

ASX ANNOUNCEMENT (ASX: LBY)

28 October 2021

Q2 FY22 Activities Update and Appendix 4C

Laybuy Group Holdings (ASX:LBY) ("Laybuy", the "Company") is pleased to provide its quarterly business activities update and Appendix 4C for the quarter ended 30 September 2021 ("Q2 FY22").

All numbers are stated in New Zealand dollars ("NZ\$") and comparisons relate to the quarter ended 30 June 2021 ("Q1 FY22" or quarter on quarter, "QoQ") or the quarter ended 30 September 2020 ("Q2 FY21" or year on year, "YoY"), unless otherwise stated.

Q2 Results Highlights

- **Laybuy remains on track to reach the NZ\$1 billion Gross Merchandise Value (GMV) target for FY22.**
- **GMV reached a record NZ\$206 million for Q2**, or annualised¹ GMV of NZ\$825 million, an increase of 62% YoY.
- **United Kingdom GMV almost doubled YoY in Q2**, reaching annualised GMV of £226 million or NZ\$446 million, up 93% YoY.
- **Record income for the quarter of NZ\$10.8 million**, or annualised income of NZ\$43.1m, up 48% YoY.
- **Net Transaction Margin (NTM) reached 1.9%² for Q2**, down from 2.3% for Q2 FY21 however an increase from the financial year FY21 of 1.8%.
- **Laybuy App Exclusives (Affiliate Marketing Network) continues to exceed expectations following its successful launch in the UK during the quarter**, providing customers with access to more than 160 new household brands and enabling Laybuy to add more than 5,000 merchants in a wide range of verticals in the future.
- **Active Customers³ reached 889,000**, up 57% YoY. UK active customers up 90% YoY.
- **Active Merchants⁴ reached 11,700**, up 86% YoY. UK active merchants up 332% YoY.

¹ GMV for the quarter multiplied by four.

² NTM of 1.9% for the 12 months rolling to 30 September 2021, as well as NTM of 1.9% for Q2.

³ An 'Active Customer' is a customer who has made a purchase through the Laybuy platform within the 12 months prior to 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 relevant period.

- **Nearly 2,000 merchants added in Q2** including Amazon, ASOS, Nike, B&Q and eBay via App Exclusives as well as direct merchants The Fragrance Shop, Alternative Airlines and InMotion in the UK.
- **New debt facility with US specialist lenders Partners for Growth (PFG) of £30 million** to support UK loan book growth and provides substantially greater availability and flexibility for draw downs.
- **Increase in Kiwibank facility limit to NZ\$30 million** and increase in LVR to further support ANZ loan book growth to 80% (previously 75%).
- **October market update** as at the time of this release, Laybuy has
 - eclipsed the **900k** active customer milestone
 - exceeded **12,000** active merchants on the platform
 - exceeded **3,000** active UK merchants
 - **Laybuy Mania Marathon** resulted in record GMV, up 27% on November 2020 Mania

Managing Director Gary Rohloff commented: “Laybuy is delivering exceptionally strong growth as we continue to successfully implement our business strategy. We are continuing to experience robust GMV growth, up nearly 62% across all markets. In particular, we are seeing good growth in the UK, where our quarterly GMV has nearly doubled when compared to the same quarter last year. We expect to see continued growth in the UK following the rollout of Laybuy App Exclusives (the Affiliate Marketing Network) last month. Initially launching with 160 brands, the Laybuy App Exclusives can enable payment by Laybuy at more than 5,000 of the UK’s largest brands.

“Since September 2020, we have added more than 5,400 active merchants and 321,000 new active customers. We are heading into the busy Christmas period well positioned and remain on track to exceed GMV of NZ\$1 billion this financial year.”

“Laybuy is also pleased to confirm it has entered into a new agreement with Partners for Growth (PFG), a US-based specialist lending provider to support the UK receivables. This new debt facility enables Laybuy to further accelerate growth in the UK market. Combined with the increased facility limit and advance rate on the Kiwibank facility, Laybuy can continue to deliver exceptional growth - with the ability to support GMV of up to NZ\$2 billion.”

Key Operating and Financial Metrics

The table below presents the Laybuy Group's (the "Group's") key operational metrics for Q2 FY22 as well as Q1 FY22 and Q2 FY21, which have been prepared based on unaudited results⁵.

| Group (NZ\$m) ⁶ | Q2 FY22 | Q1 FY22 | Q2 FY21 | % increase QoQ | % increase YoY |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| GMV | \$206m | \$184m | \$127m | 12% | 62% |
| Annualised GMV | \$825m | \$738m | \$508m | 12% | 62% |
| Active Customers | 889,000 | 829,000 | 568,000 | 7% | 57% |
| Repeat Customers ⁷ | 66% | 66% | 63% | 0bps | 300bps |
| Active Merchants | 11,700 | 10,431 | 6,323 | 12% | 86% |
| Income | \$10.8m | \$10.4m | \$7.3m | 4% | 48% |
| Annualised Income | \$43.1m | \$41.5m | \$29.3m | 4% | 48% |
| NTM % of GMV ⁸ | 1.9% | 2.0% | 2.3% | (10bps) | (40bps) |
| Defaults % of GMV | (2.2%) | (2.5%) | (2.1%) | 30bps | (10bps) |
| UK (NZ\$m) | Q2 FY22 | Q1 FY22 | Q2 FY21 | % increase QoQ | % increase YoY |
| GMV | \$111m | \$96m | \$58m | 16% | 93% |
| Annualised GMV | \$446m | \$384m | \$231m | 16% | 93% |
| Active Customers | 566,100 | 516,900 | 297,700 | 10% | 90% |
| Repeat Customers | 62% | 62% | 56% | 0bps | 600bps |
| Active Merchants | 2,900 | 2,314 | 676 | 25% | 332% |
| ANZ (NZ\$m) | Q2 FY22 | Q1 FY22 | Q2 FY21 | % increase QoQ | % increase YoY |
| GMV | \$95m | \$88m | \$69m | 7% | 37% |
| Annualised GMV | \$380m | \$354m | \$278m | 7% | 37% |
| Active Customers | 322,400 | 312,000 | 270,000 | 3% | 19% |
| Repeat Customers | 73% | 72% | 70% | 100bps | 300bps |
| Active Merchants | 8,800 | 8,117 | 5,647 | 8% | 56% |

⁵ Laybuy Group Holdings has a 31 March balance date and therefore the 30 September period close represents the company's interim reporting period. Results are subject to PwC's audit review procedures being undertaken.

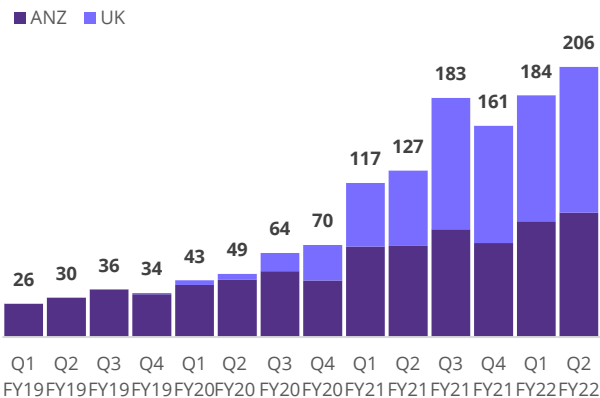
⁶ FX rates used to calculate UK/AU results to NZD equivalent: converted NZD/GBP at 0.51 and NZD/AUD at 0.95 for Q2 FY22

⁷ 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

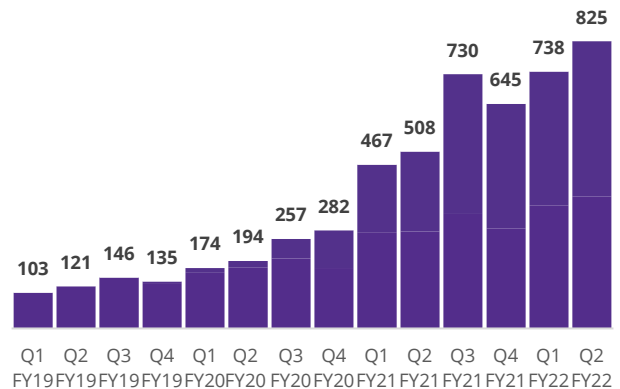
⁸ Provisioning rates (included in calculation of NTM) have been estimated based on the expected credit loss model and may change based on actual losses when determined, and subject to audit review.

Gross Merchandise Value (GMV)

Quarterly GMV by region (NZ\$m)



Annualised quarterly GMV (NZ\$m)



Laybuy's GMV for Q2 FY22 was a record NZ\$206 million, with annualised GMV of NZ\$825 million, up 62% YoY. The UK contributed significantly to this uplift with annualised UK GMV of £226 million or NZ\$446 million, up 93% YoY. This strong growth in the UK was supported by an increase of 332% in active merchants and 90% in active customers compared to Q2 FY21.

The Laybuy App Exclusives ("Affiliate Marketing Network") launched at the very end of August and resulted in over 80,000 transactions in September, with a large portion of our existing customers using the Laybuy App to shop at some of the world's leading and most recognised brands, using our Mastercard/ EML product.

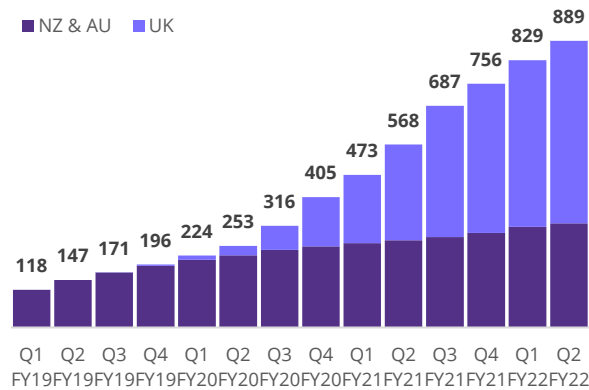
The App Exclusives is a cornerstone of Laybuy's merchant growth strategy in the UK. Initially providing access to 160 merchants, it has capacity to quickly grow Laybuy's reach to more than 5,000 merchants across a wide range of verticals.

The launch of the App Exclusives has been accompanied with a campaign in the UK to raise awareness amongst key consumer groups of the new offering. Pivoting the business from a traditional B2B marketing business to a B2C.

Active Customers and Merchants

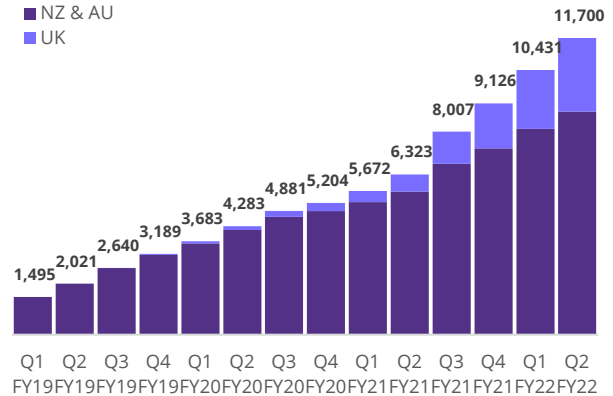
Active Customers by region ('000)

■ NZ & AU ■ UK



Active Merchants by region

■ NZ & AU ■ UK



Active customers increased to 889,000 in Q2 FY22, an increase of 321,000 on Q2 FY21. The growth was particularly strong in the UK, as Laybuy continues to deliver on its strategic initiatives by broadening its merchant offering further supported by the launch of the App Exclusives.

Active merchants have reached 11,700 in Q2 FY22, an increase of 5,400 on Q2 FY21. The UK had particularly strong growth, with an increase of 332% YoY. The App Exclusives launched in late August and already has over 160 merchants active, with the ability to increase to 5,000 over time.

Other new UK merchants for Q2 include The Fragrance Shop (with over 200 stores in the UK), Alternative Airlines (a travel fare aggregator website in the UK) and InMotion (18 former Dixons Travel stores at UK airports, operated by WHSmith) - these merchants are fully integrated into the Laybuy platform, with Laybuy's Virtual Card *Tap to Pay* available in-store at The Fragrance Shop and InMotion.

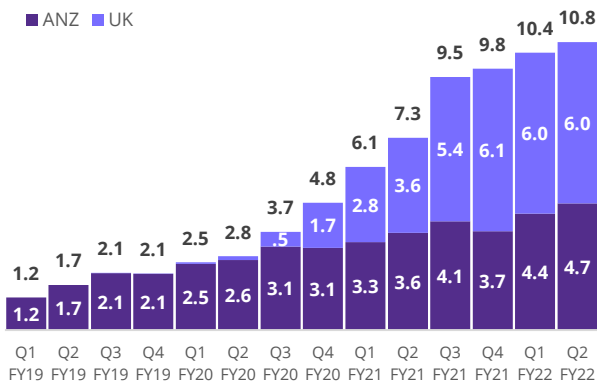
Increased purchase frequency was seen across both ANZ and the UK, with repeat customers increasing from 70% to 73% in ANZ, and 56% to 62% in the UK compared to Q2 FY21.

Over the past year, Laybuy has onboarded a large number of Active Merchants, reflective of its investment in resources in both the UK and ANZ for acquiring and onboarding new merchants. This strong growth is expected to continue and drive increased customer acquisitions and increased purchasing frequency, both of which will contribute to substantial GMV growth as customers continue to use Laybuy as a preferred payment method at checkout.

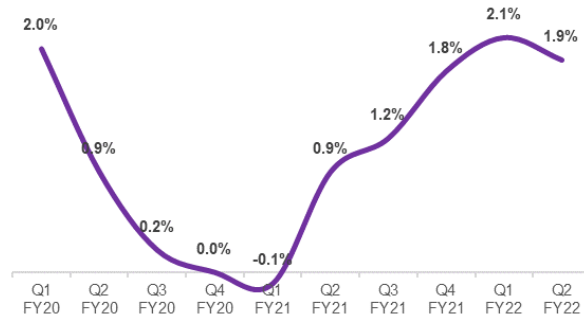
Income and Net Transaction Margin

The graphs below represent the Group's quarterly income from Q1 FY19 to Q2 FY22, as well as NTM on a 12-month rolling basis.

Group quarterly income (NZ\$m)



NTM % - 12 month rolling average

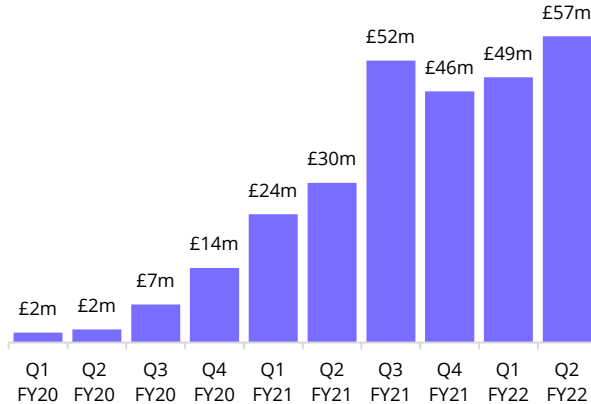


Income of NZ\$10.8 million for Q2 FY22 increased across the group by 49% YoY (4% QoQ) as a result of GMV growth. Income growth in the UK was up 69% YoY while ANZ was up 30%. Merchant commission reduced slightly due to a larger contribution of UK merchants with a traditionally lower commission rate compared to ANZ.

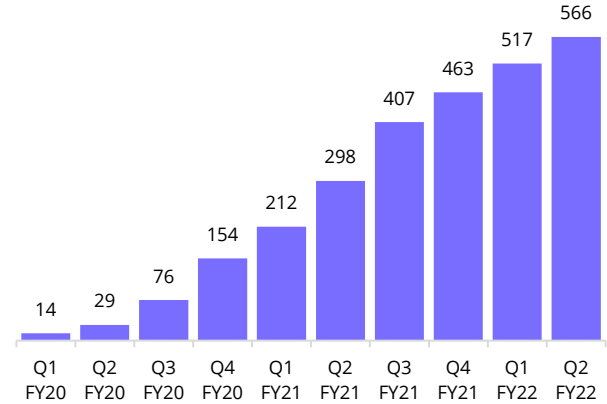
Net Transaction Margin (NTM) reduced slightly to 1.9% of GMV for the quarter, down from 2.3% in Q2 FY21. Credit performance (as reflected by Defaults / Gross Losses as a % of GMV) across the group increased from 2.1% to 2.2% YoY. On a rolling 12-month basis, NTM remained above FY21 at 1.9%.

Laybuy UK

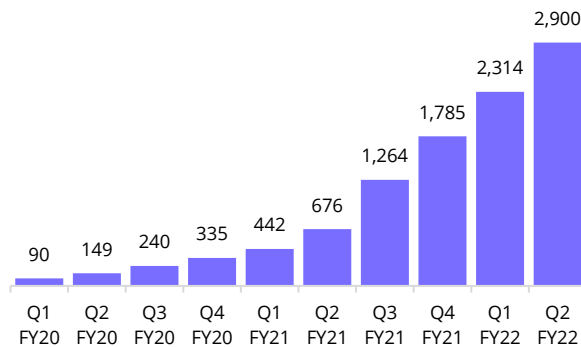
UK GMV (£m)



UK Active Customers ('000)



UK Active Merchants



Key Merchants



The UK continues to be Laybuy's key growth market, with a large retail market estimated at £403 billion in 2020, 2.2x that of Australia, with BNPL still in its early stages. The UK also has the highest penetration of online sales, with 28% of retail spend being online in 2020⁹. BNPL currently makes up 6% of UK e-commerce, expected to double to 12% by 2024, while credit card and debit card use continues to decline¹⁰.

For Laybuy UK, strong growth continued in both Active Customers and Active Merchants, supporting record GMV in Q2 FY22. Annualised GMV reached £226 million (NZ\$446 million), a significant increase of 93% YoY. Active merchants increased by 2,224 over the last 12 months and includes over 160 well-known brands through Laybuy App Exclusives.

⁹ www.retailconomics.co.uk

¹⁰ According to research from financial services comparison site Finder

Laybuy's card technology continues to supercharge its offering to customers:

- The **Tap to Pay in-store solution** was launched in the UK in June with WH Smith's 900+ stores as a launch partner. This provides a seamless checkout in-store for Laybuy in-network merchants is also available at The Fragrance Shop (+200 stores), Tessuti (+30 stores) and Size? (+20 stores, part of JD Sports Group).
- The **Laybuy App Exclusives** was launched at the end of August and provides Laybuy customers access to high profile brands through the Laybuy Shopping App. Customers shop via the Laybuy App using virtual card technology through our Mastercard partnership, also encouraging strong repeat customer use.

UK Regulation

Laybuy continues to engage with HM Treasury and the UK Government regarding a proportionate regulatory framework for the Buy-Now Pay-Later (BNPL) sector.

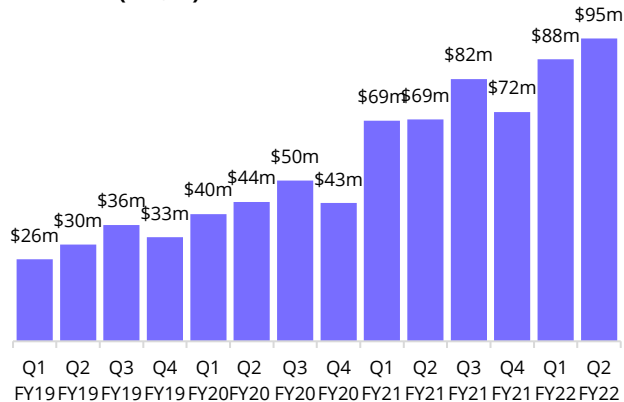
On Thursday 21 October 2021, HM Treasury published a new consultation on the regulation of the sector, which outlines a series of proposed regulatory controls for as-yet unregulated BNPL products in the UK. Areas addressed include advertising and promotions; creditworthiness assessments; financial difficulty policies; and referral of BNPL lenders to the Financial Ombudsman Service (FOS). The Government also rejected the idea of applying credit broking regulation to merchants.

This latest consultation follows the Financial Conduct Authority (FCA)'s 'Woolard Review' of the unsecured credit market earlier in the year, which considered possible sources of customer detriment from BNPL's exemption from regulation. In the latest consultation, the UK Government, expressed its desire for proportionality in the regulation of BNPL, as the Government believes that the risks of BNPL products are inherently lower than an interest-bearing credit product.

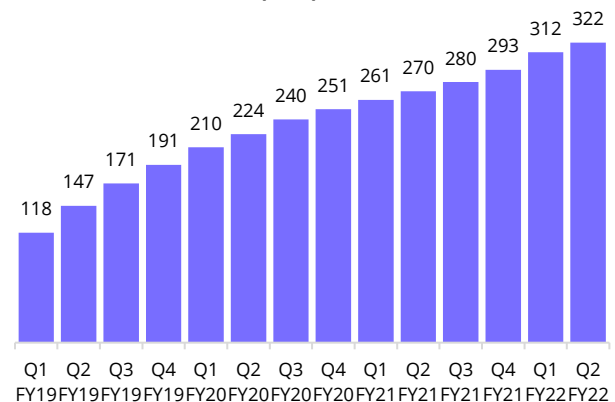
Companies operating in the sector are encouraged to provide responses to the regulatory controls outlined. The consultation closes for submissions on 6 January 2022. Following the consultation, the UK Government will provide a summary of responses and will set out next steps for its work on regulation of BNPL – which is likely to continue throughout 2022 before any regulation is formally introduced.

Laybuy ANZ

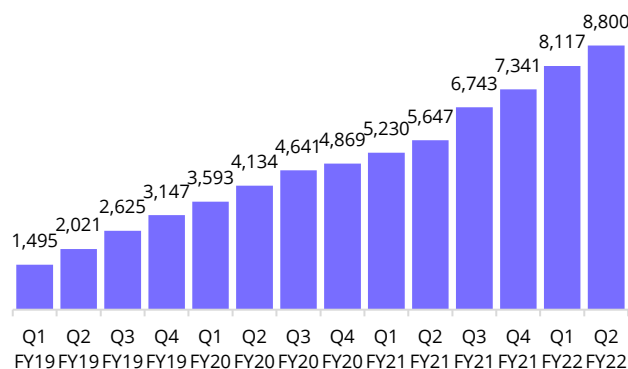
ANZ GMV (NZ\$m)



ANZ Active Customers ('000)



ANZ Active Merchants



Key Merchants



Laybuy's Australian and New Zealand business continues to see sustained growth with increased purchasing frequency, repeat customers and merchant acquisition. Annualised GMV reached NZ\$380 million, representing a 37% increase YoY.

The ANZ business now averages over NZ\$1 million of GMV per day and continues to steadily increase. As parts of New South Wales, Victoria and Auckland, NZ continue to see brick and mortar stores closed, ecommerce continues to dominate and support ANZ GMV growth. Active customers increased by over 52,000 and active merchants increased by more than 3,000 over the last 12 months. New merchants added in Q2 include House of Travel, Culture Kings, EB Games In-store (NZ); and Bailey Nelson, Patagonia and HiSmiles (ANZ).

Supercharging growth ambitions

Laybuy's App Exclusives was launched at the end of August 2021 in the UK, with 80,000 transactions running through the platform already, with a large portion of repeat customers availing themselves of the many brands now on offer. Over 160 additional merchants are now available through the Laybuy Shopping App with the ability to increase to over 5,000 in time. These merchants require no integration and customers use a virtual card at checkout via the Laybuy App

A Laybuy Mania "Marathon" was held in early October 2021 over an extended period of 48 hours. This Mania event produced record sales compared to previous Mania events, with GMV up 11% on the April 2021 event and up 27% on the November 2020 event¹¹. In the UK alone, GMV was up 22% and 61% respectively. Average order values were also up 15% and 23% respectively compared to the last two Mania events, with one of Laybuy's largest merchants reporting a 58% increase in Laybuy's share of checkout during the Mania Marathon.

Laybuy entered into a multi-year sponsorship deal with four Super Rugby clubs in New Zealand, the Crusaders, Chiefs, Blues and Highlanders. Laybuy will be an official partner and exclusive BNPL provider, with supporters being able to spread the cost of tickets and merchandise over six interest free weeks. This complements the partnership with Premier League clubs Manchester United, Manchester City and Arsenal with their fan bases of over 1 billion, with the ability to spread the cost of season tickets and merchandise over six weekly payments through integrations with Ticketmaster Sport and Fanatics as well as building up Laybuy's brand awareness through the sponsorship arrangements.

UK Management Team

Laybuy continues to invest in its people, further adding strength to the UK team. New management positions have been appointed to support the GM for UK/Europe, John Gillan. These include a VP for Sales and New Emerging Markets, Head of Partnerships, Head of Sales, Affiliate Manager and Strategy and Growth Manager. This strong and experienced management team, together with the launch of the digital card offerings will support continued rapid growth in the UK.

¹¹ The April 2021 Mania event was a 48 hour event for the UK and 24 hours for ANZ. The November 2020 Mania event was a 24 hour event for all regions. For comparative purposes, the following day was included where an event was only 24 hours.

Capital management and debt facility update

Laybuy secured a new UK £30 million debt facility in October 2021 with Partners for Growth (PFG) to support the UK customer loan book. This new debt facility provides substantially greater availability and flexibility for drawdowns.

Laybuy also announced an increase in the Kiwibank facility from NZ\$20 million to NZ\$30 million, also obtaining an increase in the LVR rate from 75% to 80% and an extension of the maturity date from June 2022 to June 2023. This will further support growth in the ANZ customer loan book.

The 30 September 2021 quarter end '*proforma/estimated drawdown capacity available for future operating activities*' is depicted below based on the advance rates of the new facilities as if they were available at 30 September:

| Facility | Facility Limit | Drawn as at 30 Sep 21 | Proforma drawdown capacity 30 Sep 21 | Maturity |
|---------------------|------------------|-----------------------|--------------------------------------|----------|
| Kiwibank | NZ\$30.0m | NZ\$11.5m | NZ\$1.3m | Jun-23 |
| Partners for Growth | NZ\$58.4m (£30m) | NZ\$0.0m | NZ\$17.4m ¹² | Oct-24 |
| Total | NZ\$98.4m | | NZ\$18.7m | |

The receivables ledger increased by NZ\$7.7 million QoQ to NZ\$43.3 million. Based on the receivables book at 30 September 2021, the available balance to draw from Kiwibank was NZ\$0.5 million (prior to updates to the facility in October). As the receivables book increases, additional debt funds are available to support that growth, with the maximum subject to the respective facility limits. If the value of the receivables book reduces, the funds available under the respective facilities also reduce.

The previous UK facility with Victory Park Capital (VPC) was repaid during Q2, using existing cash reserves (NZ\$7.4 million). Laybuy expects to make the first drawdown with Partners for Growth later in Q3.

Based on average customer loan balances, Laybuy's loan book turned 5.2 times in Q2 FY22, which is equivalent to 20.1 times per annum.

¹² The first drawdown under the facility is subject to certain conditions precedent.

Cashflows

As at 30 September 2021, Laybuy held cash and cash equivalents¹³ of NZ\$23.3 million – a decrease of NZ\$13.3 million QoQ, largely as a result of the repayment of the VPC debt facility during Q2 and an increase in the receivables ledger of NZ\$7.7 million. The amount available to draw on the Kiwibank facility at 30 September 2021 was NZ\$0.5 million¹⁴.

Proforma cash and cash equivalents including available to draw down on updated financing facilities¹⁵ on 30 September 2021 would be NZ\$42.0 million, an increase of NZ\$5.4 million on Q1 FY21.

Operating Activities

Q2 FY22 realised operating activities cash outflows of NZ\$16.9 million (compared to NZ\$11.0 million in Q1) largely as a result of strong growth in the receivables ledger in the quarter (up NZ\$7.7 million). Excluding the investment in the receivables ledger, the net cash outflow related to operations for the quarter was NZ\$9.2 million, compared to NZ\$8.9 million for Q1 FY21.

Receipts from customers increased by NZ\$14.5 million, up 10% to NZ\$159.2 million QoQ, while payments to merchants increased by NZ\$17.6 million, up 13% to NZ\$158.2 million QoQ. The higher increase in payments to merchants reflects the strong growth in the receivables ledger, with the delayed timing of receipts from customers spread over the following five weeks following merchant payment.

Research and development costs totalled NZ\$1.6 million in Q2 FY22 compared to NZ\$1.1 million in Q1 FY22, representing both external and internal costs relating to the development of the core Laybuy platform. Expenditure includes salary and contractor costs as well as related technology costs. This does not include costs in respect of the Mastercard product which are being capitalised as an intangible asset and classified as Investing Activities.

Product manufacturing and operating costs includes all the variable transaction costs for Laybuy which were NZ\$4.0 million for Q2 FY22, up from NZ\$3.5 million in Q1 FY22 as a result of timing of payments and increased customer activity in the last quarter.

Advertising and marketing spend totalled NZ\$4.0 million for Q2 FY22, down from NZ\$5.4 million for Q1 FY22. This includes incentive payments to merchants and marketing activity.

¹³ Includes \$0.3m of money held on trust with EML Payments in Australia and the UK to fund transactions through Tap to Pay and App Exclusives. While this does not meet the definition of cash and cash equivalents under IFRS, it is accessible to Laybuy to fund operations.

¹⁴ Before updates to the Kiwibank facility were made (updated in October 2021).

¹⁵ Including proforma drawdown amount on PFG facility signed in October, and updates made to Kiwibank facility in October.

Employee costs were NZ\$2.9 million for Q2 FY22, down from NZ\$3.0 million for Q1 FY22, largely due to a change in mix of employees. A total of NZ\$0.4 million was paid to related parties and their associates comprising NZ\$0.1 million by way of salary and wages and any variable compensation payable under their terms of employment and a further NZ\$0.3 million by way of fees payable to non-executive directors.

Administrative and corporate costs were NZ\$5.0 million for Q2 FY22, up from NZ\$1.7 million for Q1 FY22. These include insurance payments, VAT/GST movements, recruitment fees, legal fees, accounting and audit fees.

Investing Activities

Investing Activities relates predominantly to the development of the Mastercard *Tap to Pay* and *App Exclusive* solutions. The value of total payments capitalised in Q2 FY22 was NZ\$0.2 million, compared to NZ\$0.3 million in Q1 FY22.

Financing Activities

Financing activities had a cashflow inflow of NZ\$3.9 million for Q2 FY22, down from NZ\$32.5 million in Q1 FY22. Q1 included cashflow from the capital raise (A\$40 million before transaction cost) in May 2021, partly offset by a repayment of the Kiwibank debt facility. In Q2, Laybuy made a \$11.5 million drawdown on the Kiwibank facility and repaid NZ\$7.4 million on settlement of the VPC facility.

Subsequent to balance date

Post 30 September 2021, Laybuy signed the new facility agreement with PFG and a revised agreement with Kiwibank. These arrangements provide Laybuy with greater access to funding. The 30 September 2021 quarter end 'Estimated cash available for future operating activities' is depicted below based on the advance rates of the new facilities as if they were available at 30 September:

| Estimated cash available for future operating activities | NZ\$'000 |
|---|-----------------|
| Net cash from / (used in) operating activities | (16,893) |
| Cash and cash equivalents at quarter end | 23,269 |
| Unused finance facilities available at quarter end (proforma)¹⁶ | 18,707 |
| Total available funding (proforma) | 41,976 |
| Estimated quarters of funding available (proforma) | 2.5 |

¹⁶ Includes proforma available to draw under the new PFG facility finalised in October and the updates to the Kiwibank facility made in October

Outlook

Laybuy continues to focus on accelerating its growth in the UK, having spent the quarter building out the management team and differentiating its product offering via *Laybuy App Exclusives* and *Tap to Pay in-store* to make Laybuy available as a payment method at a wider number of merchants.

ANZ continues to build on a strong foundation and looks to see continued momentum into the holiday season.

“We have undertaken a market analysis for the US and have concluded that for now, our priority and focus remains on the UK where we have established a position as one of the three major players in that market. For the foreseeable future our energy, focus and resources will be applied to cementing and growing the Laybuy brand and business in the UK where there remains an enormous growth opportunity.”

With the upcoming Christmas season and Black Friday sales of Q3, Laybuy expects to see strong growth in GMV and is on track to exceed NZ\$1 billion of GMV by the end of FY22.

ENDS

Zoom webinar

Event: LBY Investor Webinar

Presenters: Managing Director, Gary Rohloff, and Chief Financial Officer, Katrina Kirkcaldie

Time: Thursday 28 October 2021 at 11:00 am AEDT / 1:00 pm NZDT

Where: Zoom Webinar, details to be provided upon registration. To register your interest for the webinar please click through to the link below.

Registration Link:

https://janemorganmanagement-au.zoom.us/webinar/register/WN_2HqhRYUrTy-DjZo1k1cung

After registering your interest, you will receive a confirmation email with information about joining the webinar. Participants will be able to submit questions via the Panel throughout the presentation, however, given we are expecting a large number of attendees we encourage shareholders to send through questions via email beforehand to jm@janemorganmanagement.com.au

For more information, please contact:

Gary Rohloff

Managing Director

investors@laybuy.com

Katrina Kirkcaldie

Chief Financial Officer

investors@laybuy.com

Jane Morgan

Investor Relations

jm@janemorganmanagement.com.au

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 12,000 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.

Use of Funds

In accordance with ASX Listing Rule 4.7C Laybuy Group Holdings Limited provides the following information:

The 388 days ended 30 September 2021 is covered by the “Use of Funds Statement” in the Laybuy Prospectus, dated 10 August 2020. As Laybuy listed on the ASX on 7 September 2020, Laybuy has reflected the cashflows since 7 September 2020 to satisfy ASX Listing Rule 4.7C, including the costs of the initial public offering transactions which have been captured from the date of listing.

A summary of the expenditure for the cumulative period ended 30 September 2021 is outlined below:

| Use of proceeds | As per the Prospectus | | Period ended 30 Sep 2021 (NZ\$ '000) |
|--|-----------------------|---------------|--|
| | (A\$ '000) | (NZ\$ '000) | |
| Payment of proceeds by SaleCo to Selling Shareholders | 40,000 | 42,621 | 43,436 |
| Funding and support for growth in the UK receivables book | 18,200 | 19,393 | 17,082 |
| Sales and marketing in the UK (for merchant and consumers) | 7,700 | 8,205 | 9,178 |
| Employees to support the growth of the business in the UK | 3,300 | 3,516 | 2,671 |
| Costs of the Offer | 5,258 | 5,603 | 5,974 |
| Other working capital | 5,542 | 5,904 | 6,901 |
| Total | 80,000 | 85,242 | 85,242 |

- (1) Proceeds from the sell down at a foreign exchange (fx) rate NZ\$1.00 =A\$0.9209. The sell down was AUD40 million and the variance between the prospectus and actual payment relates to variances in fx rates.
- (2) Funding for the UK receivables book, NZ\$994k of costs incurred in legal and due diligence costs in respect of the VPC Facility for the UK business as well as NZ\$15.3 million in cash reserves used to fund the receivables book in the UK.
- (3) UK sales and marketing in the UK (for merchant and consumers) payments of NZ\$9.2 million have been made in respect of the UK market.
- (4) Employees to support the growth of the business in the UK, during the period since listing additional resourcing have been employed in the areas of sales, marketing as well as additional support staff in the head office to support the growing UK business (HR, software development, customer support and merchant onboarding).
- (5) Costs of the offer paid after the listing were NZ\$5.9 million. This is NZ\$371k in additional costs than those anticipated at the time of writing the prospectus, which is slightly less than as reported in the September 2020 quarterly report.
- (6) Other working capital costs relate to the increased cash investment in the receivables book in ANZ (NZ\$4 million), other costs include accounting, professional fees incurred derived from be a listed company and recruitment costs (NZ\$1.4 million). Timing of indirect tax filings (NZ\$1.5million).

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B
Name of entity:

Laybuy Group Holdings Limited

ABN

ARBN 642 138 476

Quarter ended ("current quarter")

30 September 2021

| Consolidated statement of cash flows | | Current quarter NZ\$'000 | Year to date (6 months) NZ\$'000 |
|---|---|-------------------------------------|---|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 159,201 | 303,903 |
| 1.2 | Payments for | | |
| | (a) research and development | (1,645) | (2,784) |
| | (b) product manufacturing and operating costs | (4,038) | (7,564) |
| | (c) advertising and marketing | (3,964) | (9,394) |
| | (d) leased assets | (212) | (465) |
| | (e) staff costs | (2,909) | (5,959) |
| | (f) administration and corporate costs | (4,963) | (6,709) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 1 |
| 1.5 | Interest and other costs of finance paid | (209) | (518) |
| 1.6 | Income taxes refunded | - | 260 |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (payments to merchants) | (158,155) | (298,665) |
| 1.9 | Net cash from / (used in) operating activities | (16,893) | (27,894) |

| Consolidated statement of cash flows (continued) | | Current quarter NZ\$'000 | Year to date (6 months) NZ\$'000 |
|---|--|-------------------------------------|---|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (72) | (109) |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets (payments for development of intangible assets) | (100) | (331) |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (172) | (440) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 43,064 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |

| | | | |
|---|---|-------------------------------------|---|
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (53) | (2,064) |
| 3.5 | Proceeds from borrowings | 11,563 | 15,370 |
| Consolidated statement of cash flows (continued) | | Current quarter NZ\$'000 | Year to date (6 months) NZ\$'000 |
| 3.6 | Repayment of borrowings | (7,360) | (19,427) |
| 3.7 | Transaction costs related to loans and borrowings | (197) | (467) |
| 3.8 | Dividends paid | - | - |
| 3.9a | Other (payment to original shareholders from sell down of shares) | - | - |
| 3.9b | Other (payments for lease liabilities) | (56) | (111) |
| 3.10 | Net cash from / (used in) financing activities | 3,897 | 36,365 |

| | | | |
|------------|--|---------------|---------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 36,532 | 15,487 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (16,893) | (27,894) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (172) | (440) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 3,897 | 36,365 |
| 4.5 | Effect of movement in exchange rates on cash held | (95) | (249) |
| 4.6 | Cash and cash equivalents at end of period | 23,269 | 23,269 |

| | | | |
|-----------|--|-------------------------------------|--------------------------------------|
| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter NZ\$'000 | Previous quarter NZ\$'000 |
| 5.1 | Bank balances | 22,980 | 36,532 |

| | | | |
|------------|--|---------------|---------------|
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) ¹⁷ | 289 | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 23,269 | 36,532 |

| 6. Payments to related parties of the entity and their associates | | Current quarter NZ\$'000 |
|--|---|-------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 365 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

| 7. Financing facilities | | Total facility amount at quarter end NZ\$'000 | Amount drawn at quarter end NZ\$'000 |
|---|---|--|---|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | | |
| 7.1 | Loan facilities | 20,000 | 11,556 |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | 20,000 | 11,556 |
| 7.5 | Unused financing facilities available at quarter end | | 784 |

¹⁷ Money held on trust with EML Payments in Australia and the UK to fund transactions through Tap to Pay and App Exclusives. While this does not meet the definition of cash and cash equivalents under IFRS, it is accessible to Laybuy to fund operations.

| | |
|-----|---|
| 7.6 | <p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> |
| | <p>Laybuy had one debt facility in place at 30 September, with a second facility entered into in October 2021. As at 30 September 2021, the NZ\$20 million debt facility with Kiwibank funded the Laybuy New Zealand and Australia loan book. The facility was increased to NZ\$30 million in October.</p> <p>The Kiwibank facility is advanced against the New Zealand and Australian receivables ledgers. The interest rate for the quarter and YTD was 3.50% to 3.76%. The facility matures in June 2023. The drawn down balance at 30 September 2021 was NZ\$11,556m.</p> <p>The Partners for Growth (PFG) facility was finalised in October 2021 and is advanced against the UK receivables ledger. The first draw down against the £30 million facility will be made later in Q3.</p> |

| 8. | Estimated cash available for future operating activities | \$NZ\$'000 |
|-----|--|------------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (16,893) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 23,269 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 495 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 23,764 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | 1.4 |

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

| | |
|-----|---|
| 8.6 | If item 8.5 is less than 2 quarters, please provide answers to the following questions: |
| | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? |
| | <p>Answer: Net operating cash flow outflows are expected for the December quarter. However, due to the seasonality of the loan book we can expect that net operating cash inflows will be generated for the March 2022 quarter.</p> <p>Please refer to page 13 for the proforma estimated quarters of funding available on a proforma basis with the changes to the debt funding available to Laybuy subsequent to the September quarter end.</p> |

| | |
|--|---|
| | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |
| | <p>Answer: A new £30 million UK debt facility has been finalised in October 2021 and expected to draw in Q3 FY22 subject to the satisfaction of certain conditions precedent. The existing Kiwibank facility has also been increased from NZ\$20 million to NZ\$30 million and LVR increased from 75% to 80%. Based on this, the proforma available to draw amount would be NZ\$18.7 million, increasing total available funding to NZ\$42.0 million and the estimated proforma quarters of funding available would be 2.5 quarters.</p> <p>The PFG facility allows us to access greater debt funding to support the loan book growth in the UK, with an advance rate of 75% of eligible receivables.</p> <p>Both facilities are receivables backed i.e., as receivables grow the access to cash increases.</p> <p>Excluding the investment in the receivables ledger (increased by NZ\$7.7 million), the net cash outflow related to operations for the quarter was NZ\$9.2 million.</p> |
| | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? |
| | Answer: Yes, as per above. The company has been working on more effective debt financing during the quarter. This has resulted in increased access to cash. |
| | <i>Where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i> |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

Authorised by: Authorised by the Board of Directors
(Name of body or officer authorising release – see note 4).

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity

that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.