

ASX ANNOUNCEMENT (ASX: LBY)

27 January 2022

Q3 FY22 Activities Update and Appendix 4C

Laybuy Group Holdings Limited (ASX:LBY) ("Laybuy", the "Company") is pleased to provide its quarterly business activities update and Appendix 4C for the quarter ended 31 December 2021 ("Q3 FY22").

All numbers are stated in New Zealand dollars ("NZ\$") and comparisons relate to the quarter ended 30 September 2021 ("Q2 FY22" or quarter on quarter, "QoQ") or the quarter ended 31 December 2020 ("Q3 FY21" or year on year, "YoY"), unless otherwise stated.

Q3 Results Highlights

- **Laybuy achieved record Annualised GMV¹ of NZ\$1.1 billion** for Q3 FY22, reaching its GMV target for FY22. Annualised GMV is up 51% YoY.
- **United Kingdom (UK) GMV at NZ\$170 million** for Q3 FY22, up 70% YoY.
- **Active Customers² reached 930,000**, up 35% YoY. UK active customers up 50% YoY.
- **Active Merchants³ reached 12,900**, up 61% YoY. UK active merchants up 166% YoY.
- **Partners for Growth (PFG) debt facility** has been finalised and first drawdowns commenced, strengthening Laybuy's GMV growth capacity in the UK.
- **Laybuy affirms revenue targets for FY22**
- **2,000 merchants added in Q3** including:
 - UK App Exclusives: GAP, Timberland, River Island, KENZO, ellesse, Lego, Tottenham Hotspur, Under Armour and Foot Locker.
 - UK integrated merchants: Hexxee, UKSoccershop, Dam Health, Creps Locker and Bodybuilding Warehouse.
 - ANZ merchants: Kathmandu (NZ), PAS Group, Bing Lee, Brand Collective and PVG Group Australia.
- **Implemented platform enhancements** to support continued efficiency and drive strong ongoing performance.

¹ Gross Merchandise Value (GMV), annualised GMV for the quarter multiplied by 4.

² An 'Active Customer' is a customer who has made a purchase through the Laybuy platform within the 12 months prior to 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 relevant period.

Managing Director Gary Rohloff commented: “We are delighted that the third quarter has seen Laybuy continue to deliver exceptionally strong growth, reaching its target of annualised GMV of NZ\$1 billion ahead of schedule.

“The UK market, in particular, saw very strong GMV growth in December eclipsing the traditional peak month of November, and was up 68% compared with December 2020. This helped deliver record GMV this quarter.

“Our continuing and sustained growth demonstrates that our business strategy is robust and continuing to deliver strong results. For example, in the past 12 months alone, we have added nearly 5,000 active merchants and over 250,000 new active customers across ANZ and the UK.

“Our growth pipeline remains strong and will be driven, in part, by our App Exclusives Platform (the Affiliate Marketing Network), which was launched in August. The platform currently provides our customers with access to more than 300 brands and, in time, will enable access to more than 5,000 of the UK’s largest brands. This will see Laybuy cement its place as one of the top three BNPL providers in the large UK retail market.

“We are delighted that we are continuing to see sustained growth in Q3 FY22, which has allowed us to reach our target of NZ\$1 billion of annualised GMV and affirm our revenue targets.”

Key Operating and Financial Metrics

The table below presents the Laybuy Group's (the "Group's") key operational metrics for Q3 FY22 as compared to Q2 FY22 and Q3 FY21, which have been prepared based on unaudited results.

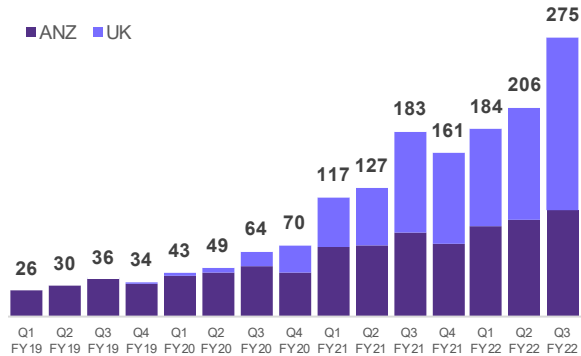
Group (NZ\$m) ⁴	Q3 FY22	Q2 FY22	Q3 FY21	% increase QoQ	% increase YoY
GMV	\$275m	\$206m	\$183m	33%	51%
Annualised GMV⁵	\$1,100m	\$825m	\$730m	33%	51%
Active Customers	930,000	889,000	687,000	5%	35%
Active Merchants	12,900	11,700	8,007	10%	61%
Income	\$13.5m	\$10.8m	\$9.5m	25%	42%
Net Transaction Margin (NTM) as % of GMV	0.0%	1.0%	1.3%	(100bps)	(130bps)
Gross Losses as % of GMV	(4.0%)	(3.1%)	(2.8%)	(90bps)	(120bps)
UK (NZ\$m)					
GMV	\$170m	\$111m	\$100m	53%	70%
Annualised GMV	\$678m	\$446m	\$401m	53%	70%
Active Customers	606,000	566,100	407,000	7%	50%
Active Merchants	3,400	2,900	1,264	16%	166%
ANZ (NZ\$m)					
GMV	\$105m	\$95m	\$82m	11%	28%
Annualised GMV	\$421m	\$380m	\$328m	11%	28%
Active Customers	324,000	322,400	280,000	1%	16%
Active Merchants	9,500	8,800	6,743	8%	41%

⁴ FX rates used to calculate UK/AU results to NZD equivalent: converted NZD/GBP at 0.51 and NZD/AUD at 0.95 for Q3 FY22

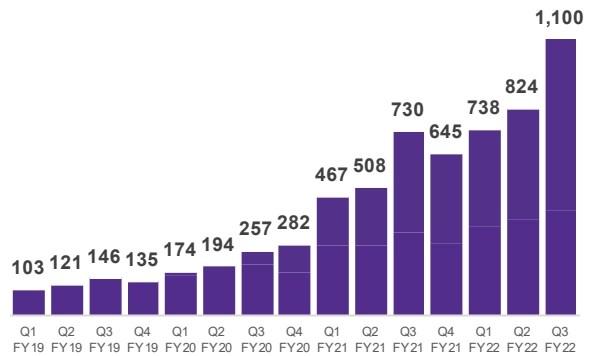
⁵ Annualised GMV equals the quarter GMV multiplied by four.

Gross Merchandise Value (GMV)

Quarterly GMV by region (NZ\$m)



Annualised quarterly GMV (NZ\$m)

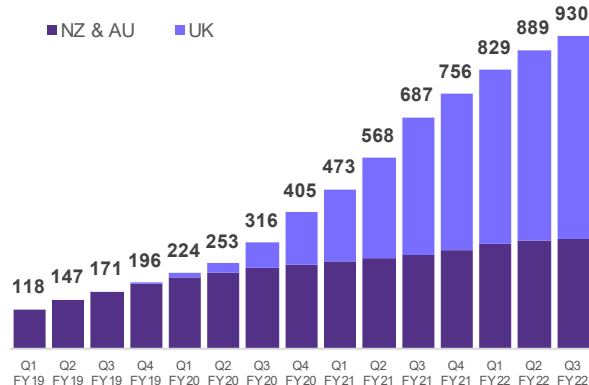


Key Highlight:

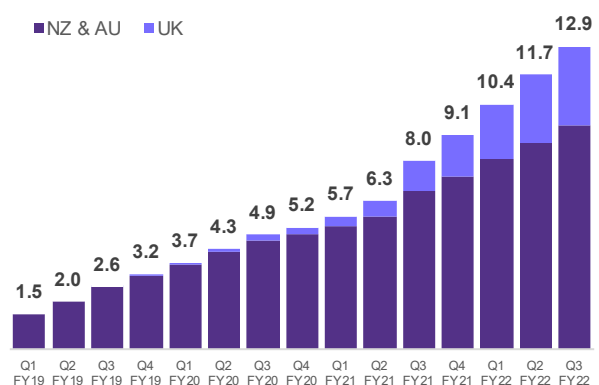
- Record growth continued in Q3 FY22, with Laybuy reporting NZ\$275 million of GMV, exceeding its FY22 target of NZ\$1 billion annualised GMV. This is an increase of 51% YoY, with the UK up 70%.

Active Customers and Merchants

Active Customers by region ('000)



Active Merchants by region ('000)



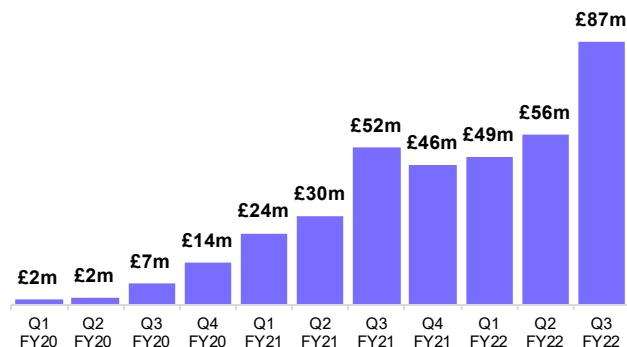
Key highlights:

- Strong momentum in active customers, reaching nearly 930,000 at the end of December.
- Active merchants saw a significant increase in the UK, up 166% on prior year with more than 300 now active via App Exclusives.

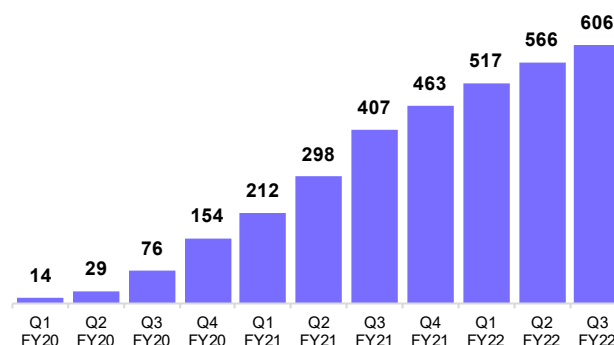
Regional performance

Laybuy UK

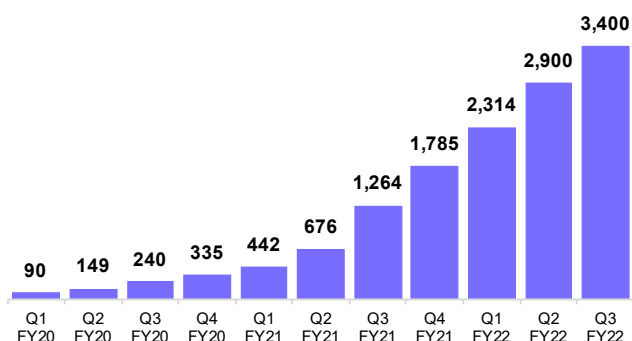
UK GMV (£m)



UK Active Customers ('000)



UK Active Merchants



Key Merchants

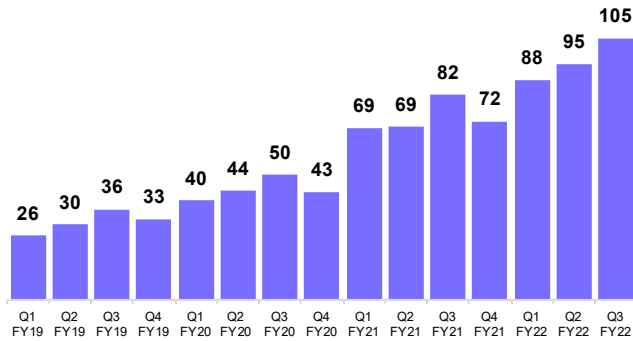


Key highlights:

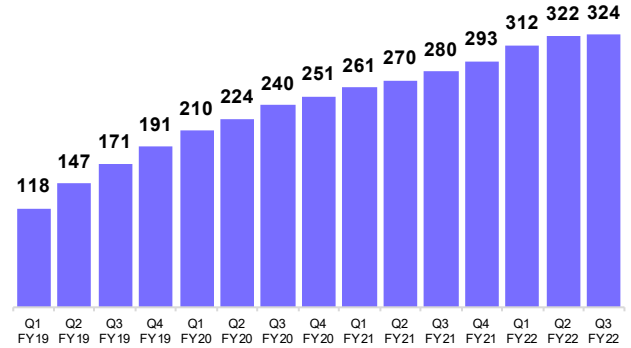
- Strong growth in the UK was supported by an increase of 166% in active merchants and 51% in active customers compared to Q3 FY21.
- New merchants added in Q3 include:
UK App Exclusives: GAP, Timberland, River Island, KENZO, ellesse, Lego, Tottenham Hotspur, Under Armour and Foot Locker
UK direct integrated merchants: Hexxee, UKSoccershop, Dam Health, Creps Locker and Bodybuilding Warehouse
- Laybuy's card technology continues to power UK growth, with GMV achieved through Tap to Pay increasing 100% between Q2 and Q3, while our virtual card supported more than 600,000 transactions through Laybuy App Exclusives since its launch in late August 2021.

Laybuy ANZ

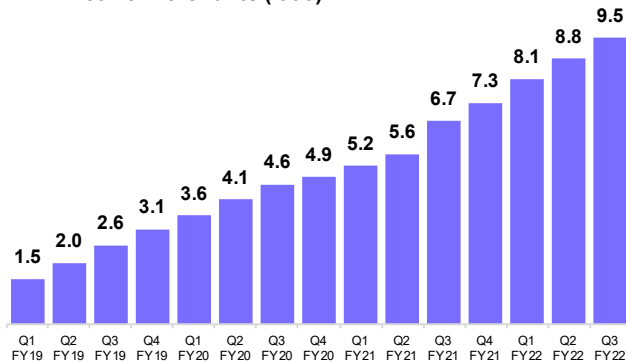
ANZ GMV (NZ\$m)



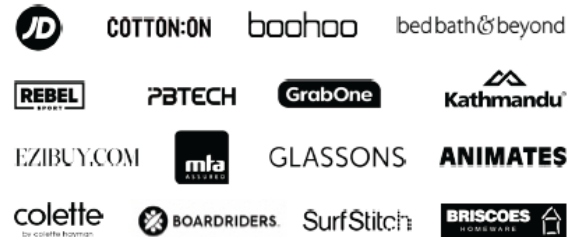
ANZ Active Customers ('000)



ANZ Active Merchants ('000)



Key Merchants



Key Highlights:

- Sustained growth continued in Laybuy's established markets of New Zealand and Australia. Annualised GMV reached NZ\$421 million for the quarter, representing a 28% increase YoY.
- The ANZ business maintained its average of more than NZ\$1 million GMV per day and continues to steadily increase.
- Active customers increased by over 44,000 and active merchants increased by more than 2,700 over the last 12 months.
- New merchants in Q3 include Kathmandu (NZ), Boardriders (Roxy, Quiksilver, Billabong), Bing Lee, Brand Collective, PVG and The PAS Group.

Platform enhancements and operational efficiencies

Laybuy continues to invest in platform enhancements and operational efficiencies as part of its continuous improvement programme. This includes establishing a global internal SRE team to improve operational engineering efficiency and achieving PCI DSS Level 1 accreditation (Payment Card Industry Data Security Standard), which is a set of international security standards designed by Visa, Mastercard, American Express, Discover and JCB to ensure payment providers maintain a secure environment.

During the earlier part of Q3, Laybuy UK experienced higher than usual fraud activity. Fraudulent activity is not uncommon within the BNPL sector (particularly over this period) and Laybuy has acted promptly with a number of proactive initiatives to reduce fraud. These initiatives have quickly delivered results, with first time customer fraud reducing to normal levels by December 2021. The higher instances of fraud experienced in early Q3 reduced the Net Transaction Margin for the quarter, however this is expected to improve in Q4.

Laybuy has completed the launch of a new customer service feature to improve the overall customer experience. Hugo the Automated Bot (powered by Ambit) is Laybuy's new digital employee. His main role is to help customers with their questions within the App and Help section via the website. The expected benefits of Hugo include increased customer satisfaction, increased deflection rates (customers not raising a ticket as they received the answer they required from Hugo), an improvement in response times and a decrease in FTE over time.

Regulatory Environment

Laybuy continues to engage with HM Treasury and the UK Government and with the Ministry of Business, Innovation and Employment (MBIE) and the NZ Government in New Zealand in relation to a proportionate regulatory framework for the BNPL sector.

Laybuy has formally submitted in response to consultation documents released in late 2021 by both HM Treasury and MBIE, which outlined a series of options around regulation of the sector in their respective countries. Laybuy has also met with various officials to discuss how Laybuy works and discuss the proposed regulation of the sector.

Laybuy is supportive of an enhanced, but proportionate, regulatory framework in order to protect vulnerable consumers. Laybuy already has very strong systems in place, including credit checking every new customer and a robust hardship policy, and believes it is very well positioned should further regulation be put into place in the UK or New Zealand.

Capital management and debt facility update

Laybuy secured a £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. The first drawdown was made in November 2021.

Facility	Facility Limit	Drawn as at 31 Dec 2021	Maturity
Kiwibank	NZ\$30.0m	NZ\$13.1m	Jun-23
Partners for Growth	NZ\$58.4m (£30m)	NZ\$24.5m	Oct-24
Total	NZ\$98.4m	NZ\$37.6m	

The receivables ledger increased by NZ\$15.2 million QoQ to NZ\$56.8 million. As the receivables book increases, additional debt funds are available to support that growth, with the maximum subject to the respective facility limits.

Based on average customer loan balances, Laybuy's loan book turned 5.6 times in Q3 FY22, which is equivalent to 22.3 times per annum.

Cashflows

As at 31 December 2021, Laybuy had aggregate cash sources of NZ\$32.3 million, comprising NZ\$18.7 million of cash and cash equivalents⁶ as well as NZ\$13.6 million of funds owed from payment processing providers settled after 31 December 2021.

Whilst the company is still deriving operating cash losses, there was significant growth in the receivables book over this quarter, up NZ\$15.2 million (compared to growth of NZ\$6.0 million⁷ in Q2 FY22). Whilst Laybuy is required to disclose the full impact of the receivables book growth as an operating cash flows activity, the majority of the receivables (or loan book) is funded by debt facilities which is shown as a financing activity. The company funds 25% and 20% of the receivables in the UK and the ANZ regions respectively. Excluding the investment in the receivables ledger as the business continues to grow, the net cash outflow related to operations for the quarter was NZ\$13.5 million. The quarters cash cover when taking into account the debt facilities would be 2.4x.

⁶ Includes \$2.9m of money held on trust with EML Payments in Australia and the UK to fund transactions through Tap to Pay and App Exclusives.

⁷ Restated Q2 FY22 following half year audit review.

The increased receivable balance will unwind in Q4 FY22 due to the seasonality of GMV, resulting in higher cash inflows over the March 2022 quarter as seen in previous years. It is likely the March 2022 quarter will be cash flow positive based on the expected GMV levels for the quarter.

Operating Activities

Q3 FY22 realised operating activities cash outflows of NZ\$28.7 million (compared to NZ\$16.9 million in Q2). Excluding the investment in the receivables ledger, net transaction margin and changes in working capital, the net cash outflow related to operating expenses for the quarter was NZ\$12.2 million, compared to NZ\$13.0 million for Q2 FY22.

Operating Cash Outflows reconciliation	Q3 FY22	Q2 FY22
Increase in Receivables Ledger	(NZ\$15.2m)	(NZ\$6.0m)
<i>Add back NTM</i>	<i>NZ\$0.0m</i>	<i>NZ\$2.0m</i>
<i>Change in Working Capital (outflow)/inflow</i>	<i>(NZ\$1.3m)</i>	<i>NZ\$0.1m</i>
<i>Cash outflow related to operating expenses</i>	<i>(NZ\$12.2m)</i>	<i>(NZ\$13.0m)</i>
Net cash outflow related to operations	(NZ\$13.5m)	(NZ\$10.9m)
Total Operating Cash outflows per 4C	(NZ\$28.7m)	(NZ\$16.9m)

Receipts from customers increased by NZ\$45.1 million, up 28% to NZ\$204.3 million QoQ, while payments to merchants increased by NZ\$63.8 million, up 40% to NZ\$222.0 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. During Q3, the strong holiday sales at the end of November and prior to Christmas sees a strong increase in payments to merchants, with payments from customers spreading into early Q4. Research and development costs totalled NZ\$1.4 million in Q3 FY22 compared to NZ\$1.6 million in Q2 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.

Product manufacturing and operating costs includes all the variable transaction costs for Laybuy which were NZ\$4.1 million for Q3 FY22, up from NZ\$4.0 million in Q2 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 Q3 FY22, flat on Q2 FY22. This includes merchant incentive payments to B2B and B2C marketing activities.

Employee costs were NZ\$3.4 million for Q3 FY22, up from NZ\$2.9 million for Q2 FY22, in part due to an increase in the number of employees with headcount increasing from 124 to 132. 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 cash inflows of NZ\$2.3m includes refunds of NZ\$3.6 million for Q3 FY22 as a result of UK VAT and NZ GST refunds partly offset by administrative and other corporate costs, compared to a cost of NZ\$5.0 million for Q2 FY22. Other administrative cash outflows include recruitment fees, legal fees, accounting and audit fees. Q2 included insurance payments not repeating in Q3.

Investing Activities

Investing activities for the quarter relate to a new customer service feature via an Automated Bot tool (powered by Ambit). This supports increased deflection rates by solving customer questions before a customer support ticket gets raised. Total payments capitalised in Q3 FY22 was NZ\$0.1 million, compared to NZ\$0.2 million in Q2 FY22.

Financing Activities

Financing activities had a cash inflow of NZ\$24.4 million for Q3 FY22, up from NZ\$3.9 million in Q2 FY22. In Q3, Laybuy made its first drawdowns under the PFG facility to support growth in the UK loan book. During the quarter, NZ\$24.5 million was drawn from the facility in total.

Outlook

Laybuy continues to focus on accelerating its growth in the UK, powered by its virtual card offerings via *App Exclusives* and *Tap to Pay in-store*. ANZ continues to build on a strong foundation with steady growth expected throughout FY22 as the merchant offering increases. Further initiatives are in the innovation pipeline that, once implemented, will further improve the company's NTM. This includes a new advertising offering within the Laybuy app which will provide the company with additional revenue. The Company is on track to meet its revised revenue targets for FY22.

It is likely that the ANZ economies will see increased interest rates over the next year, however the impact to Laybuy is likely to be minimal coupled with the high book turn Laybuy experiences. A 2% increase in official rates would have less than 0.04% impact on Laybuy's NTM. Furthermore, the UK debt facility has a fixed interest rate, and reduces as the drawn facility reaches certain levels.

ENDS

Zoom webinar

Event: LBY Investor Webinar

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

Time: Thursday 27 January 2022 at 13:30 AEDT / 15:30 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://laybuy.zoom.us/webinar/register/WN_V9QiwF3ESQuaoK3oJpbbAA

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 investors@laybuy.com

For more information, please contact:

Gary Rohloff	Katrina Kirkcaldie
Managing Director	Chief Financial Officer
investors@laybuy.com	investors@laybuy.com

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 almost 13,000 retail merchants. Laybuy is available in New Zealand, Australia and the UK. The unique, fully integrated payment platform is helping to revolutionise the way consumers spend. Laybuy is simple. Customers can shop now, receive their purchase straight away, and pay it off over six weekly payments without paying interest. For more information visit laybuyinvestors.com.

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")

31 December 2021

Consolidated statement of cash flows		Current quarter NZ\$'000	Year to date (9 months) NZ\$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	204,256	508,159
1.2	Payments for		
	(a) research and development	(1,438)	(4,222)
	(b) product manufacturing and operating costs	(4,069)	(11,633)
	(c) advertising and marketing	(3,997)	(13,391)
	(d) leased assets	(192)	(657)
	(e) staff costs	(3,374)	(9,333)
	(f) administration and corporate costs ⁸	2,318	(4,319)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(162)	(680)
1.6	Income taxes (paid)/refunded	(28)	232
1.7	Government grants and tax incentives	-	-

⁸ Includes VAT refund in the UK of NZ\$3.6 million during Q3. Excluding this, administrative and corporate costs for the quarter were NZ\$1.3m.

1.8	Other (payments to merchants)	(221,998)	(520,663)
1.9	Net cash from / (used in) operating activities	(28,684)	(56,578)
Consolidated statement of cash flows (continued)		Current quarter NZ\$'000	Year to date (9 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	(45)	(154)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (payments for development of intangible assets)	(66)	(397)
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	(111)	(551)
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	-	(2,064)
3.5	Proceeds from borrowings	29,508	44,878
Consolidated statement of cash flows (continued)		Current quarter NZ\$'000	Year to date (9 months) NZ\$'000
3.6	Repayment of borrowings	(4,020)	(23,447)
3.7	Transaction costs related to loans and borrowings	(1,105)	(1,572)
3.8	Dividends paid	-	-
3.9a	Other (payment to original shareholders from sell down of shares)	-	-
3.9b	Other (payments for lease liabilities)	(25)	(136)
3.10	Net cash from / (used in) financing activities	24,358	60,723
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	23,269	15,487
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(28,684)	(56,578)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(111)	(551)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	24,358	60,723
4.5	Effect of movement in exchange rates on cash held	(125)	(374)
4.6	Cash and cash equivalents at end of period	18,707	18,707



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	15,851	22,980
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) ⁹	2,856	289
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	18,707	23,269

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	353
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	89,277	37,843
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-

⁹ Money held on trust with EML Payments in Australia and the UK to fund transactions through Tap to Pay and App Exclusives. These funds were received in January 2022.

7.4	Total financing facilities	89,277	37,843
7.5	Unused financing facilities available at quarter end		13,593
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 two debt facilities in place at 31 December 2021. The NZ\$30 million debt facility with Kiwibank funded the Laybuy New Zealand and Australia loan book while the £30 million debt facility with Partners for Growth funded the Laybuy UK loan book.</p> <p>The Kiwibank facility is advanced against the New Zealand and Australian receivables ledgers. The interest rate for the quarter and YTD was 3.48% to 3.76%. The facility matures in June 2023. The drawn down balance at 31 December 2021 was NZ\$13.1 million. The Kiwibank facility interest rate is calculated as being the sum of the cost of funds + 2.5% margin. Therefore, though it is likely that the ANZ economies will see increased interest rates, the impact to Laybuy is likely to be minimal coupled with the high book turn Laybuy experiences.</p> <p>The Partners for Growth (PFG) facility was finalised in October 2021 and is advanced against the UK receivables ledger. The interest rate for the quarter and YTD was 11%. The facility matures in October 2024. The drawn down balance at 31 December 2021 was NZ\$24.5 million. The interest rate on this facility is fixed at 11% and then reduces to 10% once >£15 million is drawn.</p> <p>In addition, Laybuy had funds of NZ\$13.6 million in transit from payment processing providers. These funds have been received post 31 December 2021. Therefore, with the inclusion of these funds, total cash sources available at 31 December 2021 was NZ\$32.3 million.</p>		

8.	Estimated cash available for future operating activities	\$NZ\$'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(28,684)
8.2	Cash and cash equivalents at quarter end (item 4.6)	18,707
8.3	Unused finance facilities available at quarter end (item 7.5)	13,593
8.4	Total available funding (item 8.2 + item 8.3)	32,300
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.1

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?
	Answer: The increased receivable balance will unwind in Q4 FY22 due to the seasonality of GMV, resulting in higher cash inflows over the March 2022 quarter as seen in previous years. Laybuy expects it is likely the March 2022 quarter will be cash flow positive based on the expected GMV levels for the quarter.
	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?
	Answer: The increase in the receivables ledger is largely funded by debt facilities with only part funded with equity. Excluding the investment in the receivables ledger (which increased by NZ\$15.2 million), the net cash outflow related to operations for the quarter was NZ\$13.5 million. The quarters cover would be 2.4x.
	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, majority of the operating cash outflows are in respect of the receivables book growth which is materially funded by a financing activity, debt funded.
	<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: 27 January 2022

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.