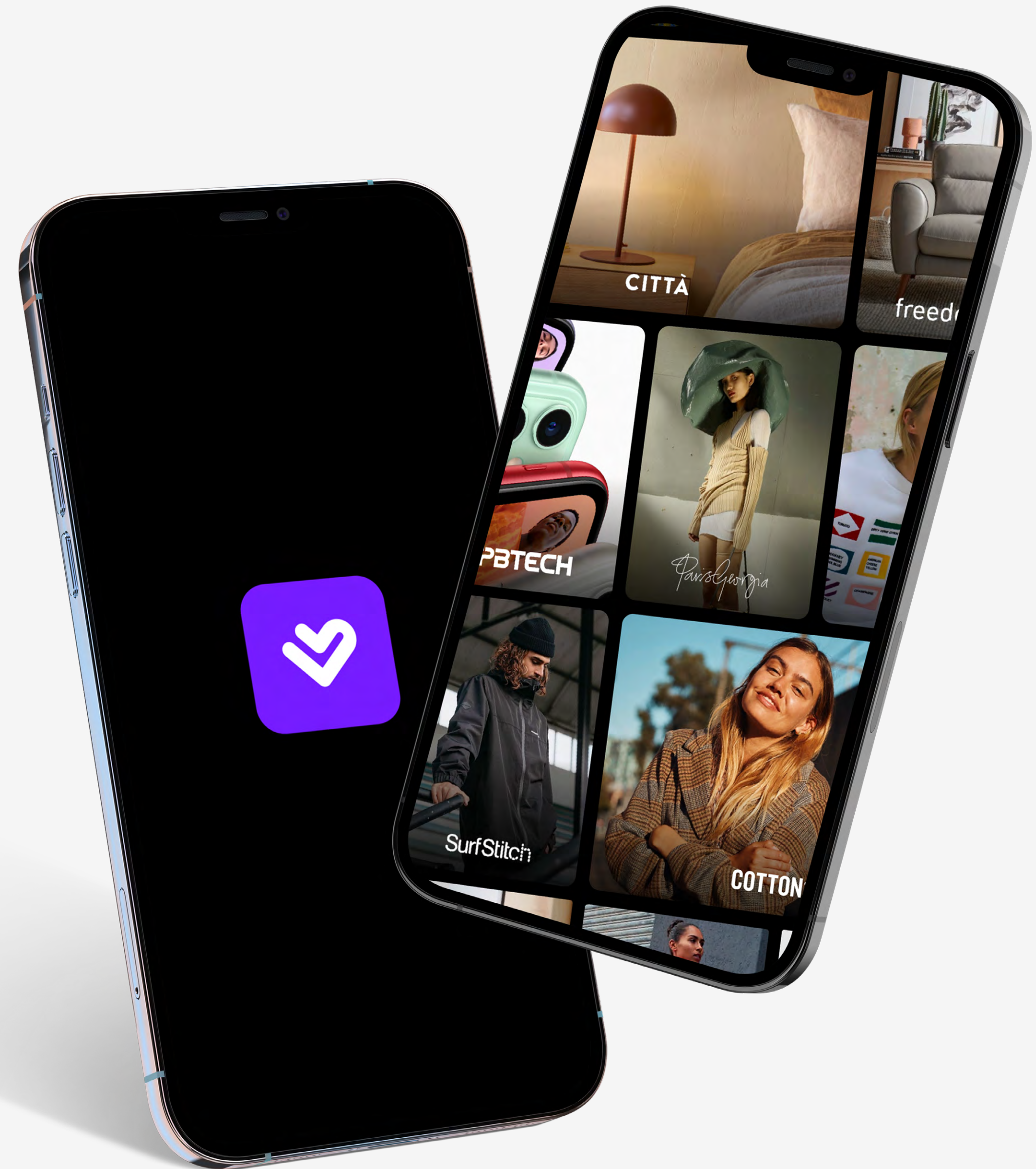
**1.4%**

↗ 190 bps on last quarter

Active Merchants

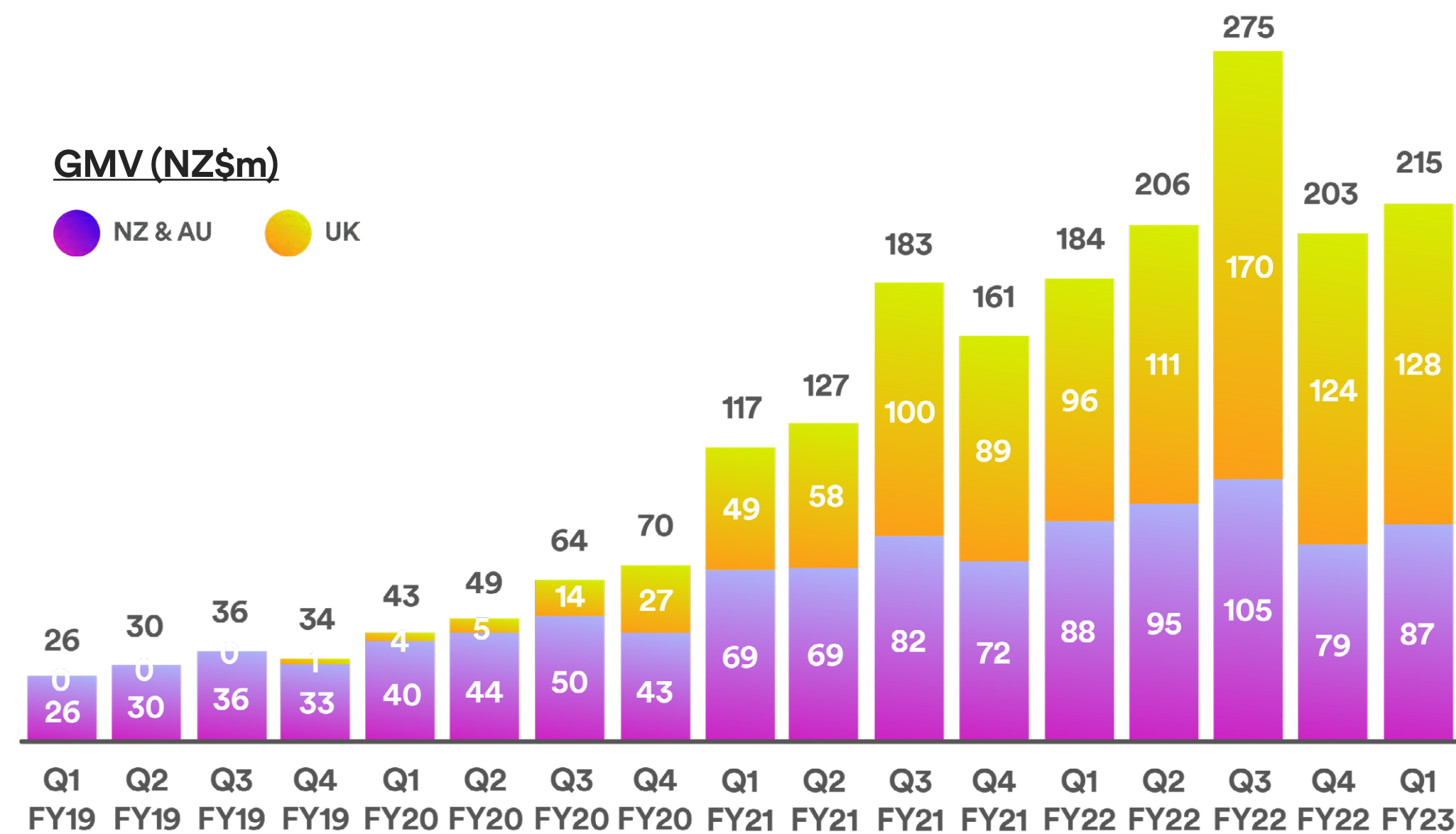
**14,000**

↗ 39% PcP, UK up 94%

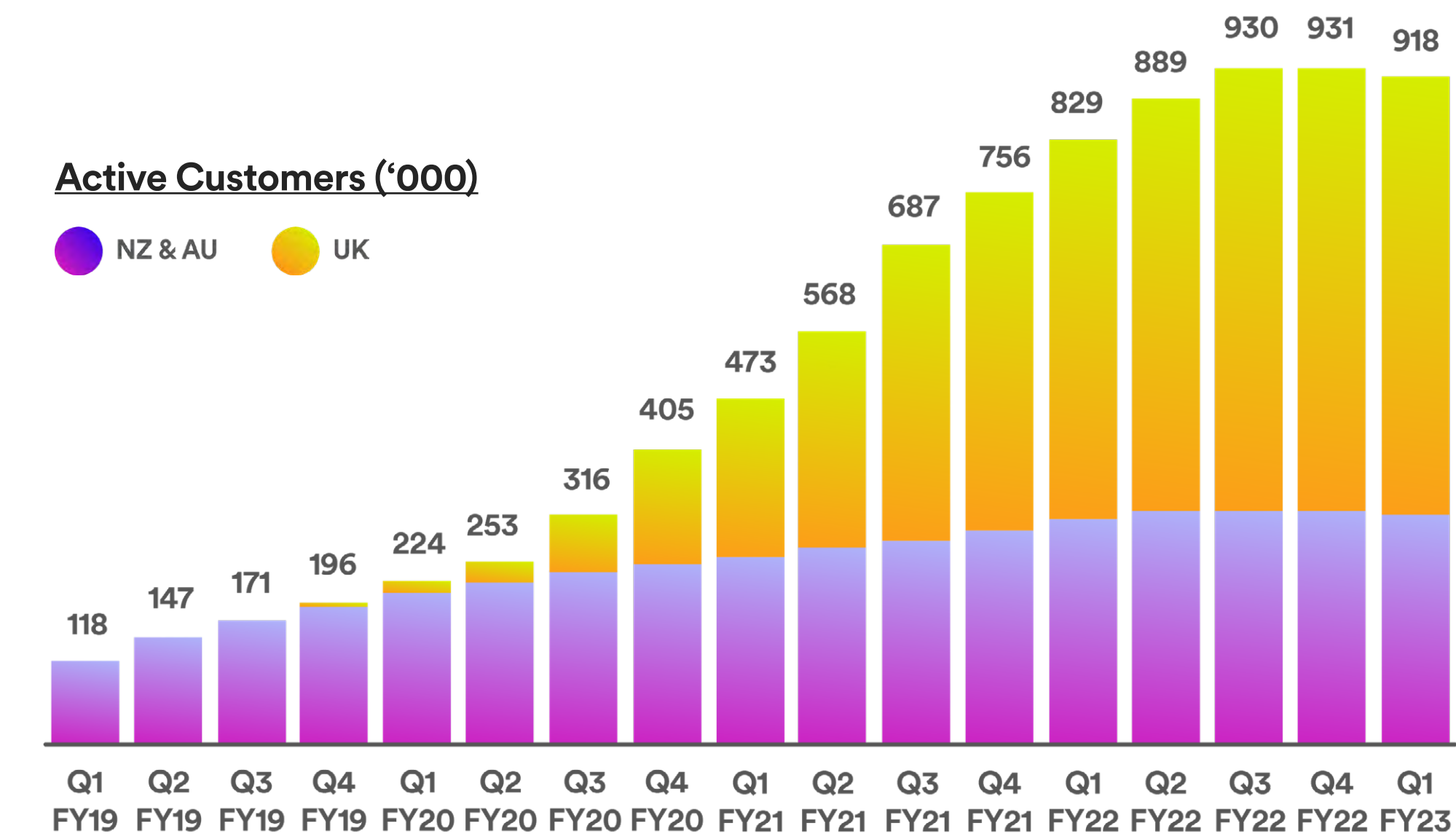
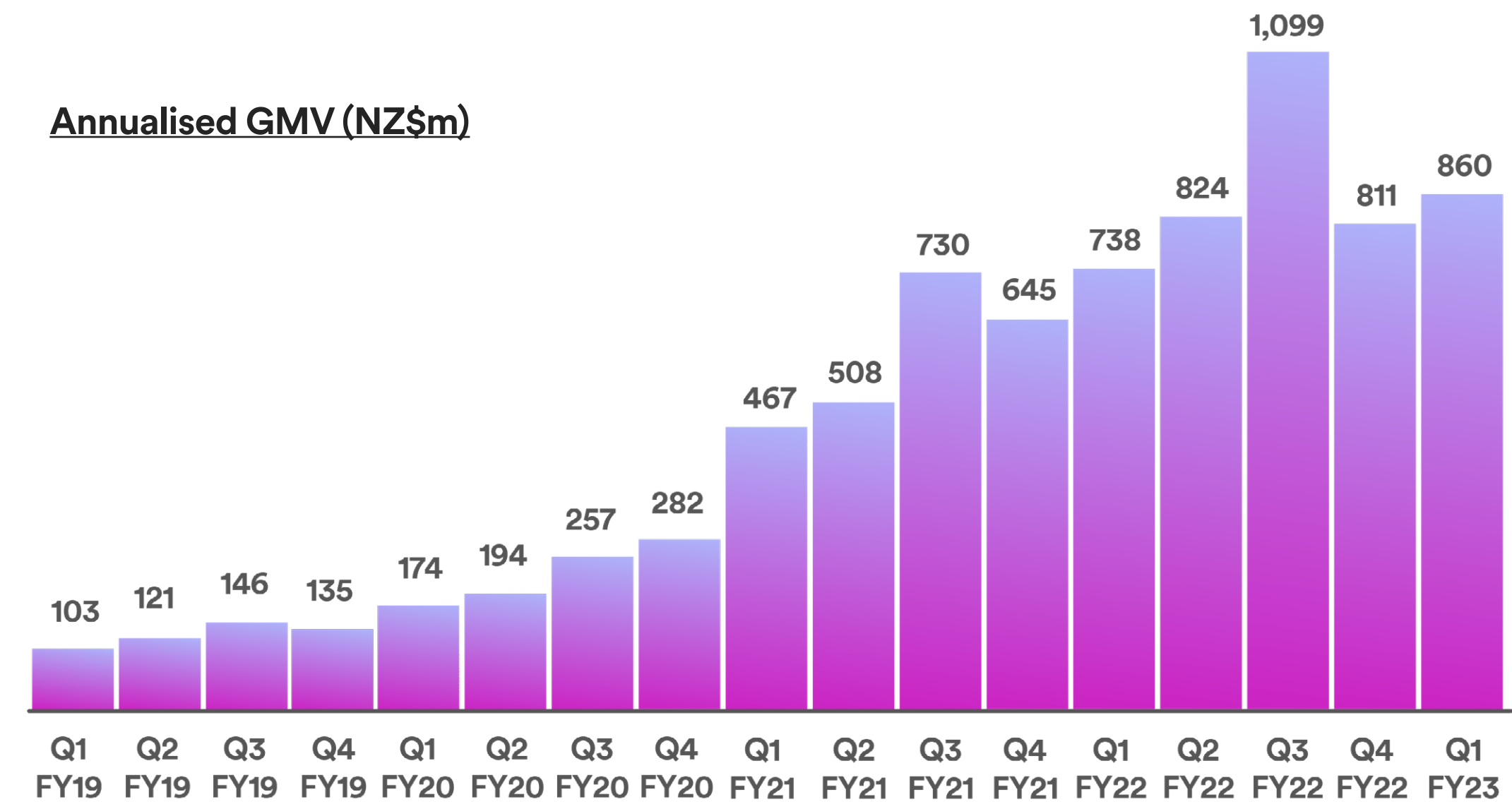




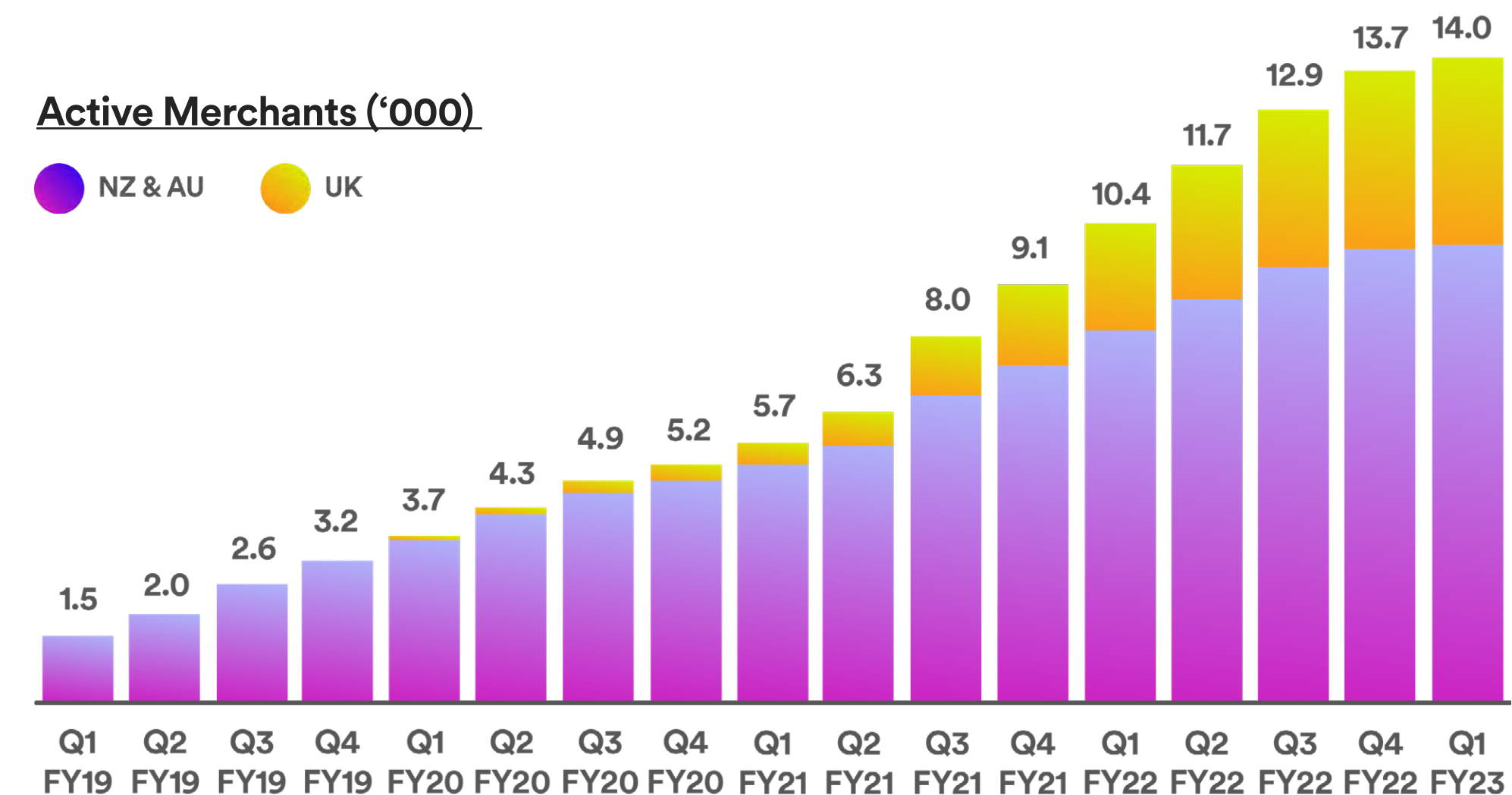
# Q1 FY23 delivered the second highest GMV



**Annualised GMV (NZ\$m)**



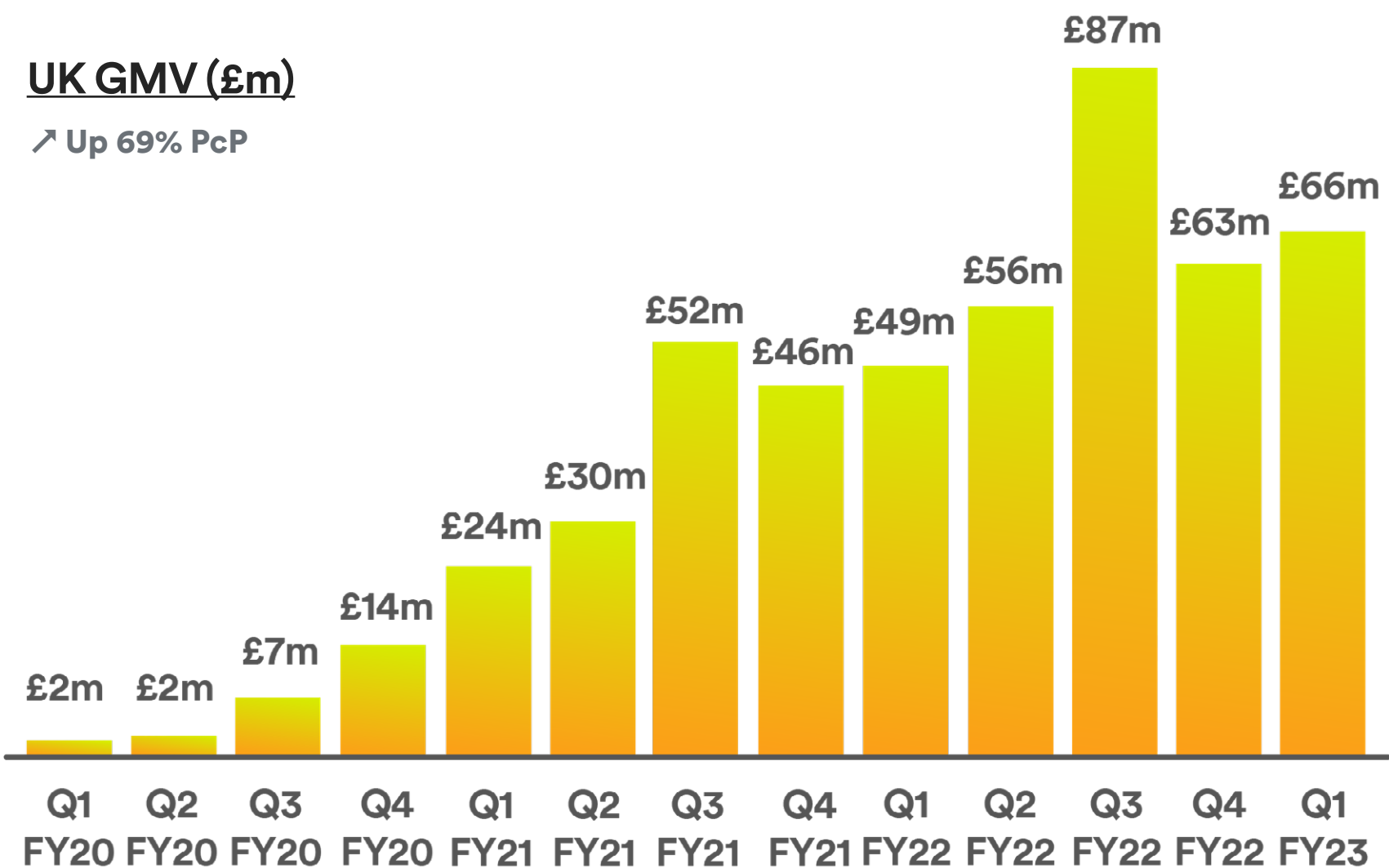
**Active Merchants ('000)**



# United Kingdom

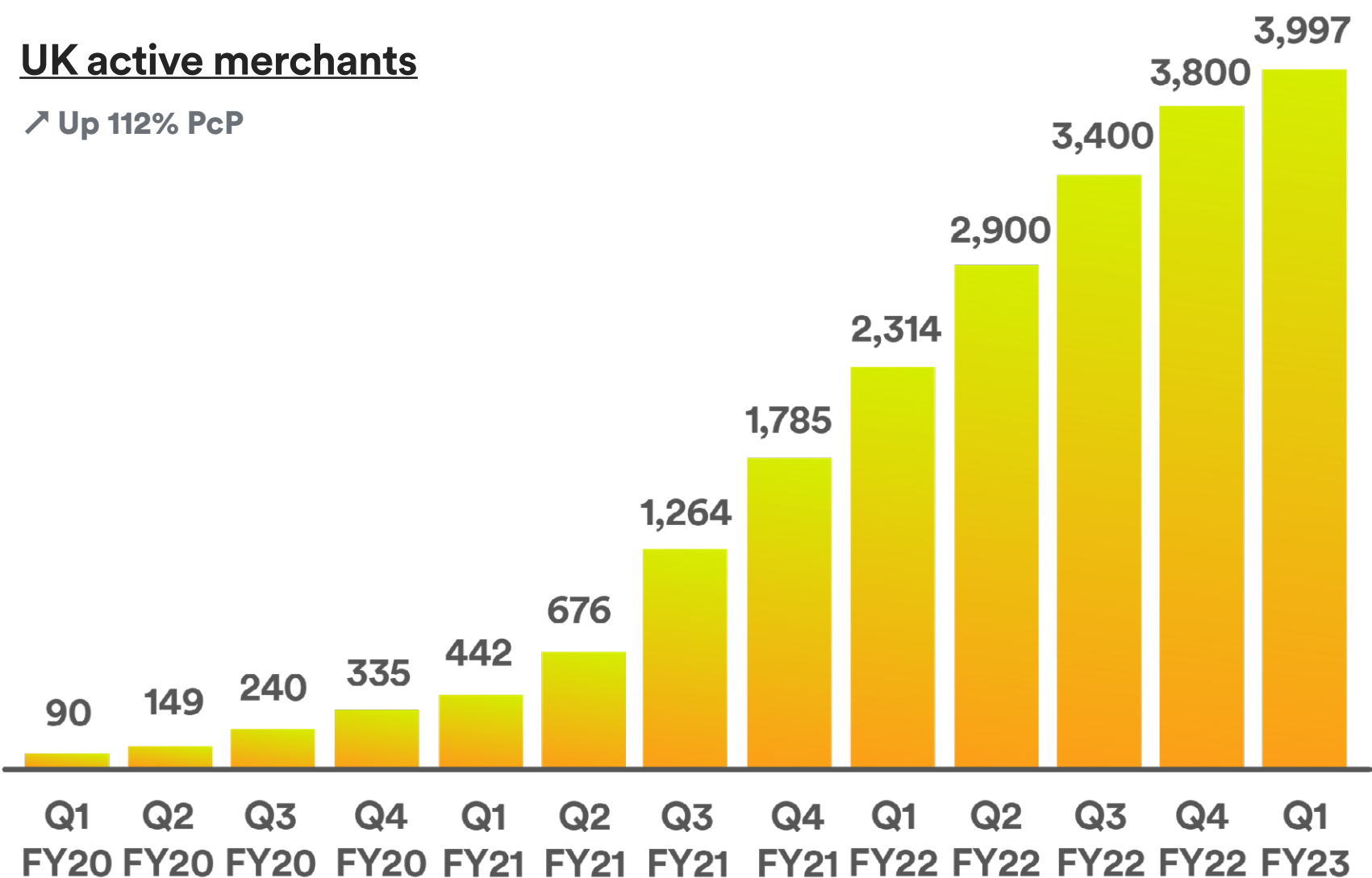
## UK GMV (£m)

↗ Up 69% PcP



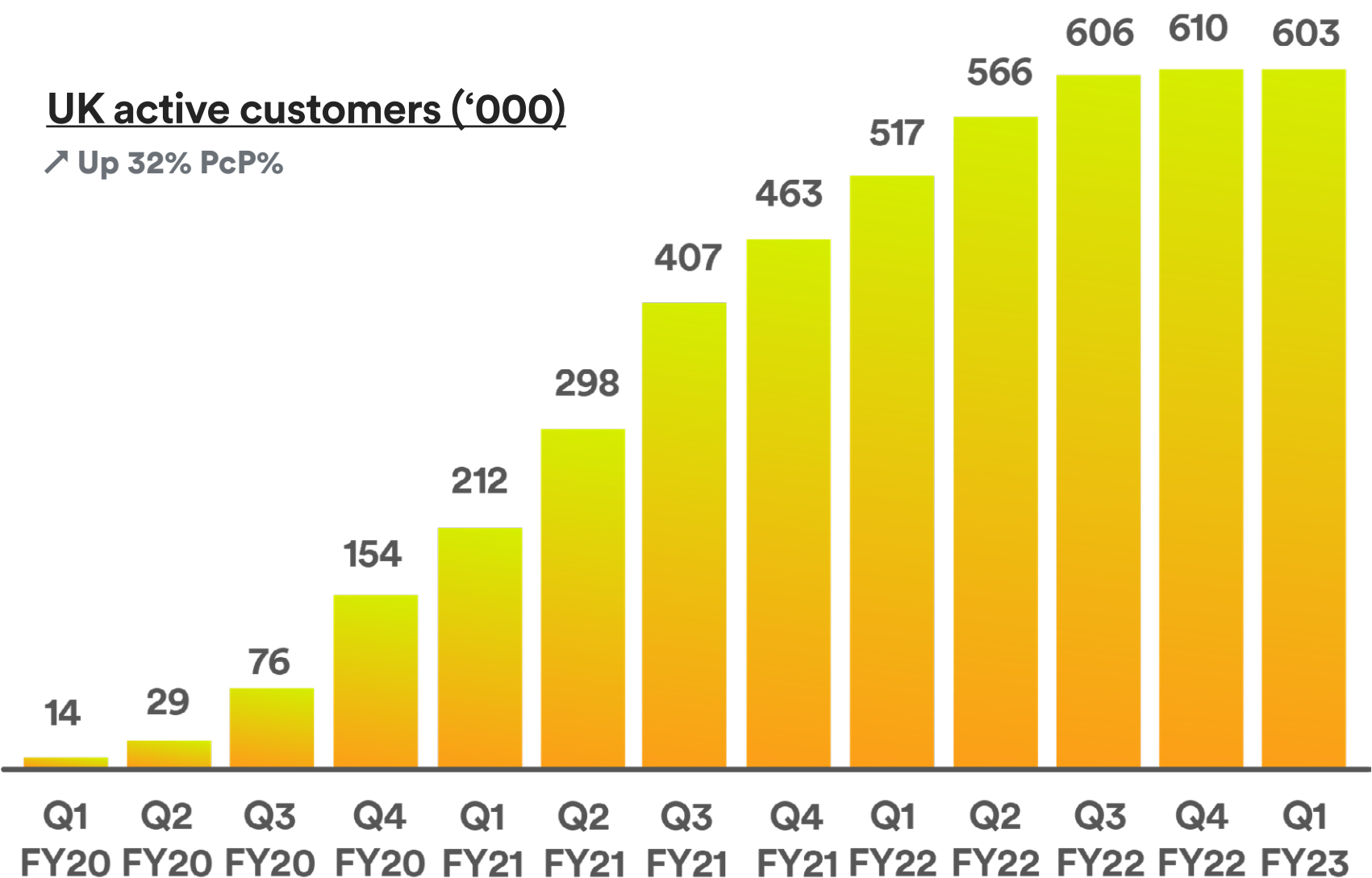
## UK active merchants

↗ Up 112% PcP



## UK active customers ('000)

↗ Up 32% PcP%



## Key Merchants



boohoo

Bershka

♡ YOURS

wilko



TESSUTI

WH Smith



B&Q

amazon

GAP

Timberland

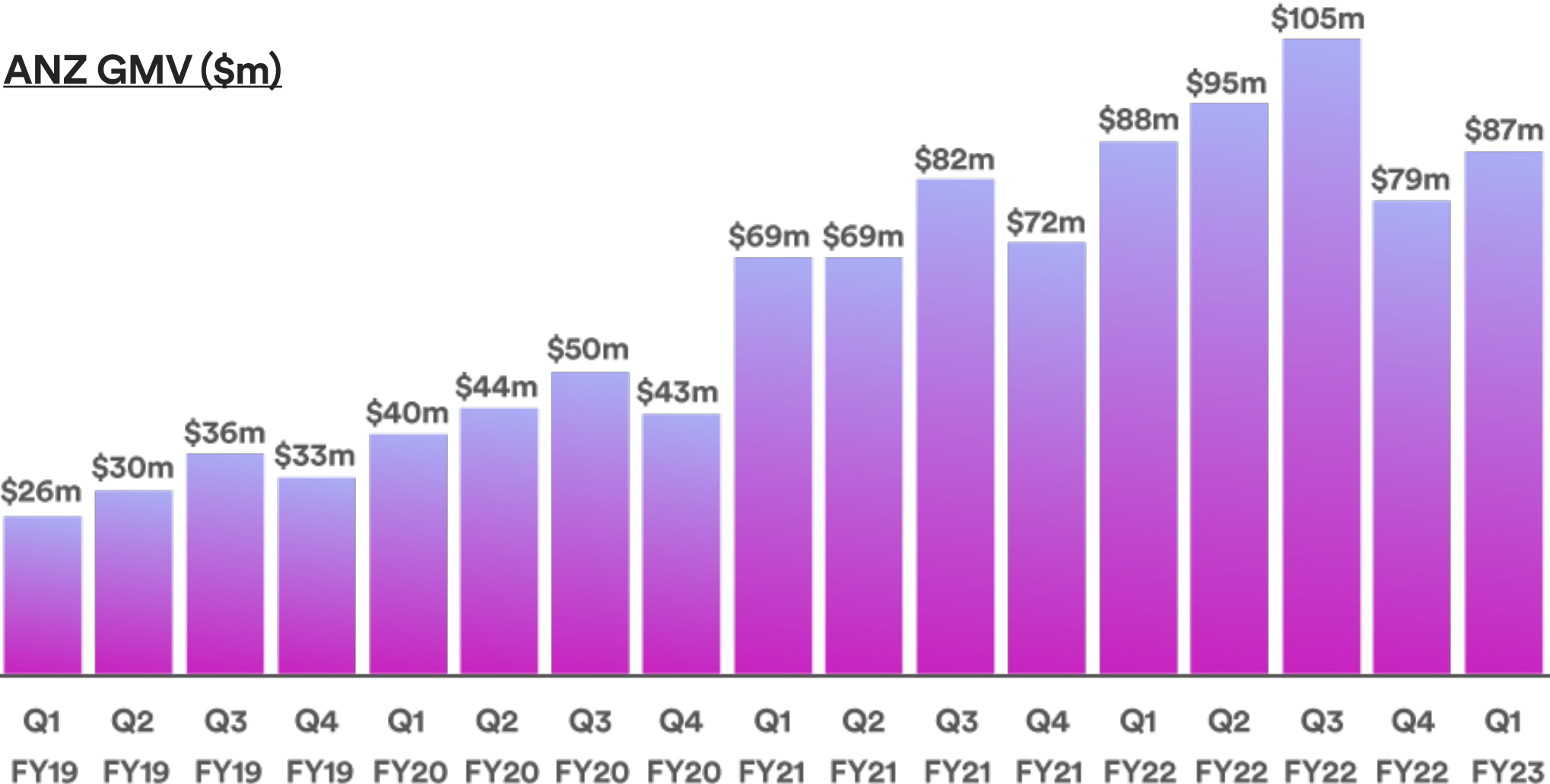
The Fragrance Shop

LOOKFANTASTIC

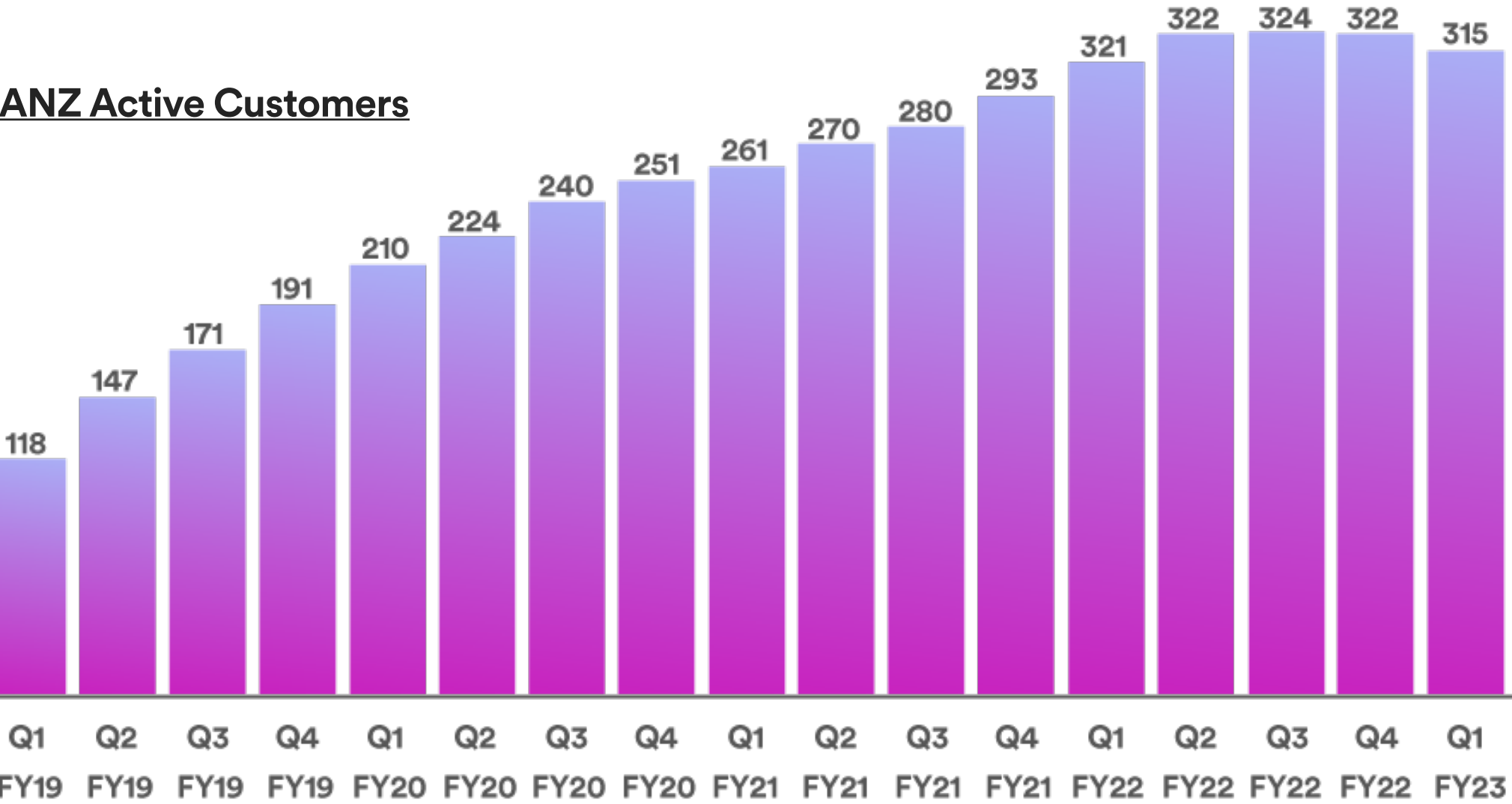
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# Australia & New Zealand (ANZ)

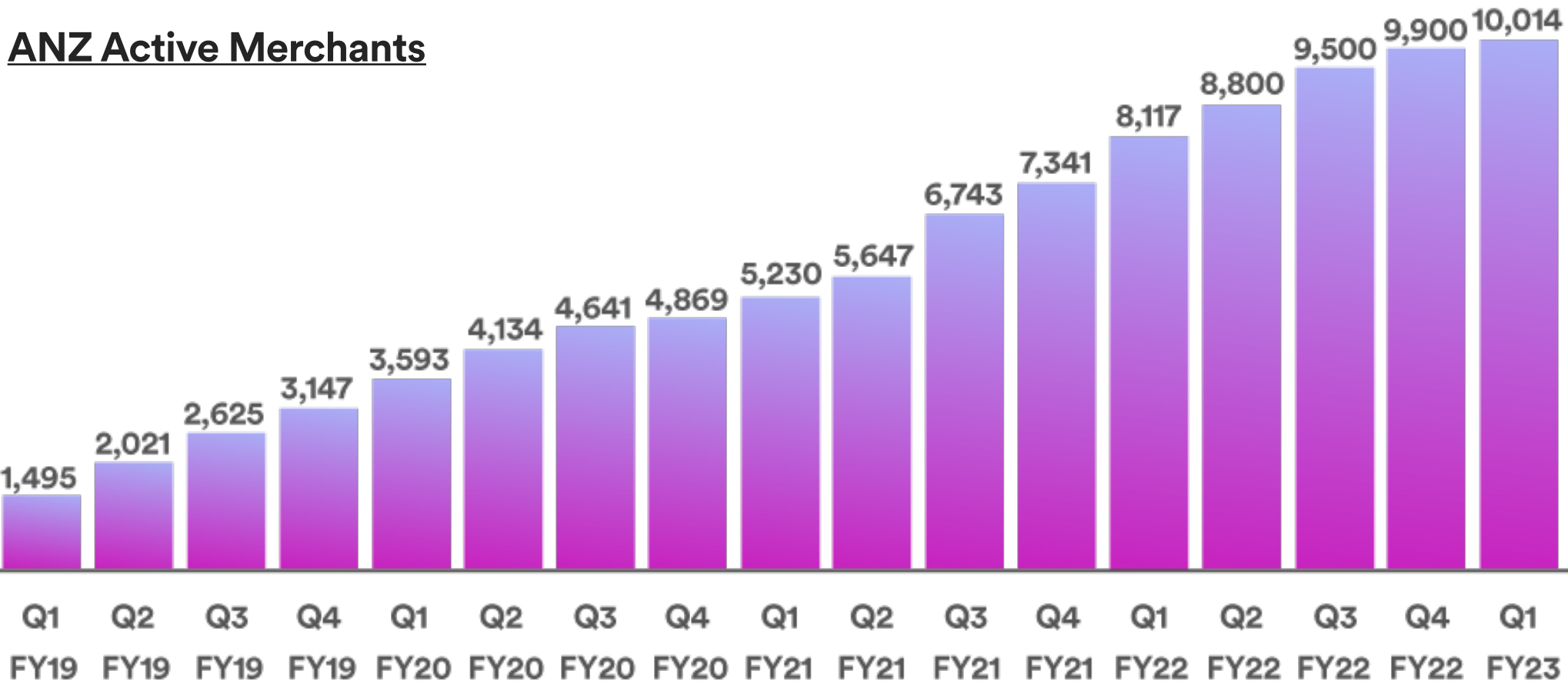
ANZ GMV (\$m)



ANZ Active Customers



ANZ Active Merchants





# Supported by strong debt facilities

## Partners for Growth

Debt facility to support the UK loan book

- £30 million facility
- 75% Loan to Value ratio
- Maturity date October 2024

Supporting over £600 million of GMV in the UK region

## Kiwibank

Debt facility to support the ANZ loan book

- NZ\$30 million facility
- 80% Loan to Value ratio
- Maturity date July 2023, evergreen facility

Supporting over \$600 million of GMV in the ANZ region

Facility	Facility Limit	Drawn as at 30 June 2022	Maturity
Kiwibank	NZ\$30.0m	NZ\$11.3m	July 2023
Partners for Growth	NZ\$56.5m/£30.0m	NZ\$19.2m	October 2024
Total	NZ\$86.5m	NZ\$30.5m	

# Outlook

# FY23 Outlook

- Focus on achieving short term profitability
- ANZ sales operations, excluding Group overheads, already profitable.
- Laybuy will prudently manage costs and focus on driving efficiencies and reducing fraudulent activity.
- Tightening approach to credit risk and focus on quality customers, undertaken as part of fraud prevention strategy.
- Risk of credit loss mitigated during a tightened macroeconomic environment so vulnerable consumers are protected from unsustainable debt.
- Well positioned against rising interest rates and increased regulation given capital efficient model and commitment to responsible credit.
- Company restructure delivers significant savings ensuring the business is adequately funded without the need for external capital.
- Where appropriate, capital will be invested back into the business to support pathway to profitability.
- Expectation that Laybuy will be profitable and self-sustaining by the end of the 2023 financial year.
- Laybuy on track to be one of, if not the first, profitable pure play BNPL provider on the ASX.



# Thank you



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**LAYBUY**