

ASX ANNOUNCEMENT (ASX: LBY)

25 January 2023

Laybuy announces voluntary delisting

Laybuy Group Holdings Limited (ASX:LBY) (**Laybuy** or the **Company**), has submitted a formal request to the Australian Securities Exchange (**ASX**) to be removed from the official list of the ASX (**Official List**) in accordance with ASX Listing Rule 17.11 (**Delist** or the **Delisting**). This formal request follows the receipt of in-principle approval from the ASX in relation to the proposed Delisting, subject to the satisfaction of the conditions set out below. Following the Delisting, the Company's shares would no longer be quoted on the ASX. The Delisting will be put forward for shareholder approval at a Special Meeting to be held on or around 22 February 2023.

The Delisting is considered by the Company's Board (**Board**) to be in the best interests of the Company and its shareholders for a number of reasons, including the low trading price of the Company's shares, relatively low levels of trading liquidity and a number of flow on consequences which are set out below. These factors, as well as the costs and administrative burden of remaining listed on ASX, outweigh the benefits associated with remaining listed on the ASX.

Reasons for seeking removal from the Official List

The Board considers that it is in the best interests of the Company and its shareholders for the Company to Delist for the following reasons.

- (a) **Company valuation:** Since the Company's initial public offering (**IPO**) and listing in September 2020, the Board has observed ongoing fluctuations in the quoted price of the Company's shares and noted that the value attributed to a share has been largely independent of news flows, even when positive news has been released. This has caused the Board to question whether the market is fairly valuing the Company. Undervaluation means that the placement of significant equity to investors at current market prices may be more dilutive to existing shareholders than if the Company was, in the Board's opinion, more fairly valued. The Board believes that Delisting would allow a more objective and independent appraisal of valuation to take place, without concern for an illiquid public market on ASX (see paragraph (e) below).
- (b) **Capital raising:** The composition of the Company's share register combined with low market capitalisation, a low trading price and resulting low liquidity have made it difficult for the Company to seek to raise public capital and attract broader institutional ownership. If the Company was able to raise further capital whilst listed on ASX (either now or in the short to medium term), this would likely impose a higher dilutionary cost on non-participating shareholders than if the Company was more fairly valued. Such a raise is, in the Board's view, not consistent with preserving shareholder value.

The Board also considers that the Company will have access to a much broader universe of technology-focused, global institutional investors after Delisting, including those who are unable to invest in ASX-listed companies due to investment mandates.

- (c) **Cost of capital:** The costs for the Company of raising capital through the ASX are higher than the expected costs of raising capital if the Company were to Delist and such capital raising on ASX is more complex, as it often involves financial advisers, ASX participants and both New Zealand and Australian lawyers.



- (d) **Strategic and corporate opportunities:** The Board considers that the Company will have greater flexibility to pursue and execute value-enhancing strategic opportunities and corporate transactions following a Delisting.
- (e) **Illiquidity and marketable parcels:** Notwithstanding the Company's ASX listing, trading in the Company's shares has been relatively illiquid which has contributed to high volatility in the Company's share price. Low liquidity has limited the Company's ability to secure broad institutional ownership and undertake capital markets transactions (as discussed above at paragraph (b)). As at 7 December 2022, 4,402 shareholders held "unmarketable" holdings parcels of A\$500 or less (representing 71.21% of shareholders), indicating a limited market for trading of the Company's securities.
- (f) **Costs:** The Company believes that the ongoing administrative, compliance and direct costs associated with the Company's ASX listing are disproportionate to the benefits of remaining listed on the ASX. Legal, accounting, insurance, and other expenses incurred in satisfying ASX filing, reporting, and compliance requirements have proven burdensome for the Company in recent times, given its limited cash reserves. The Company estimates that if it Delists it will save it approximately NZ\$40,000 per month over the next 12 months (NZ\$480,000 per year).

Reducing these costs is also expected to improve the Company's ability to attract new capital.
- (g) **Management time and effort:** A significant portion of the Company's management time is presently being dedicated to time-intensive matters relating to the Company's ASX listing. If the Company proceeds to Delist management's time will be able to be spent on other matters for the benefit of the Company.
- (h) **Employees:** The volatility in the Company's share price and (in the Board's opinion) the disconnect between the Company's share price and its fair value impacts the Company's ability to attract high-quality employees. If the Company Delists, it is expected to make the Company a more attractive employer for new recruits and promote employee retention, given the impact share price and illiquidity can have on an employee's decision to join or remain at the Company and any incentive arrangements.

Consequences for the Company and its shareholders

Some of the key consequences for the Company and its shareholders if the Company is removed from the Official List of the ASX include:

- (a) **Shareholders will no longer have the ability to sell their shares and realise their investment in the Company via trading on ASX.**

Following Delisting, the Company's shares will no longer be quoted on the ASX and will no longer be traded on the ASX. The Company's shares will only be capable of sale via:

- (i) off-market private transactions which will require the Company's shareholders to identify and agree terms with potential purchasers of the Company's shares in accordance with the Company's constitution and the *New Zealand Companies Act 1993 (Companies Act)*; or
- (ii) the proposed share trading platform described below.

The Company has engaged Catalist Markets Limited (**Catalist**) (www.catalist.co.nz), a licenced stock exchange in New Zealand designed specifically for SMEs to allow



shareholders to trade their shares post-Delisting subject to Catalyst's terms and conditions and the applicable share trading rules.

Catalist operates the Catalyst Public Market, which enables investors to buy and sell financial products in regular auctions and enables listed businesses (issuers) to raise capital. It offers investors some similar protections as they would have on a traditional stock exchange such as the ASX (see below). However, as trading is periodic, the Company will have to spend less effort and expense meeting compliance obligations. The Company initially intends to facilitate weekly auctions of its shares on the Catalyst Public Market.

The Company is not currently able to offer a share buy-back.

(b) **No guarantee of access to capital and 'low-doc' fundraising regime will no longer be available to the Company.**

While the Board believes the Company will have better access to potential capital and on more favourable terms than would otherwise be available if the Company was to remain listed on the ASX, there is no certainty that the Company will in fact obtain better access to capital and/or on more favourable terms post-Delisting

Once Delisted, the Company will no longer be able to raise capital by an issue of securities through a 'low doc' offer, such as using a 'cleansing notice', under the *Corporations Act 2001* (Cth) (**Corporations Act**). Instead, the Company may be required to follow the additional steps under the New Zealand *Financial Markets Conduct Act 2013*, that apply to issuers listed on Catalyst. An alternative lower-documentation offer regime exists under the *Financial Markets Conduct (Catalist Public Market) Exemption Notice 2021*, which applies to capital raised of up to NZ\$20 million per year.

(c) **Various requirements of the ASX Listing Rules and the Corporations Act will no longer apply.**

Following Delisting, the Company will not be subject to the ASX Listing Rules or certain parts of the Corporations Act. However, the Company will continue to be governed by the Companies Act and Catalyst's issuer rules will apply once the Catalyst platform is established for share trading.

In particular, the following ASX Listing Rule requirements will no longer apply:

- continuous disclosure and other periodic reporting requirements (although the Company's reporting requirements will still be governed by the Companies Act);
- disclosure of certain information under the ASX Listing Rules (including changes of capital or information related to directors and the auditor of the Company);
- restrictions on the issue of new capital (such as the inability of the Company to issue in excess of 15% of its capital in any 12-month period without shareholder approval) and certain restrictions on transactions with related parties (although these will still be governed by the Companies Act);
- requirements relating to significant changes to the Company's activities; and
- the requirement to report against the ASX Corporate Governance Principles and Recommendations.

The Company, as a New Zealand company, will not be an 'unlisted disclosing entity' under the Corporations Act following the Delisting. This means that the Company will no longer be subject to the continuous disclosure regime under section 675 of the Corporations Act



despite continuing to have more than 100 shareholders. Certain provisions of the Corporations Act will however continue to apply to the Company whilst it remains registered as a foreign company in Australia, including maintaining a registered office and a local agent in Australia, and lodging annual financial statements with ASIC. The Company does however, intend to apply to deregister as a foreign company in Australia shortly following Delisting.

Once the Company's shares become available for trading on Catalist after Delisting, the 'lighter' issuer rules of Catalist will apply, which include the requirement on the Company to release all 'material information' at the time of each trading event subject to certain exceptions.

Some shareholders may consider that the reduction of obligations associated with an ASX listing is a disadvantage, including, in particular, minority shareholders. While there will be differences in the regulatory regimes pre- and post-Delisting, minority shareholders will continue to benefit from the protections in the Companies Act, such as in relation to the alteration of shareholder rights, minority buyout rights, financial reporting obligations and holding annual meetings of shareholders. Shareholders will also have some protections as a result of the requirements of Catalist's issuer rules.

Directors will continue to be subject to directors' duties under the Companies Act, including to act in good faith and in the best interests of the Company.

(d) **The Company will seek to replace its constitution with a form which is more suitable for a non-ASX listed company in New Zealand.**

The Company proposes to seek shareholder approval to adopt a new constitution of the Company effective from the Delisting. The form of constitution will be more suitable for a non-ASX listed company in New Zealand and will remove ASX-specific requirements which will no longer be applicable to the Company if the Delisting proceeds. Shareholder approval for the new constitution will be sought at the same Special Meeting at which the Delisting resolution is proposed.

Whilst a new form of constitution is proposed, shareholders' rights will not change in any material respect following the Delisting. Rather, shareholders will continue to have the right to:

- receive notices of meetings and other notices issued by the Company;
- exercise voting rights attached to shares; and
- receive dividends payable by the Company from time to time.

Conditions

ASX's in-principle decision to approve the Delisting is subject to the Company's compliance with the following conditions imposed by ASX under Listing Rule 17.11 and Guidance Note 33:

- (a) the request for the removal of the Company from the Official List of ASX is approved by a special resolution of ordinary shareholders of the Company;
- (b) the Notice of Meeting seeking shareholder approval for the Company's removal from the Official List must include, in form and substance satisfactory to ASX, that the following:
 - (i) a timetable of key dates, including the time and date at which the Company will be removed from the Official List if that approval is given;



- (ii) a statement to the effect that the Company's removal from the Official List is to take place no earlier than one month after approval is granted;
 - (iii) a statement to the effect that if shareholders wish to sell their shares on ASX, they will need to do so before the Company is removed from the Official List; and if they do not, details of the processes that will exist after the Company is removed from the Official List to allow shareholders to dispose of their holdings and how they can access those processes; and
 - (iv) the information prescribed under section 2.11 of ASX Guidance Note 33; and
- (c) full terms of the decision are to be released to the market upon making a formal application to ASX to remove the Company from the Official List.

Further details relating to the proposed removal from the Official List will be included in the Notice of Meeting which will be despatched to the Company's shareholders in due course.

Timetable

The proposed timetable for the satisfaction of conditions and the expected date of removal of the Company from the Official List are as follows:

Event	Indicative date*
Notice of Meeting seeking shareholder approval of the Delisting to be sent to shareholders	1-2 February 2023
Special Meeting to be held to approve the Delisting	22 February 2023
Results of Special Meeting announced to ASX	22 February 2023
Last day for trading of the Company's shares	22 March 2023
Completion of removal of the Company from the Official List	23 March 2023

*Dates and times are indicative only and subject to change by the Company or ASX.

The Delisting would not take place any earlier than one month after shareholder approval has been obtained. Shares may continue to be traded on ASX up until the last trading day, after which trading will be suspended until the Delisting on the next trading day.

Remedies available

In circumstances where a shareholder considers the Company delisting from the ASX to be oppressive, unfairly discriminatory or unfairly prejudicial to the shareholder, the shareholder may apply to the court for an order under section 174 of the Companies Act. The court can make such order as it thinks fit, if it considers it is just and equitable to do so, including an order that the Company be put into liquidation or an order regulating the future conduct of the Company's affairs.



The consequences of shareholder approval not being received

If shareholder approval to the removal of the Company from the Official List of ASX is not received, unless a subsequent proposed Delisting is approved by shareholders or ASX determines that the Company's securities should no longer be listed, the shares will remain listed on ASX.

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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 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.

