LAYBUY

ASX ANNOUNCEMENT (ASX: LBY)

30 September 2022

Annual Shareholder Meeting Scripts and Presentation

Laybuy Group Holdings attaches the following materials to be presented at the 2022 Annual Meeting of Shareholders which will take place today at 9.00am AEST (12.00 midday NZDT) via online platform:

1. Scripts of Chairman's and CEO's addresses; and
2. Presentation slides to accompany those addresses.

For more information, please contact:

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Company Secretary	Head of Corporate Communication
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This announcement was approved for release by Jonathan Swain, Company Secretary.

About Laybuy

Launched in 2017, Laybuy is a rapidly growing fintech company providing buy now, pay later services partnering with over 14,000 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.

LAYBUY GROUP HOLDINGS LIMITED

2022 ANNUAL SHAREHOLDER MEETING

FRIDAY 30 SEPTEMBER 2022, 9.00AM AEST, 12.00 NOON NZT

CHAIR AND CEO PREPARED ADDRESSES

1. CHAIR'S ADDRESS

It's my pleasure to deliver the Chair's address at this year's Annual Shareholder Meeting – Laybuy's second as a publicly listed company.

Annual Shareholder Meetings are always a special occasion, allowing shareholders, the Board and management to come together to discuss the strategic direction and performance of the company.

While this year's Annual Shareholder Meeting might be virtual, please be assured that there will be opportunity to ask questions following the conclusion of the formal presentations.

A lot has changed since our last Annual Shareholder Meeting in 2021.

While last year the global economy appeared to be emerging strongly from the pandemic, this year the economic outlook is less certain.

A long period of expansionary monetary policy, geopolitics supply constraints and a tight labour market have all combined to create immense inflationary pressure.

In response, central banks are rapidly tightening policy and pushing-up interest rates.

This is having a significant impact on consumer confidence and discretionary spending.

It is also impacting investor confidence, with growth and tech companies falling out of favour with investors.

The BNPL sector has been particularly hard hit, with all publicly-listed BNPL providers, including Laybuy, suffering significant reductions in their valuations.

This has meant this year has been a particularly challenging year for shareholders.

On behalf of the Board, I want to assure you that we understand and share the frustration of all shareholders over the performance of our share price.

While there is little we can do to control market sentiment, what we can focus on is delivering results and improving performance.

As a Board, this is our absolute priority and achieving this will mean that we are in the best possible position to earn back investor confidence and take advantage of the market upswing when it inevitably comes.

I am pleased to advise that, despite the challenging year we have had, Laybuy continued to achieve steady growth in the last financial year.

We continue to be one of two market leaders in New Zealand, a top three provider in the UK, and continue to have a small but growing presence in Australia.

Our GMV increased 47% to reach $868 million, our active customers increased 23% to reach 931,000 and active merchants increased 50% to reach 13,700.

This growth supported an increase in revenue of 45% to achieve full year revenue of $47.1 million.

We achieved profitability, excluding corporate overheads, in Australia and New Zealand, and we are now well advanced in executing a plan to achieve profitability across the business by the end of this financial year.

This will allow the company to reinvest back into the business without the need to undertake a capital raise or to seek external capital, which we do not believe would be in the best interests of shareholders.

This approach was confirmed by a strategic review that the Board commissioned from European financial firm NOR Capital.

This review also confirmed that Laybuy has a sound business model that can be profitable.

The Laybuy Board remains confident about the future.

The long-term growth prospects remain strong, with a recent report by *Future Market Insights* showing that BNPL will grow eight-fold over the next decade.

This makes BNPL the world’s fastest growing payment method, and Laybuy’s strong market share in New Zealand and the UK means that we are in a good position to take advantage of this growth.

On behalf of the Board, I would like to thank Gary, the management team and every Laybuy staff member for the work they have done over the past year.

It has not been an easy year for the team at Laybuy, and I want to acknowledge the efforts they have put in.

I would also like to thank our merchant partners and our customers. The BNPL sector is an increasingly competitive sector and I want to thank them for choosing Laybuy.

Finally, and most importantly, I want to thank you, our shareholders.

I know this year has been a difficult year for you.

We know that many of you might be frustrated.

Please know that the Board and the management team are committed to always acting in your best interests.

And this means remaining resolutely focused on rebuilding investor confidence by achieving sustainable, quality and profitable growth so that we can deliver you the return you deserve.

Thank you for your continued confidence in Laybuy

I will now hand over to Gary.

CEO & MANAGING DIRECTOR ADDRESS

Good morning and hello from London.

Firstly, let me join Steve in welcoming you all to this year's Annual Shareholder Meeting.

I am delighted to be here with you to talk about our results, our pathway to profitability and to answer any questions you might have.

As Steve has said, the past year has been a particularly challenging one for the business and for our shareholders.

Economic conditions have changed significantly and this has impacted both consumer confidence and investor confidence.

Global inflation and rising interest rates have seen global markets shift away from rewarding growth companies and towards rewarding companies that can demonstrate that they are profitable in a tighter economic environment.

Because all BNPL companies have been focussed on investing for rapid growth, our sector has been particularly hard hit by this change in investor sentiment

Every listed and unlisted BNPL provider, including Laybuy, has seen their valuation fall by 90% to 95% off their peaks, even though the sector is continuing to grow strongly.

As a fellow shareholder, I know how difficult this has been.

But I also remain very confident about the future of BNPL, our place in the sector, and our ability to deliver a return to shareholders.

The opportunities for companies like ours are immense if we implement the right strategy now.

I want to assure you that is what we are doing.

Q1 FY23 Highlights

Looking back over the last quarter, I am pleased to say that we have continued to deliver sound growth.

We achieved quarterly GMV of $215 million.

This was supported by continued strong growth in the UK, where quarterly GMV reached $128 million – up 34% on the same quarter last year.

Our active customers reached 918,000, up 12% on the same period last year, while our active merchants reached 14,000, up 39%.

Pleasingly our quarterly income was $11.3 million, up 9% year-on-year and, thanks to the work we are doing to reduce fraud, our NTM recovered to 1.4% – up 1.9 bps on the previous quarter.

Q1 FY23 delivered the second highest GMV

Looking more closely at the number, you can see Q1 of FY23 delivered our second highest GMV to date at $215 million, or an annualised GMV of $860m.

You will note that our active customers were slightly down this quarter as a result of the work that we are doing to reduce fraud.

I will talk more about this later, but this is the result of our tightening of the top of our credit funnel and the work we are doing to exit bad actors off our platform.

Finally, you can see we are continuing to see steady growth in our active merchants.

This is supported by our affiliate programme in the UK, which is making it easier for our customers to shop and pay with Laybuy through our app.

Our strategy to achieve profitability

But the global economic and investor market has changed and we need to respond.

That is why we have shifted our strategy away from being focussed on achieving rapid growth to implementing a strategy focussed on achieving profitability.

In the past, we were investing heavily to **rapidly** increase our active customers, grow our active merchants and lift our GMV.

This has now changed.

Our focus is now on delivering a more cautious, quality-based and sustainable growth strategy aimed at achieving profitability as soon as possible.

We are doing this by:

1. Saving to invest, which means proactively identifying savings and improving efficiencies so that we can free up money to invest back into the business. This will allow us to fund activities that will support our pathway to profitability.

2. Increasing our quality customers and merchants. This sees us focusing on improving the quality of our customer base and partnering with the right merchants who are best able to support our growth; and

3. Reducing fraudulent activity, which sees us aggressively implementing our fraud prevention strategy to improve the security of our platform.

Saving to Invest

Our *Save to Invest* programme has looked at all parts of our business, including office accommodation, vendor spend, IT costs to identify areas of potential savings and opportunities to improve efficiencies.

This has seen us postpone or cancel a number of non-urgent projects.

As part of this review we have also undertaken a significant restructure of the business, reducing our headcount by about a third. This has delivered significant savings to the business.

We have successfully resized the business away from aggressive growth and towards sustainable and profitable growth without a significant impact on our core operations.

We anticipate this programme will result in over $20 million in annualised savings.

These savings, alongside the savings we are making by reducing fraud and defaults, will be invested back into the business, allowing Laybuy to self fund all future activities.

This means that we can reconfirm that we will not need to undertake a capital raise in the medium-term.

Increasing quality merchants and customers

As previously mentioned, we are no longer trying to achieve rapid growth in active customer numbers.

In fact, we are taking the opposite approach and are working to make sure that our customers are quality customers who can help us deliver against our business objectives.

This means having customers who pay us back on time and do not default.

We have tightened the top of our credit funnel in the UK and Australia, and this has already resulted in significant reductions in defaults and fraud in both countries.

In addition, we are also actively exiting bad actors off our platform.

While we anticipate this may result in a short-term reduction in active customer numbers, the result will be a much stronger customer base.

To support customer growth into the future, we are also using this opportunity to further refine our credit control processes.

We are also focussed on ensuring that we are partnering with merchants who are more likely to attract the type of customers that we are looking for and who are least likely to attract fraudulent activity.

Overall, this part of our strategy aims to see us targeting the right customers and partnering with the right merchants in the right verticals.

Successfully doing this will allow us to drive revenue and achieve profitable growth.

Proactively managing credit risk

Fraud is an unfortunate but universal risk for all online payment providers, and globally there has been a marked increase in fraudulent activity on e-commerce platforms.

To address the risk of fraud, we have appointed a highly experienced financial fraud prevention specialist, Jamie Byles, as our Chief Risk Officer.

Sitting on our leadership team, Jamie is responsible for the further development of our fraud prevention strategy and credit risk management initiatives.

Successfully driving down fraud and defaults is key to achieving profitability, which is why we will continue to invest in new technology and software to reduce fraud on our platform.

This work, alongside the work we are doing to improve our customer base, is already delivering results with our gross losses falling from 4.9% of GMV to 2.8% between Q4 of FY22 and Q1 of FY23.

We expect to see a continued reduction in gross losses, as well as an ongoing improvement in our NTM, which also recovered to 1.4% of GMV in Q1, as we continue to roll out our fraud prevention strategy.

Remain well positioned for regulation

We know that BNPL can be a powerful tool for consumers, but it is credit and needs to be treated as such.

That is why we are supportive of an enhanced, but proportionate, regulatory framework that ensures BNPL providers are acting fairly, openly and responsibly at all times.

We anticipate that new regulations covering BNPL will be introduced in New Zealand, Australia and the UK in the near future, and we believe that we are well positioned for this.

We remain engaged with officials and the conversations we have had to date indicate that it is likely bespoke regulation will be introduced in each country designed to better protect vulnerable consumers.

In fact, the UK has already announced a proposal to create bespoke regulation, an announcement that we welcomed.

While inevitably we will be required to make some changes to how we operate, we believe regulation should **not** have a significant impact on our operations given that we already credit check every new customer, cap late fees and have a robust hardship policy in place.

Responding to a changing economic environment

Despite making some significant changes internally, our commitment to being a leader in the provision of convenient, safe and responsible credit has not changed.

We want to help our customers manage their budgets by providing them with a tool that allows them to spread their payments without paying interest.

This is particularly important at times like this, when many people are facing a cost of living crunch.

While it is worth noting that our customer base does skew younger, and therefore is less likely to be impacted by rising mortgage rates, rising costs and a tightening economic environment do increase the risk of default by our customers

That is why the work we are doing to tighten the funnel and focus on risk management is so important as we focus on achieving profitability.

I know that many investors worry about the impact of rising interest rates on our business model.

Laybuy is one of the most capital efficient BNPL providers in the market.

Our weekly repayment cycle means that the average duration of our loans is just two-and-a-half weeks. As a result, we are able to recycle our capital more than 20 times per annum.

This means, we are not significantly impacted by rising interest rates.

In fact, a 2% increase in the underlying interest rate only translates to a 0.04% increase in our costs.

A sector forecast to grow strongly

BNPL is one of the world's fastest growing payment methods.

A recent report by Future Market Insight indicated that BNPL would increase eightfold to reach US$46.9 billion by 2031.

This represents a compounding annual global growth rate of 22.4%.

The UK continues to present an enormous opportunity for Laybuy, where the growth in BNPL is forecast to be even stronger at an annual compounding rate of 29%.

The UK also has a retail market more than twice the size of the Australasian market in terms of overall spending.

As an early mover into the UK we have been successful in capturing market share and have strong brand recognition, which other later movers have failed to replicate.

The UK is now our largest market, with GMV of $501 million in FY22, up more than two-thirds.

This means that we remain in a strong position to take advantage of the growing popularity of BNPL in that country.

To maintain our competitive advantage, we are working to foster a culture of continuous improvement within the business so that everything we are doing is focussed on making life easier for both our customers and our merchant partners

This is important because we know that the sector will be subject to increasing competition as new players enter the market.

We are prepared for this and will focus on what we do best – leveraging our competitive advantage, strong market share and loyal customer base.

We are already one of the top two providers in New Zealand, a top three provider in the UK and we have a smaller but growing presence in Australia.

We were first to market with a suite of products, including *Laybuy Boost* and *Laybuy Global*.

We have launched our *Laybuy Card*, an innovative Tap to Pay card in partnership with Mastercard and EML, to make it even easier for customers to pay in store with Laybuy.

And last year, we partnered with affiliate networks in the UK to launch *App Exclusives,* which allows our customers to pay with Laybuy at hundreds of the UK's leading brands through our app.

Finally, I want to take this opportunity to thank our customers and merchant partners for their continued support of Laybuy.

We grew our active customers by a quarter and increased our active merchants by half in the last financial year. This shows that we are delivering something that is in demand by the market.

I also want to thank the senior management team and all the staff at Laybuy for their continued loyalty and dedication this year.

This has been a difficult period for the team at Laybuy as we restructured the business.

While we had to make some hard decisions and let some of our team go as we resized the business, I believe that we now have the right team in place as we look to the future.

Thank you to the Board for their support. Your guidance and wisdom have been invaluable this year and I look forward to continuing to work with you.

And, most importantly, thank you to you, our shareholders.

While this has been a difficult year, we are responding.

We will continue to take steps to further reduce costs, drive efficiencies and reduce fraud.

We remain on track to achieve profitability by the end of this financial year and, in doing so, will likely be the first publicly-listed pure play BNPL provider to achieve this feat.

Achieving profitability means that we will be able to self-fund our own activities without the need to rely on capital markets and to deliver you a return.

The success of our strategy to date means that I am able to recommit to not undertaking a capital raise in the medium term.

I am committed to delivering what I say we will deliver and, in doing so, earning back the market's confidence and delivering our shareholders a return on their investment.

Thank you for your ongoing support

I will now hand back to Steve for the formal part of the meeting.

END OF PREPARED ADDRESSES

Laybuy (ASX:LBY)

Annual Shareholder Meeting

30 September 2022

Laybuy annual shareholder meeting.

Steven Fisher
Non-Executive Chairperson

Gary Rohloff
Co-Founder & Managing Director

Craig Styris
Non-Executive Director

Mark Haberlin
Non-Executive Director

Mark Conelly
Chief Financial Officer

Agenda.

- **Chairs address**
  Steven Fisher

- **Managing Directors address**
  Gary Rohloff

  Q1 FY23 Performance

  Our strategy to achieving profitability

- **Resolutions and Proxy votes**

- **Questions**

Chairs Address

Steven Fisher

Managing Director Address

Gary Rohloff

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

Total Income

$11.3m

↗ 9% on PcP

UK GMV

$128m

↗ 34% on PcP

Net Transaction Margin

1.4%

↗ 190 bps on last quarter

Active Customers

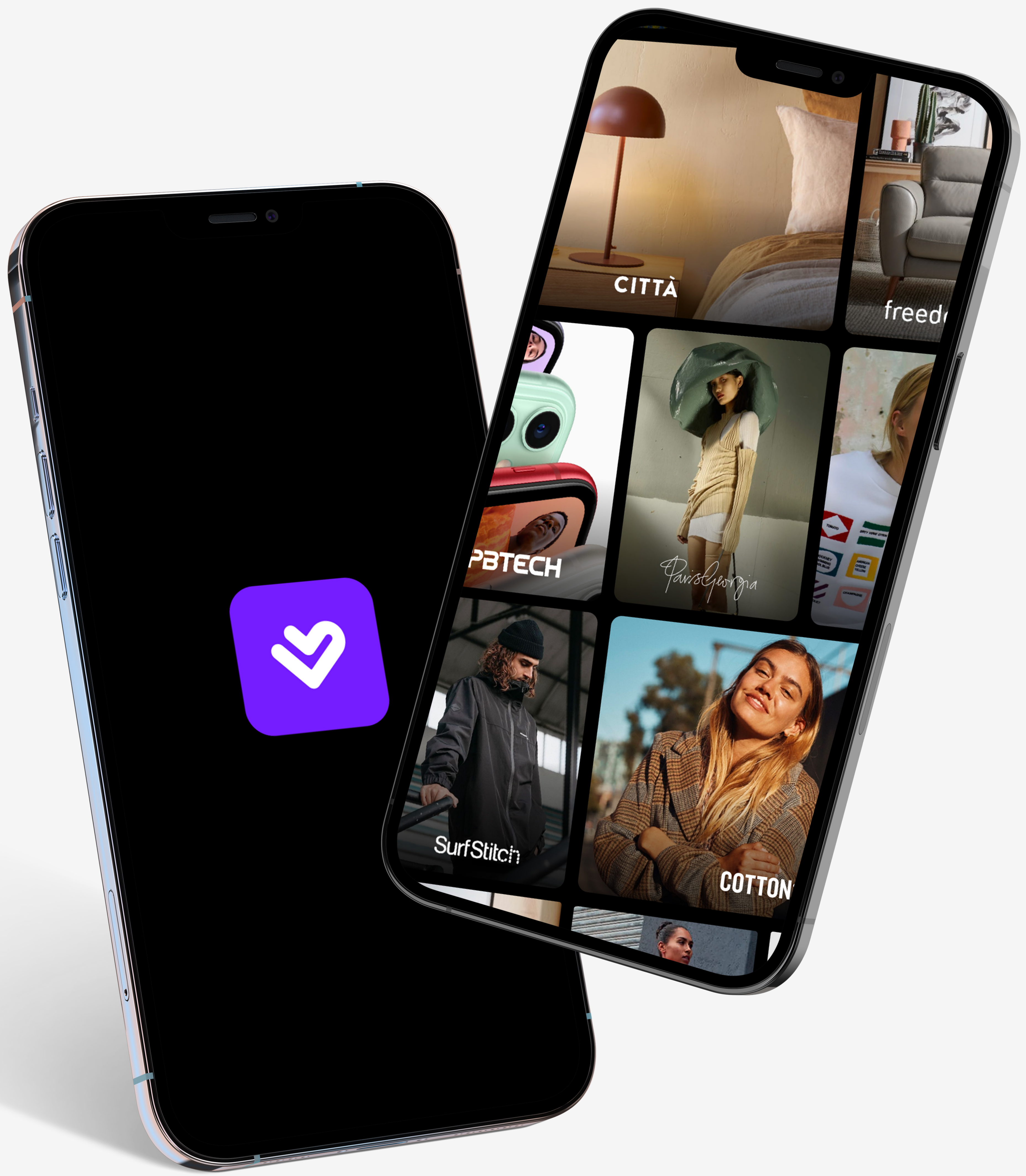
918,000

↗ 12% PcP, UK up 19%

Active Merchants

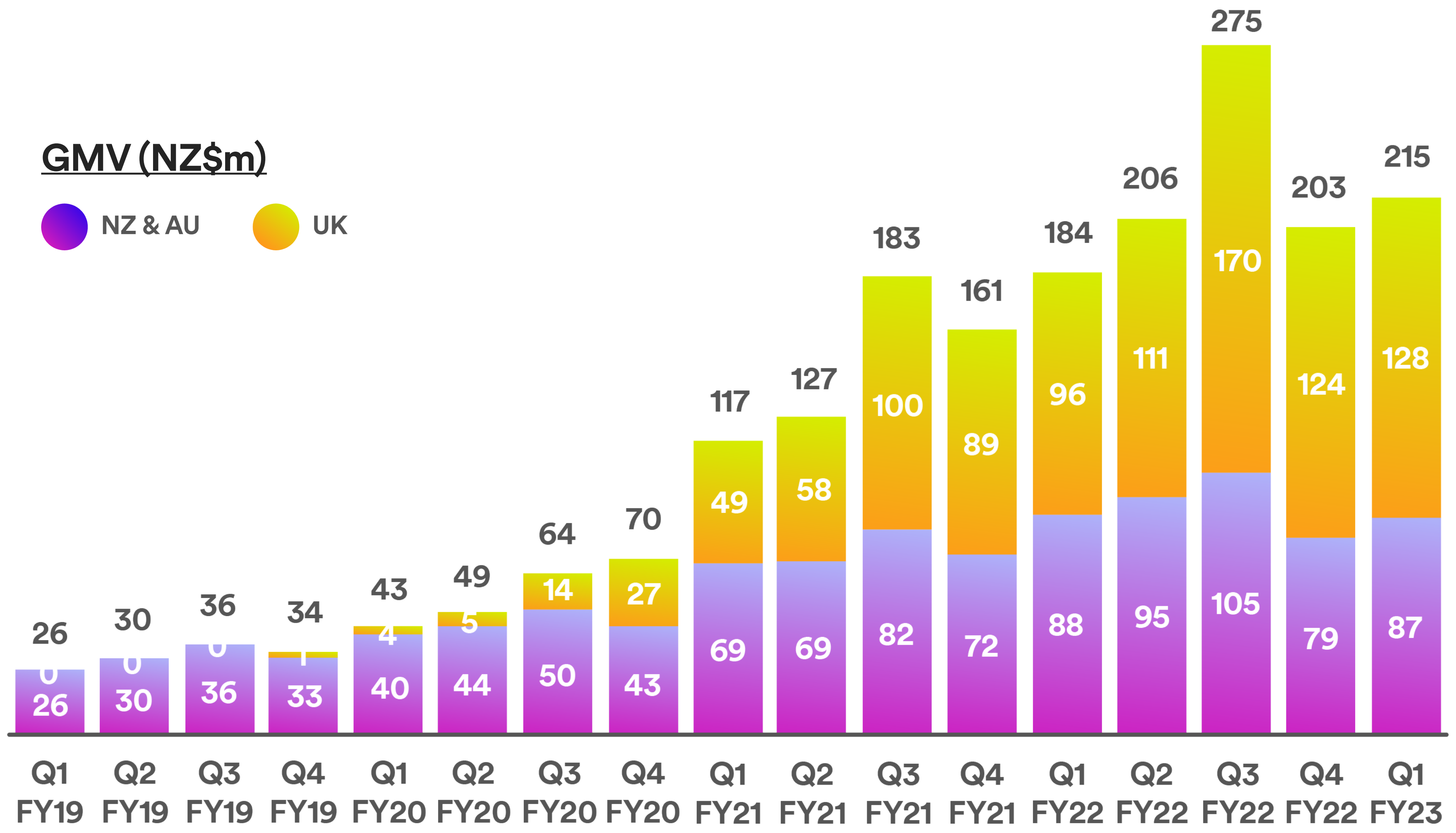
14,000

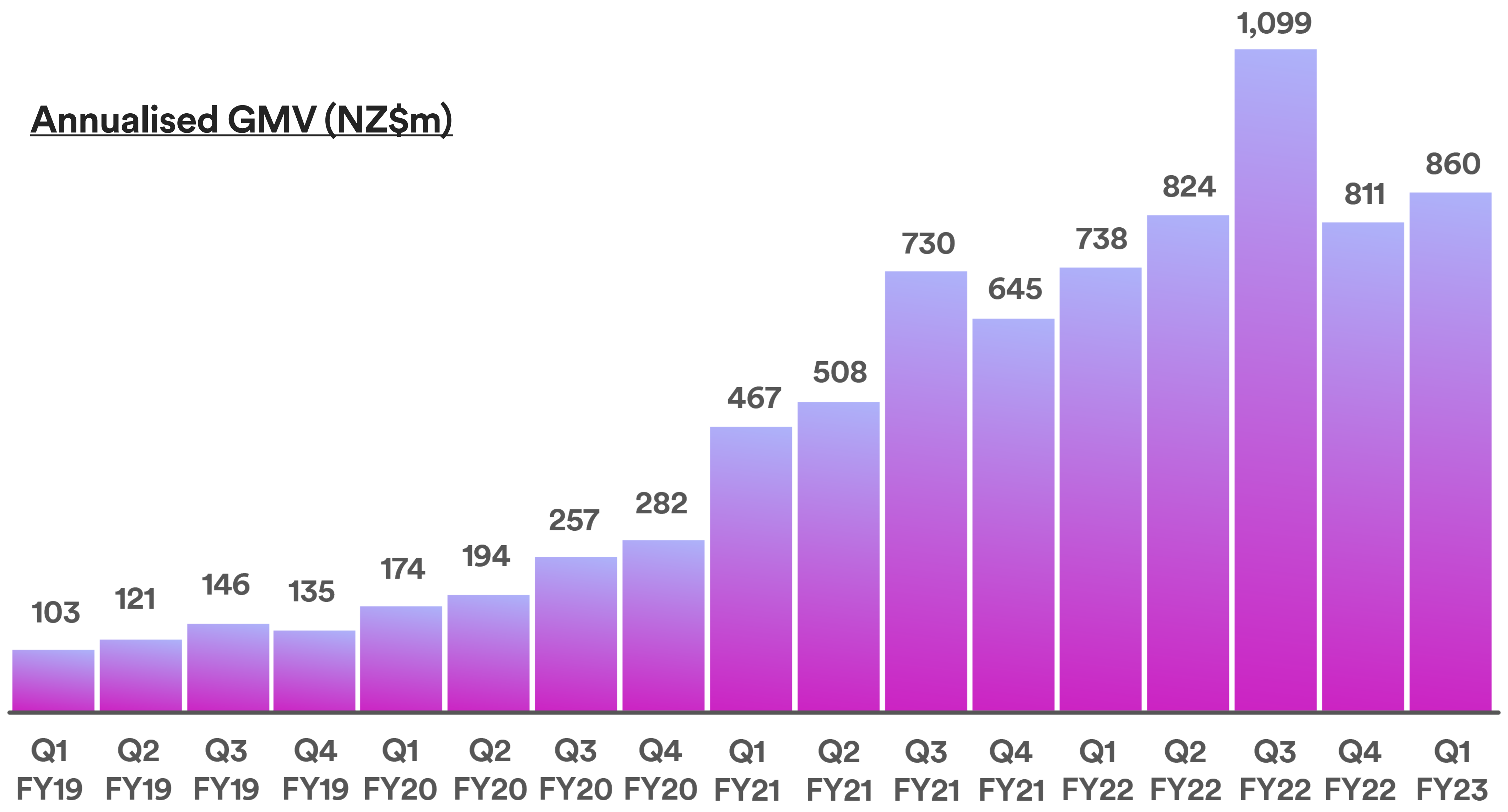
↗ 39% PcP, UK up 94%

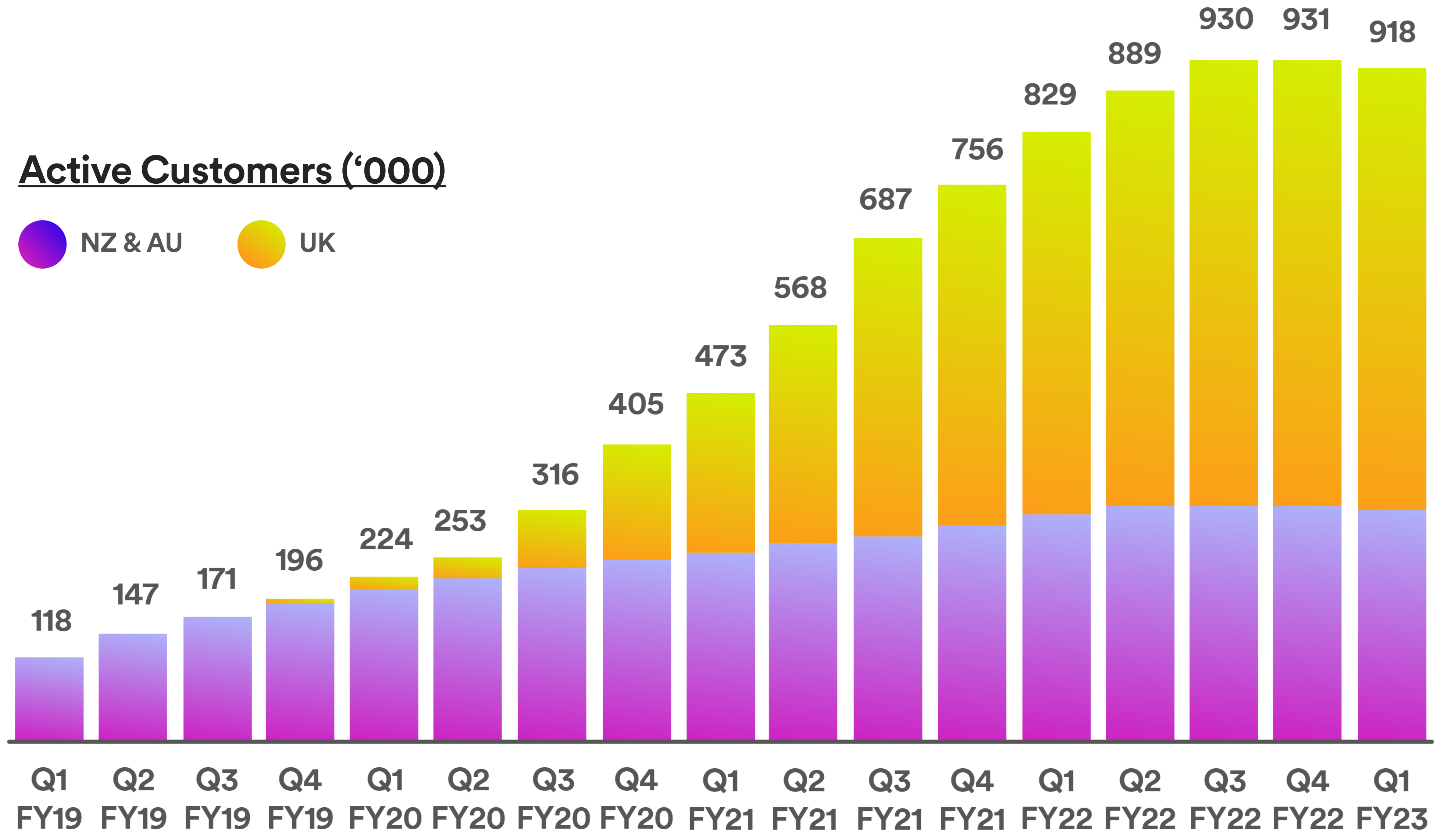


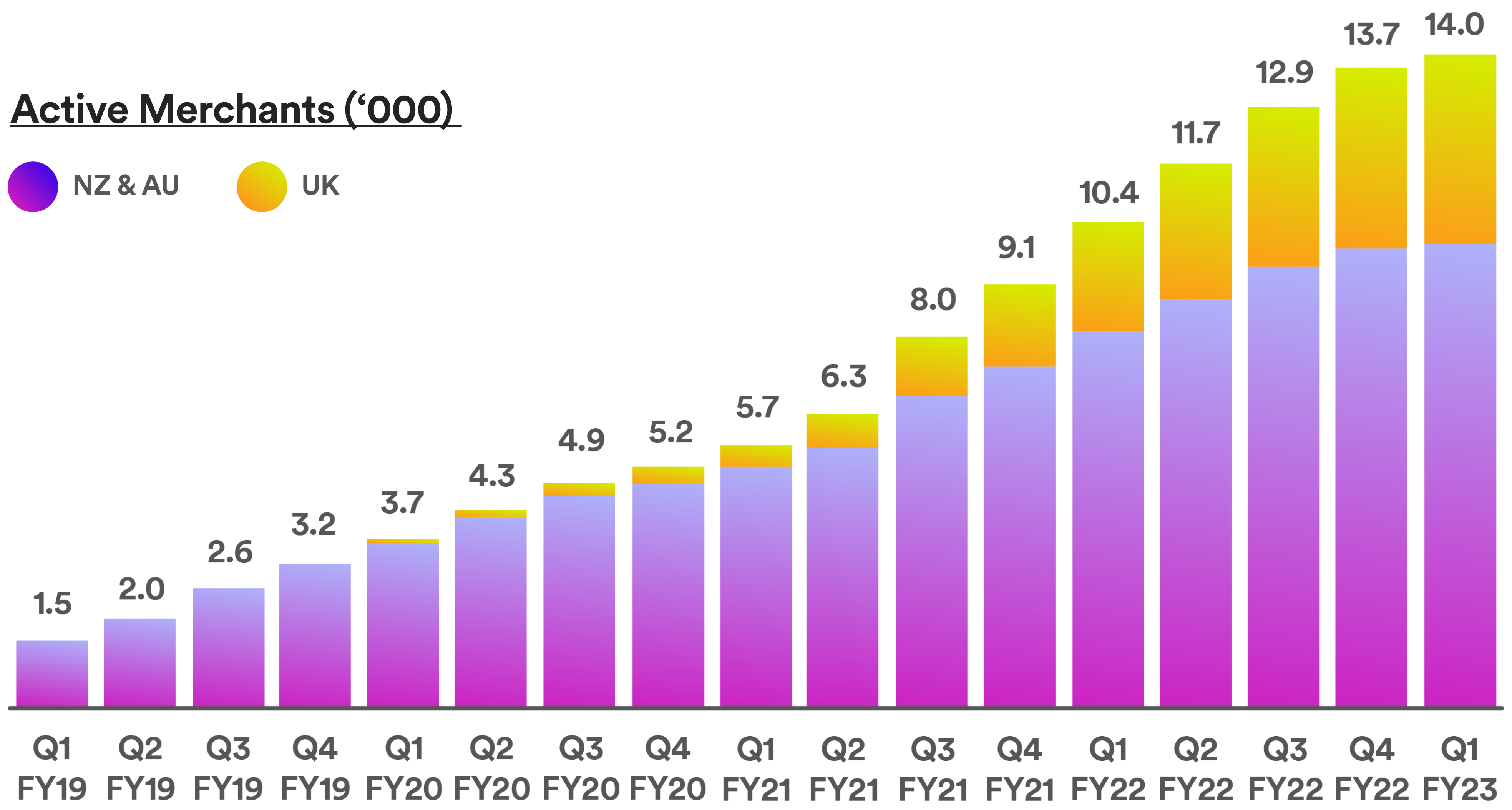
1 Gross Merchandise Value (GMV). GBP and AUD denominated GMV and metrics are converted at the average historical exchange rates for each of the quarters. Annualised GMV is calculated as quarter GMV multiplied by four
2 An "Active customer" is a customer who has made a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period
3 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

Q1 FY23 delivered the second highest GMV.









Our strategy to achieving profitability.

Saving to invest

Working across the business to identify areas where we can improve efficiencies, reduce costs and reprioritise spending so that we invest into those areas that have a stronger return on investment, supporting our pathway to profitability.

Increasing our quality customers and merchants

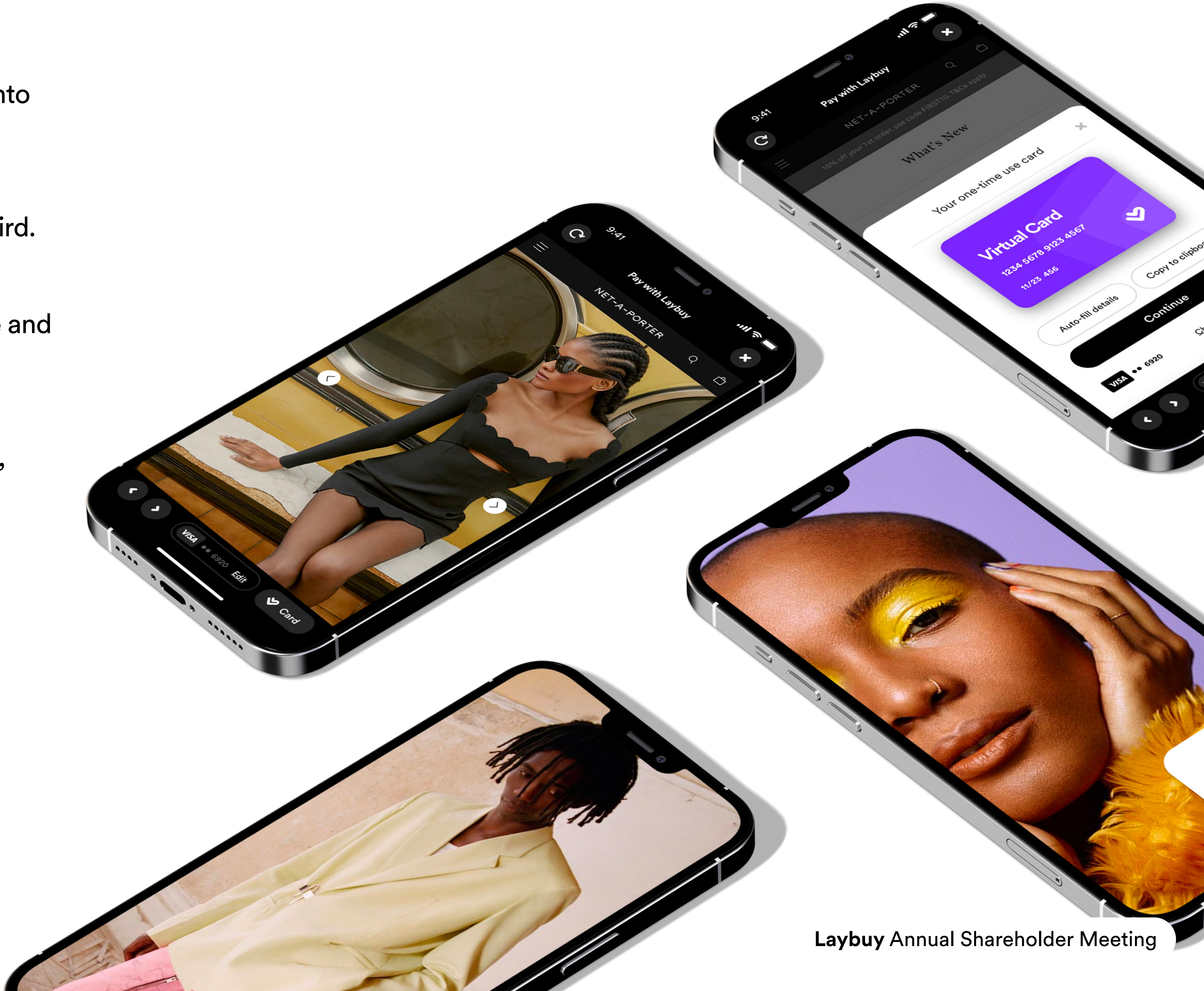
Focused on increasing and retaining quality customers as well as partnering with the right merchants in the right verticals. We have tightened our approach to credit risk and are targeting those merchants who are best able to support our growth and who are least likely to attract fraudulent activity.

Reducing fraudulent activity

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

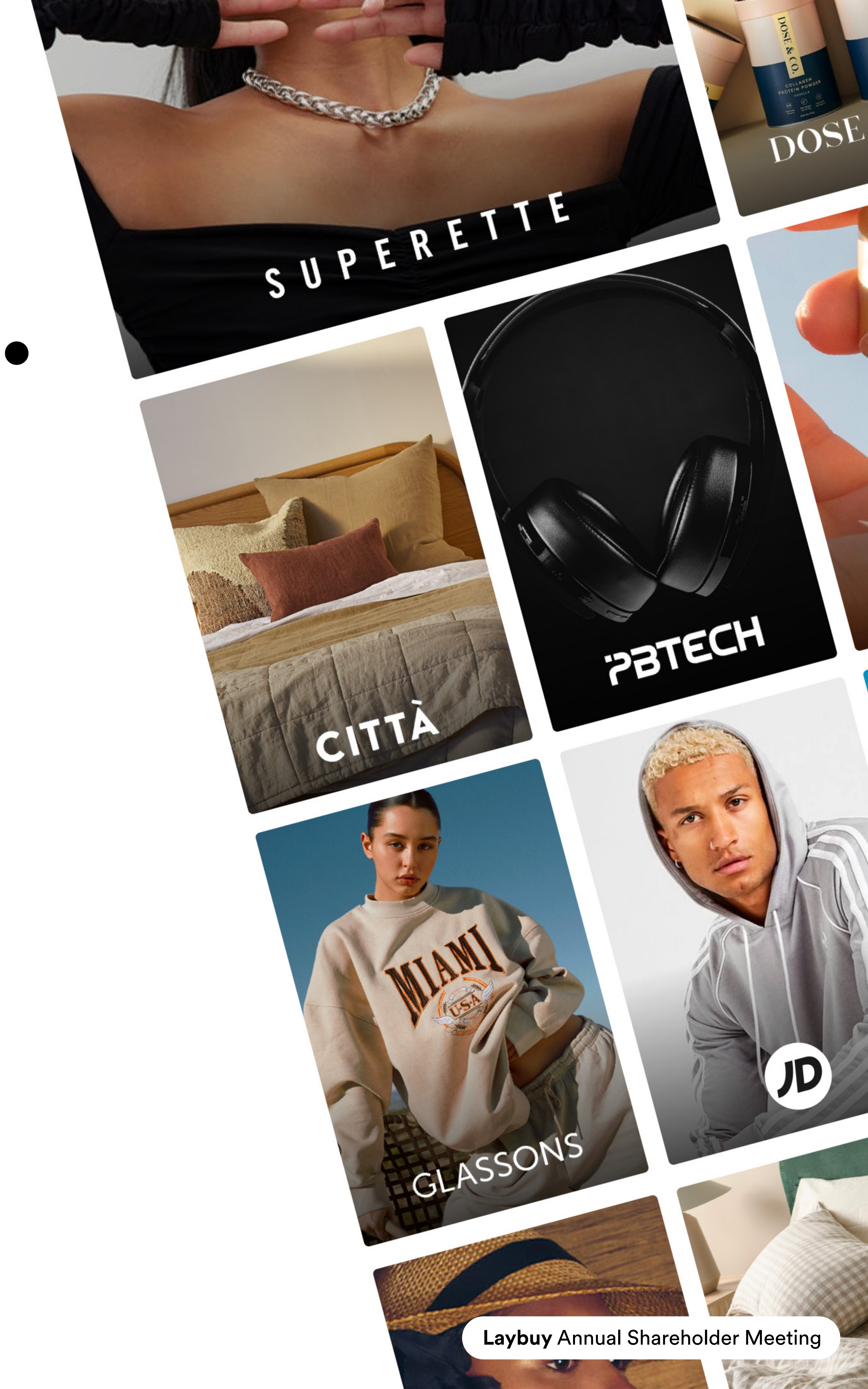
Saving to invest.

- Reviewed all parts of the business to identify savings and improve efficiencies, including vendor spend, office accommodation and IT requirements.
- Some non-essential projects have been postponed or cancelled, with funding redirected into those areas that can deliver higher return.
- Completed restructure of the business which reduced headcount by approximately one third.
- Business now appropriately resized away from aggressive growth and towards sustainable and profitable growth.
- Save to Invest is anticipated to result in over NZ$20m in annualised savings. These savings, alongside fraud and default savings, will be invested back allowing Laybuy to self-fund all future activities.
- **Reaffirm commitment to no capital raise in the medium-term.**



Increasing quality merchants and customers.

- Priority is on improving the quality of our customer base by attracting and retaining quality customers.
- Actively exiting suspected bad actors off our platform and tightening credit processes so customers onboarded have stronger credit histories.
- Possible short-term reduction in active customer numbers but customer base will much less likely to be involved in fraudulent activity or payment default allowing us to grow revenue.
- Focused on partnering with high-quality merchants who are more likely to attract high quality customers and are less likely to be involved in fraudulent activity.
- Overall, this strategy sees Laybuy targeting the right customers and partnering with the right merchants in the right verticals to drive revenue and profitable growth.



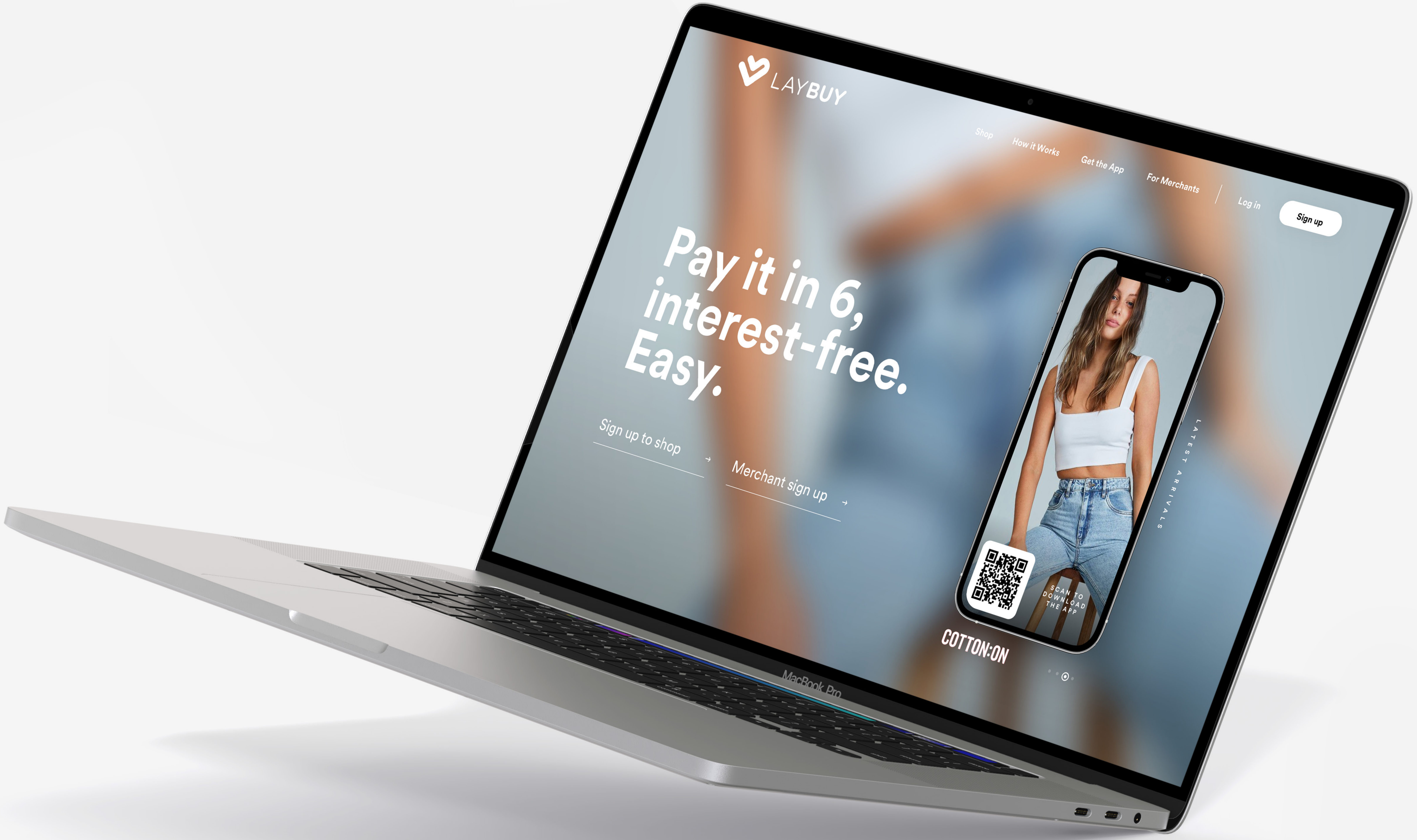
Proactively managing credit risk.

- Fraud prevention strategy delivering strong results, with a significant reduction in losses attributable to fraud in Q1 FY23.

- Gross losses fell by 210bps, supporting an increase in NTM from -0.5% to 1.4%.

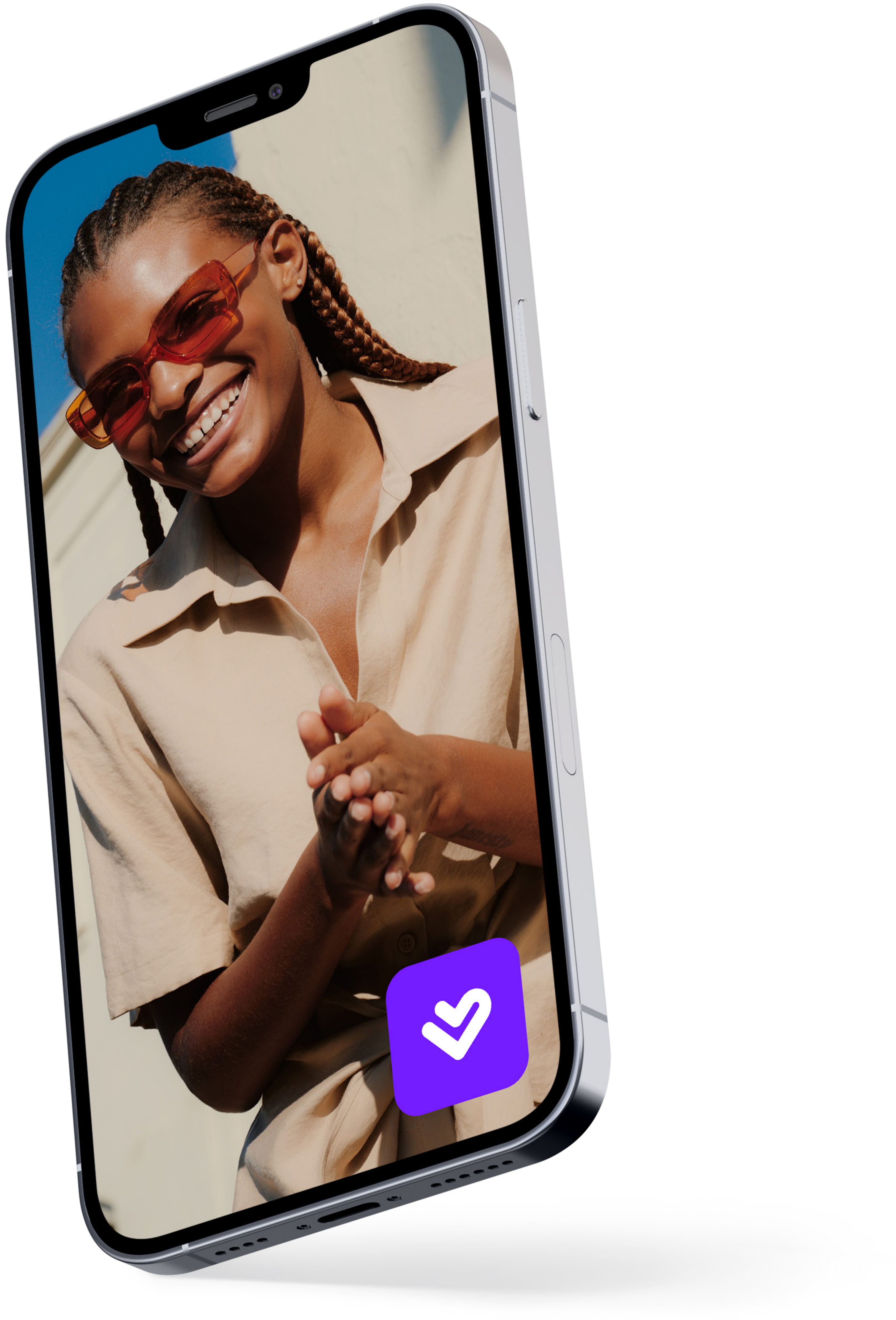
- Strong improvement in NTM throughout quarter, with NTM in June of 1.9%, with UK NTM of 1.7%

- Continuing to implement steps, including investing in fraud prevention technology to improve the security of the Laybuy platform.



Remain well positioned for regulation.

- Anticipate new BNPL regulatory frameworks will be implemented in New Zealand, Australia and the United Kingdom.
- In positive and active engagement with officials in both New Zealand and the UK.
- UK has already announced proposal to create bespoke regulation, an announcement we welcomed and that would see no significant impact on business operations.
- Confident that Laybuy remains well positioned for any future regulation.
- Already credit check every new customer, cap late fees and have robust hardship policy in place.

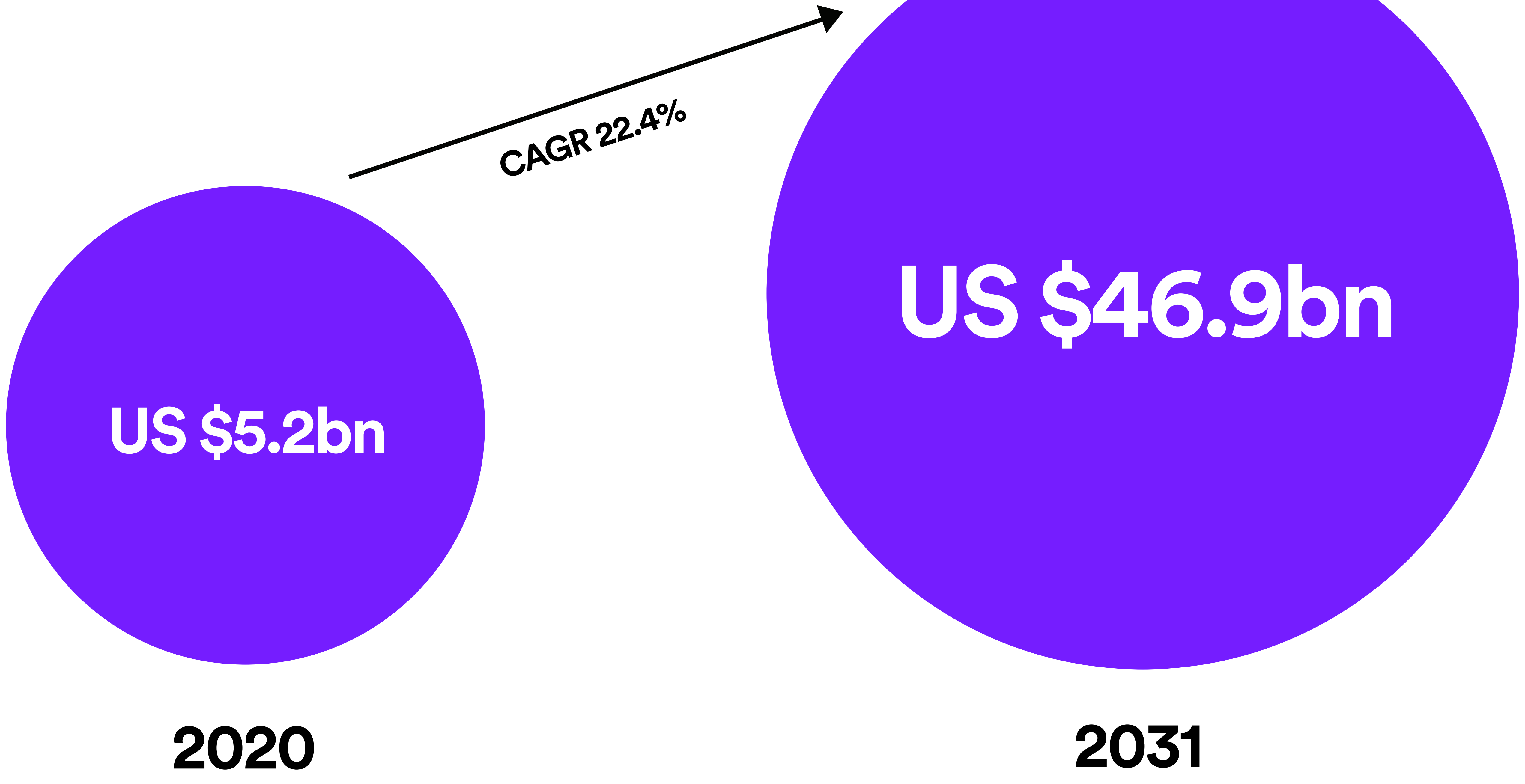


Responding to a changing economic environment.

- Capital efficient business model means limited exposure to rising interest rates.
- A 2% increase in the underlying interest rate equates to a minor 0.04% increase to our costs.
- Customer base skews younger and therefore less likely to be impacted by rising mortgage rates.
- Possible that demand for BNPL will increase as a result of rising cost of living.
- Tightening economic environment does increase risk of default.
- Responded by pausing increases to credit limits and tightening credit and affordability testing to mitigate risk of default.

A sector forecast to continue growing strongly.

BNPL global market growth*



- BNPL forecast to be one the world's fastest growing payment methods.
- Europe predicted to remain one of the most attractive markets for BNPL growth.
- Growth in the UK expected to reach 29% per year up to 2031.*
- Laybuy remains well positioned to continue to take advantage of this growth in the UK having captured strong market share.

*https://www.futuremarketinsights.com/reports/buy-now-pay-later-bnpl-platform-market