

**ASX ANNOUNCEMENT (ASX: LBY)**

28 January 2021

**Laybuy Quarterly Business Update and Appendix 4C**

Laybuy Group Holdings Limited (Laybuy) is pleased to provide its quarterly business update and Appendix 4C for the three months ended 31 December 2020 (Q3 FY21). This follows the trading update released on 14 January 2021.

All numbers are stated in New Zealand dollars (NZ\$) and relate to the three months ended 31 December 2020 (Q3 FY21) and comparisons relate to the three months ended 31 December 2019 (Q3 FY20 or PcP) or the three months ended 30 September 2020 (Q2 FY21 or QoQ), unless stated otherwise.

**Q3 FY21 Highlights**

- **Gross Merchandise Value (GMV) achieved a record annualised<sup>1</sup> GMV of NZ\$730m**, NZ\$182m in Q3 FY21 (an increase of 184% on PcP and 44% QoQ)
- **GMV records were set in all markets**, with November 2020 setting a new record. Reporting GMV of NZ\$71m, up 220% on November 2019, driven by key strategic initiatives as well as strong Black Friday and holiday sales
- Momentum from the Black Friday week continued into December 2020, with GMV of NZ\$67m, up 168% on December 2019 and the second highest trading month across all regions
- Online sales continued to dominate in the UK for the month of December during the COVID-19 restrictions, while in-store contributions in the Australia and New Zealand (ANZ) region increased, supported by the "Tap to Pay" in-store solution launch (21.0% of GMV in-store, compared to 18% in Q2)
- **Operating cash outflow for the quarter was NZ\$27.4m due to the strong growth in GMV in Q3**, which resulted in a large increase in the loan receivable book at the end of the quarter of NZ\$14m. This increase in the loan book is collected in Q4 FY21 as it unwinds due to the seasonality of GMV
- **Laybuy expects the operating cash flow for the March 2021 quarter to break-even** based on the expected GMV levels for the quarter. Reflecting seasonality previously, the March 2020 quarter operating cash flow was positive NZ\$5.9m
- **Cash held by Laybuy as at 26 January 2021 was NZ\$19.3m**, an increase of NZ\$5.9m from 31 December 2020 of NZ\$13.4m
- **Active Customers<sup>2</sup> reached 687,000** and increased by a record 119,000 during the quarter (+371,000 or 117% growth on PcP)
- **Active Merchants<sup>3</sup> reached over 8,000** and increased by a record 1,684 during the quarter (+3,126 or 64% growth on PcP)
- **Laybuy UK saw significant growth in Active Customers (up 439% on PcP) and Active Merchants (up 427% on PcP)**
- **Revenue for the quarter was NZ\$9.5m**, an increase of 157% on PcP and 30% QoQ. **Annualised revenue<sup>4</sup> increased to NZ\$37.9m in Q3 FY21**
- **Year to date revenue (9 months ended 31 December 2020) of NZ\$22.9m**, an increase of 154% compared to the 9 months ended 31 December 2019
- **Customer defaults at 2.8% of GMV for Q3 FY21** (reduced from 4.6% in Q2 FY21)
- **Net Transaction Margin (NTM) positive at 1.3% of GMV in line with expectations** as customer acquisition accelerated, an increase from -0.8% in PcP (and reduced from 2.8% in Q2 FY21)
- Laybuy's customer loyalty continues to improve as share of repeat customers<sup>5</sup> increased to 59% in UK compared to 37% on PcP (65% to 73% in ANZ)
- **Laybuy US was beta launched late in the quarter**, with UK and ANZ merchants that ship to the US, making Laybuy US accessible to US customers as part of the soft launch

1. Annualised GMV is calculated by multiplying the actual GMV for Q3 FY21 by four. GBP and AUD denominated GMV have been converted to NZD at the average historical exchange rates for Q3 FY21

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

4. Annualised revenue is calculated by multiplying the actual revenue for Q3 FY21 by four. GBP & AUD denominated revenue has been converted to NZD at the average historical exchange rates for the quarter

5. 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

Managing Director Gary Rohloff said "Laybuy experienced a highly successful trading quarter with exceptional GMV growth across all existing regions. Pleasingly, our positive operational performance has translated into strong revenue growth. Laybuy continues to invest in people, product development and partnerships to drive further growth in our target markets, including our entry into the US".

### Key Operational Metrics

The table below presents the Laybuy group's (the Group's) key operational metrics for Q3 FY21 as well as Q2 FY21 and Q3 FY20, which have been prepared based on unaudited management information.

| NZ\$m                           | Q3 FY21 | Q2 FY21<br>(QoQ) | Q3 FY20<br>(PcP) | % increase on<br>Q2 FY21<br>(QoQ) | % increase on<br>Q3 FY20<br>(PcP) |
|---------------------------------|---------|------------------|------------------|-----------------------------------|-----------------------------------|
| UK GMV                          | 100     | 58               | 14               | 74%                               | 624%                              |
| ANZ GMV                         | 82      | 69               | 50               | 18%                               | 63%                               |
| GMV                             | 182     | 127              | 64               | 44%                               | 184%                              |
| Annualised UK GMV               | 401     | 231              | 55               | 74%                               | 624%                              |
| Annualised ANZ GMV              | 329     | 277              | 201              | 18%                               | 63%                               |
| Annualised GMV                  | 730     | 508              | 257              | 44%                               | 184%                              |
| Revenue                         | 9.5     | 7.3              | 3.7              | 30%                               | 157%                              |
| Annualised revenue              | 37.9    | 29.3             | 14.7             |                                   |                                   |
| Gross Losses                    | (5.1)   | (2.0)            | (3.0)            | 160%                              | 74%                               |
| Gross Losses as a % of GMV      | (2.8%)  | (1.6%)           | (4.6%)           |                                   |                                   |
| Net transaction margin          | 2.3     | 3.6              | (0.5)            | (35%)                             | 230%                              |
| Net transaction margin % of GMV | 1.3%    | 2.8%             | (0.8%)           |                                   |                                   |
| Active Customers <sup>6</sup>   | 687,000 | 568,000          | 316,000          | 21%                               | 117%                              |
| Active Merchants <sup>7</sup>   | 8,007   | 6,323            | 4,881            | 27%                               | 64%                               |

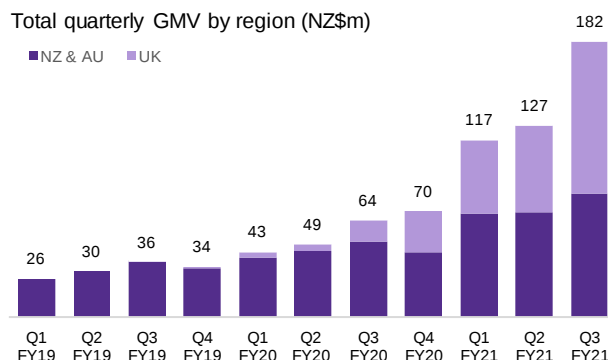
Gross losses relate to consumer bad debt, fraud and provisioning for future impairment losses, net of recoveries from debt collections. (Note that Gross Losses and Net Transaction Margin for Q2 have been restated from the September 2020 quarter following the release of the half year results which resulted in the write back of provisioning due to the UK loan book performing better than expected.

### GMV

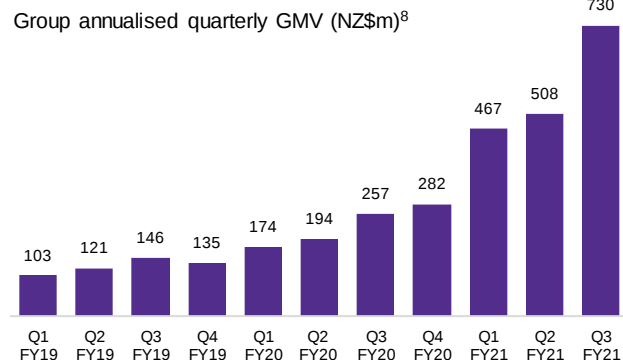
The graphs below present the Group's actual and annualised GMV for each quarter from Q1 FY19 to Q3 FY21.

Total quarterly GMV by region (NZ\$m)

■ NZ & AU ■ UK



Group annualised quarterly GMV (NZ\$m)<sup>8</sup>



6. Represents number of active customers. An 'Active Customer' is a customer who has made a purchase through the Laybuy platform with the 12 months prior to the relevant period

7. Represents number of active merchants. 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

8. Annualised GMV is based on annualising the GMV for the relevant quarter

Laybuy has seen significant growth in all its key operational metrics in Q3 FY21. The Group's GMV for Q3 FY21 was NZ\$182 million, with annualised GMV increasing by 184% on PcP to NZ\$730 million. The UK contributed significantly to this uplift with annualised UK GMV increasing from NZ\$55 million in Q3 FY20 to NZ\$401 million in Q3 FY21, for the first time exceeding the ANZ region.

November 2020 GMV set a new record of NZ\$ 71 million (220% increase on PcP), up from a previous record of NZ\$45 million set the month prior. The Black Friday sales week was the best week in Laybuy's trading history, finishing at NZ\$22 million of GMV, up 330% on the 2019 Black Friday week. This momentum continued into December with strong holiday sales, resulting in GMV for the month of NZ\$67 million (168% increase on PcP).<sup>9</sup>

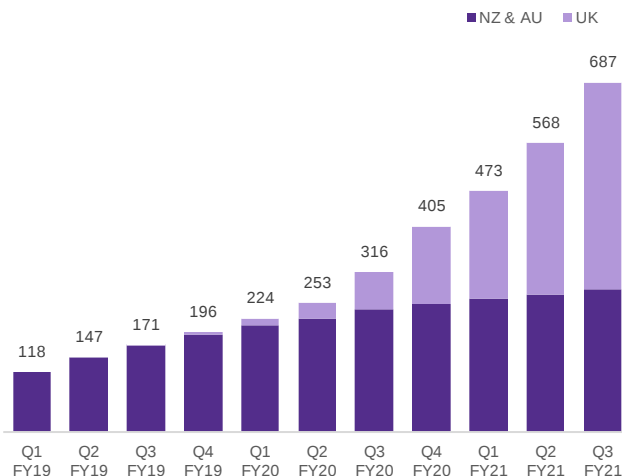
This record reflects key strategic initiatives to increase active merchants and a significant number of Laybuy promotional marketing events leading up to the Black Friday/Cyber Monday retail events. These initiatives include the launch of the partner programme in Q2 with major e-commerce platforms (see further below) and the "Tap to Pay" in-store solution launch in Q3 in ANZ. Material merchants added in Q3 FY21 include Wilko and Select Fashion in the UK; EB Games, Culture Kings, Mi Piaci, Mocka and Cotton On in-store in ANZ. These brands complement existing partners like JD Sports, Boohoo and The Hut Group (UK).

Not surprisingly, COVID-19 restrictions in the UK have continued to accelerate a shift from instore to online purchasing in this economy. Laybuy expects to gain significant instore traction in the UK with the launch of Laybuy's digital card product, however this is on hold in the UK until restrictions lift.

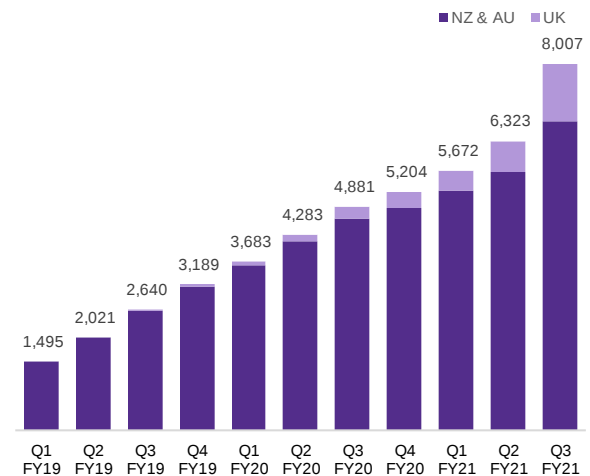
### Active Customers and Merchants

The graphs below present the Group's growth in Active Customers and Active Merchants on a quarterly basis, as well as the percentage of repeat customers.

Active Customers by region ('000)<sup>10</sup>



Active Merchants by region<sup>11</sup>

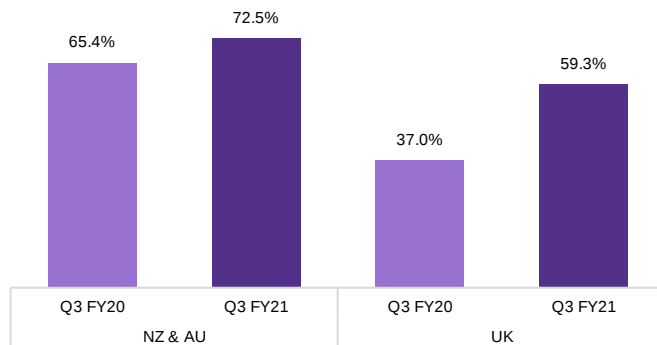


9. In 2019, Black Friday sales occurred in November and Cyber Monday sales occurred in December, and in 2020 both Black Friday and Cyber Monday sales occurred in November.

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

11. 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.

Repeat customers as a % of active customers<sup>12</sup>



The increase in GMV and customers was driven by the strong Black Friday and holiday sales period, the onboarding of large merchants and increased smaller merchants through Laybuy's inbound marketing strategies, the latter of which have a lower cost of acquisition, lesser onboarding needs and attract higher merchant fees.

Laybuy's Active Customers increased to 687,000 in Q3 FY21, an uplift of 119,000 (21%) QoQ and 371,000 (117%) on PcP. Active Merchants at the end of Q3 FY21 totalled 8,007 (64% growth compared to PcP), with the UK increasing by 1,024 on PcP (427%) and expected to grow further in Q4 FY21.

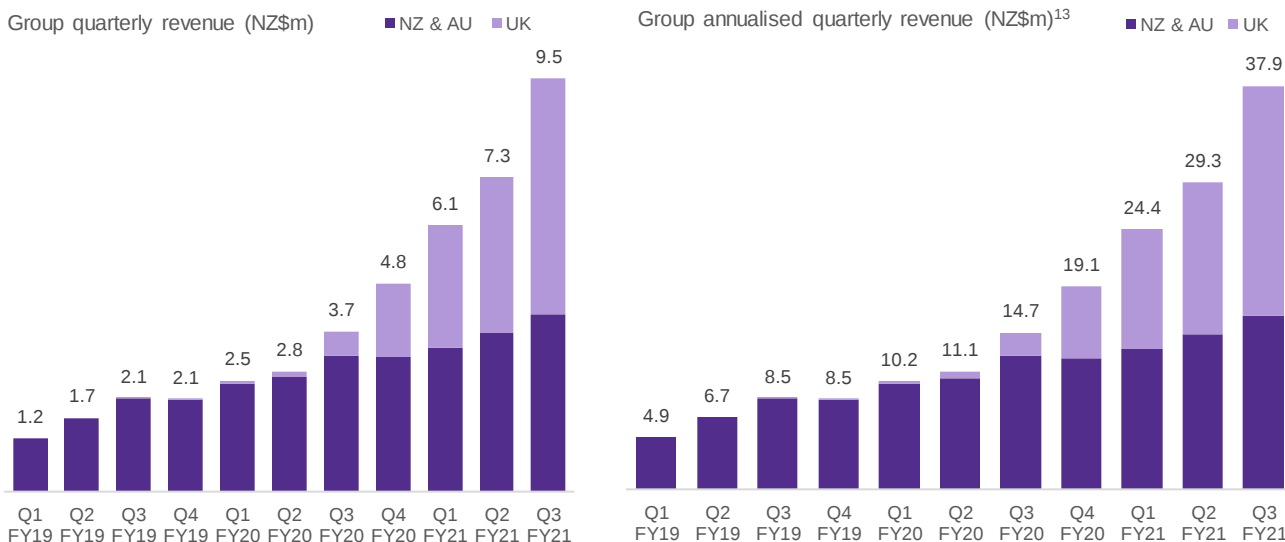
At the end of Q2 FY21, Laybuy launched its global partner programme, which is a set of strategic relationships and integrations with over 20 e-commerce platforms and agencies. Major global e-commerce platforms include BigCommerce, Shopify, Wix, nopCommerce, Aurora Commerce and others, offering Laybuy access to a broad range of merchants through a seamless integration process. As a result, on boarded merchant numbers accelerated in Q3 FY21 due to this programme, and we expect it to continue to drive strong merchant take up.

In Q3 FY21, increased purchasing frequency was seen across both the ANZ and the UK regions with Repeat Customers<sup>12</sup> increasing from 65% to 73% on PcP in ANZ, and 37% to 59% on PcP in the UK. Purchasing frequency in the UK is ahead of where NZ was at a similar maturity indicating the UK market's growing responsiveness to BNPL. Laybuy is seeing new customers start making their second and subsequent repeat purchases at a faster rate than previously, further indicating the strong affinity consumers have to the Laybuy platform and the increasing range of merchants available.

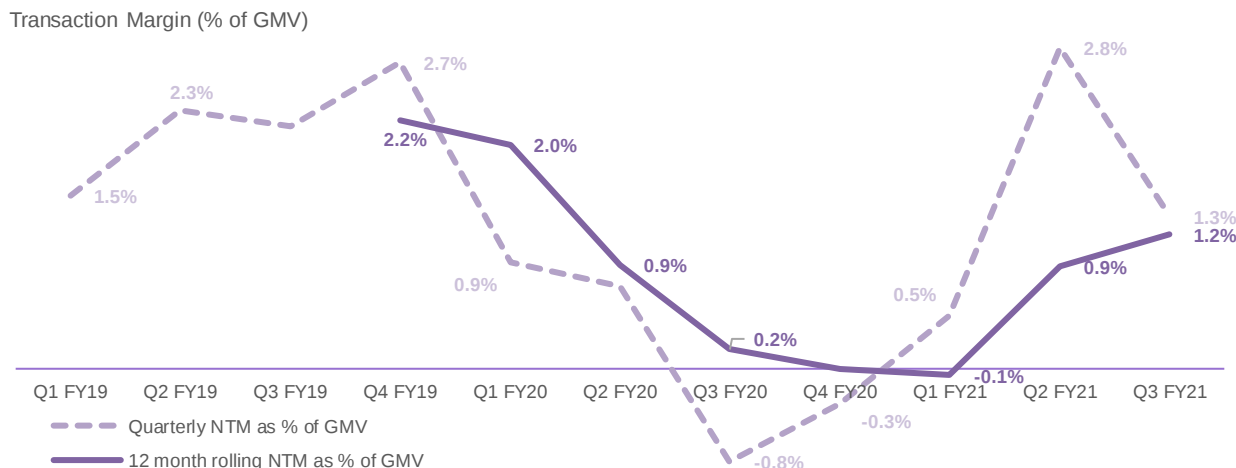
<sup>12</sup>. A customer who has made more than one purchase through the Laybuy platform within the 12 months prior to the end of the relevant period.

## Revenue and net transaction margin

The graphs below represent the Group's quarterly revenue from Q1 FY19 to Q3 FY21, as well as annualised revenue. Revenue of NZ\$9.5 million for Q3 FY21 increased across the group by 157% compared to PcP and 30% QoQ, due to increases in GMV volumes. Revenue for the 9 months ended 31 December 2020 reached NZ\$22.9 million (an increase of 154% on the prior comparable period for the 9 months ended 31 December 2019).



Net Transaction Margin (NTM) remained positive across all regions for the Q3 FY21 period. NTM for the quarter reduced to 1.3% of GMV, in line with expectations due to the increased customer acquisition in the UK and overall growth rates experienced by the business. On a rolling 12-month basis, NTM increased from 0.9% to 1.2% QoQ.



Credit performance (as reflected by Gross Losses as a % of GMV) across the group increased from 1.6% to 2.8% QoQ, reflecting the significant increase in new customers and the resulting GMV growth (119,000 additional active customers).

13. Annualised revenue is based on multiplying quarterly revenue by four.

Laybuy still offers customers the opportunity to defer instalment repayments as part of their hardship policy. This has impacted a very small number of customers, with less than 0.5% of Active Customers requesting access to the hardship policy.

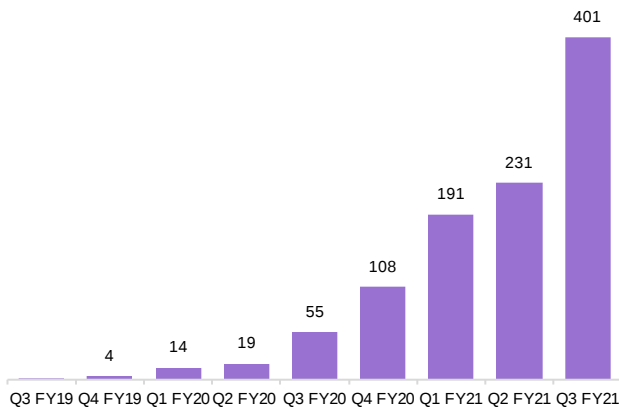
During the quarter, the UK went into a period of further lockdown activity in response to COVID-19. Overall gross losses as a percentage of GMV fell from 4.6% in Q3 FY20 to 2.8% in Q3 FY21 reflecting the higher repeat usage by customers and the higher contribution from newly active upmarket merchants in the UK. Historically, the merchant mix in the UK has been dominated by sportswear and fast fashion.

Transaction processing costs were down overall in the quarter at 1.0% vs 1.2% in Q2 FY21 as a % of GMV, reflective of increased GMV contribution from the UK vs ANZ. Due to the regulatory market, the UK has lower transactional costs than ANZ.

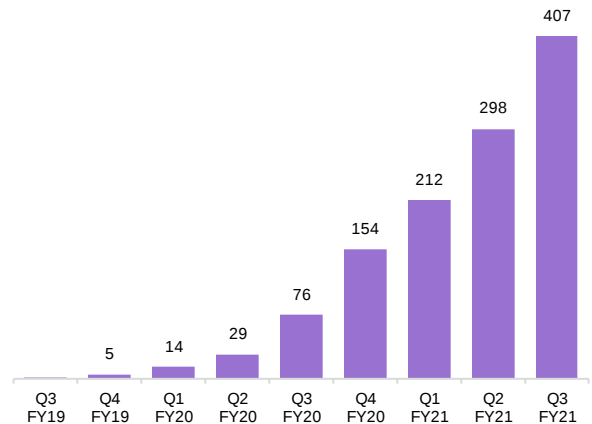
Merchant commission % was lower than Q2 FY21, due to the increasing contribution of GMV from the UK vs ANZ, where lower processing costs are passed on to merchants.

## Laybuy UK

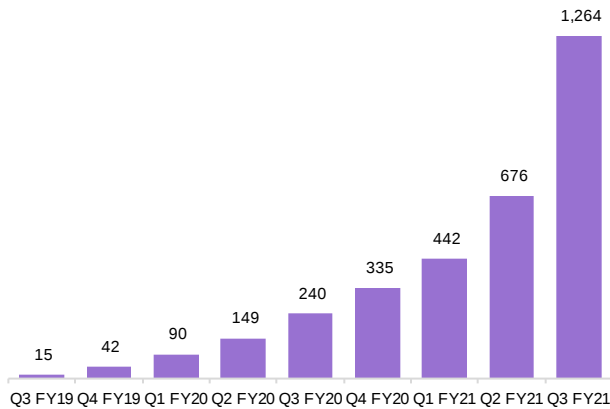
UK annualised GMV (\$NZm)<sup>14</sup>



UK active customers ('000)<sup>15</sup>



UK active merchants<sup>16</sup>



Key merchants



Laybuy UK experienced record growth in Active Customers and GMV, driven by increased customer demand, key initiatives launched and strong Black Friday and holidays season sales. GMV for the UK increased to a record NZ\$100 million in Q3 FY21, an annualised GMV of NZ\$401 million, representing a 74% increase on Q2 FY21 and 624% increase on Q3 FY20.

New upmarket homeware retailer, Wilko, was onboarded in Q3 and has been a strong contributor to UK's GMV growth. An additional 588 active merchants were onboarded as a part of Laybuy's strategy to target smaller merchants through partners and outbound marketing.

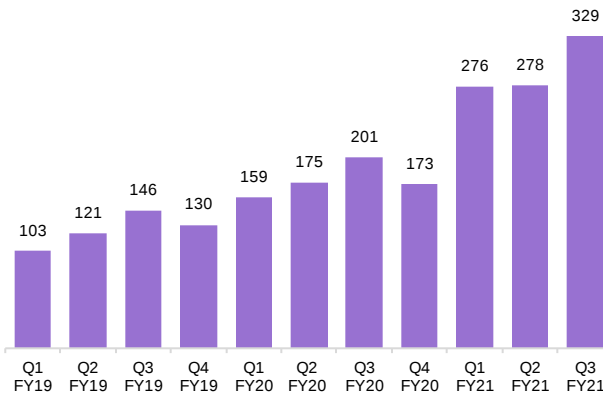
14. Annualised GMV is based on annualising the GMV for the relevant quarter

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

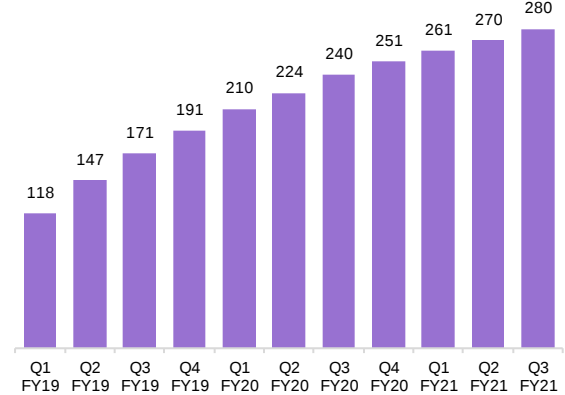
16. An 'Active merchant' is a Merchant who has received payment for a purchase through the Laybuy platform within the 12 months prior to the relevant period

## Laybuy ANZ

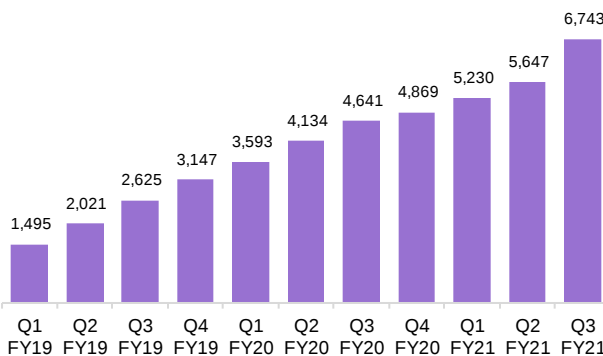
ANZ annualised GMV (NZ\$m)<sup>17</sup>



ANZ active customers ('000)<sup>18</sup>



ANZ active merchants<sup>19</sup>



Key merchants



Laybuy's ANZ business continues to see sustained growth with increased purchasing frequency, repeat customers and merchant acquisition. Key initiatives launched and strong Black Friday and holiday season sales resulted in record GMV for the ANZ region. GMV increased to NZ\$82 million in Q3 FY21, an annualised GMV of NZ\$329 million, representing an 18% increase on Q2 FY21 and 63% increase on Q3 FY20.

Laybuy anticipates that the next stage of growth in the ANZ market will come from new verticals e.g. health and ticketing, increasing in-store purchasing through the "Tap to Pay" product and increased frequency of purchasing by existing customers. In-store shopping increased from 18% of GMV in Q2 to 21% in Q3, compared to online.

<sup>17</sup>. Annualised GMV is based on annualising the GMV for the relevant quarter

<sup>18</sup>. An 'Active Customer' is a customer who has made a purchase through the Laybuy platform with the 12 months prior to the relevant period

<sup>19</sup>. 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

## Investing for growth

Laybuy continues to invest for future growth through marketing, people, product development and partnerships, as well as expanding its offering into the US.

Ensuring Laybuy has the right team and expertise is critical to its future success. Over the last nine months, key appointments have been made in Laybuy's risk & compliance, finance and technology teams to support business growth and new product development. Laybuy will continue to invest in growing its team with a focus on sales and business development in the UK.

As previously disclosed, Laybuy entered into a partnership with Mastercard Asia/Pacific Pte Ltd which enabled it to issue digital cards to Laybuy customers in New Zealand. This initiative was successfully launched into the New Zealand market during Q3 FY21.

Laybuy also formally engaged with major payments technology specialist, EML Payments, to bring a digital card to market in Australia and the UK. Issuing a digital card to Laybuy customers allows Laybuy to provide a fully functional "Tap to pay" BNPL offering anywhere that offers both contactless payment and BNPL. The product aims to transform the customer and merchant experience for in-store BNPL transactions. Using the digital card, customers will be able to bypass a number of the steps currently required for in-store transactions. The digital card went live in Australia and New Zealand in Q3 FY21, and expected to go live in the UK following the easing of COVID19 restrictions.

Key partnerships are expected to continue to assist Laybuy in growing consumer awareness of its platform, driving merchant acquisition and increasing revenue and transactional volumes in Laybuy's current markets and globally. Sponsorship agreements with major professional sporting clubs provide a unique opportunity for Laybuy, given their global brand and fan base of followers on social media and other channels. In all three territories in which Laybuy operates, it currently provides BNPL services to Arsenal FC's online store and is the official BNPL partner of Manchester United FC and Manchester City FC.

Laybuy US beta launched in Q3 FY21, with US customers able to buy from ANZ and UK merchants that ship to the US.

## Capital Management

Laybuy has in place two debt facilities which are used to support the customer loan book – A NZ\$20 million debt facility with Kiwibank to fund the New Zealand and Australian business, and a £80 million (~NZ\$151 million) debt facility with Victory Park Capital (VPC) to fund the UK business.

| Facility                   | Facility Limit | Drawn as at 31 Dec 2020 | Capacity <sup>20</sup> | Maturity |
|----------------------------|----------------|-------------------------|------------------------|----------|
| Kiwibank                   | NZ\$20.0m      | NZ\$8.1m                | NZ\$11.9m              | Dec-21   |
| Victory Park <sup>21</sup> | NZ\$151.0m     | NZ\$6.1m                | NZ\$144.9m             | Aug-25   |
| <b>Total</b>               |                |                         | <b>NZ\$156.8m</b>      |          |

20. Capacity is the difference between the facility limit and the drawn amount, and its availability is linked to the size of the receivables book

21. Using 0.5297 NZD / GBP FX rate

The receivables ledger grew QoQ by 59.8% (NZ\$23 million to NZ\$37 million). NZ\$29 million of the receivables book as at 31 December 2020 was funded by cash reserves of the company. Based on the receivables book as at 31 December 2020, NZ\$5.2 million was available to be drawn down. 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.

Based on average customer loan balances, Laybuy's loan book turned 6.1 times in Q3 FY21, which is equivalent to 24.4 times per annum (prior quarter was 5.3 and 21.0 times respectively).

### Cashflows

As of 31 December 2020, Laybuy had aggregate cash sources of NZ\$27.5 million, comprising NZ\$13.4 million of cash and cash equivalents, debt facilities of NZ\$5.2 million available to be drawn down based on the receivables ledger at this date, as well as NZ\$8.9 million of funds owed from payment processing providers settled after 31 December. This is a reduction of NZ\$18.3 million from September 2020 and is largely due to significant increase in the receivables book of NZ\$14 million from the growth in GMV above expectations in November and December 2020, combined with the subsequent timing of receipts from customers.

Receipts from customers and payments to merchants are driven by GMV volume, with payments to merchants made the day after the customer purchase transaction, and the receipts from customers being collected over 6 weekly payments with the first instalment paid on purchase date. Due to this timing difference, and the seasonality with strong GMV growth in the December quarter, there is a substantial increase in the receivable book as at 31 December 2020, which is collected across January and early February.

GMV from online sales continued to grow strongly over the last weeks of December largely as a result of the UK remaining in lockdown, compared to a usual slowdown normally experienced the last two weeks of December. Laybuy continued to manage its cash flow in the short term, with cash reserves being used where possible to optimise the funding requirements and minimising interest costs with cash funds available. The increased receivable balance will unwind in Q4 FY21 due to the seasonality of GMV, resulting in higher cash inflows over the March 2021 quarter. Laybuy expects the operating cash flow for the March 2021 quarter to be break-even based on the expected GMV levels for the quarter. Reflecting seasonality previously, the March 2020 quarter operating cash flow was positive NZ\$5.9m.

As of 26 January 2021, Laybuy had cash on hand of NZ\$19.3 million, an increase of NZ\$5.9 million from 31 December 2020 of NZ\$13.4 million.

### **Operating Activities**

Operating cashflows for Q3 FY21 was an outflow of NZ\$24.7 million as Laybuy continues to grow and scale its operations in the UK, combined with record sales in November and December across all regions, resulting in stronger outflow of payments to merchants compared to the 5-week instalment period offered by Laybuy (timing of payments and seasonality). Also, of note due to the timing of bank holidays and the settlement timing from Laybuy's payment provider, NZ\$8.9 million in cash receivables were pending settlement as at 31 December 2020 and are not included in cash balances for Q3 FY21.

Outflows to merchants were NZ\$139 million in Q3 FY21, an increase of 43% QoQ, compared to NZ\$128 million of receipts from customers, an increase of 29% QoQ, reflecting the increase in GMV across all the regions with strong sales in November and December and timing delay of payments.

Research and development costs totalled NZ\$0.5 million in Q3 FY21 compared to NZ\$0.6 million in Q2 FY21, representing both external and internal costs relating to 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 is being capitalised as an intangible asset and classified as Investing Activities.

Product manufacturing and operating costs includes all the variable transaction costs for Laybuy was NZ\$3.8 million for Q3 FY21, up from NZ\$2.6 million in Q2 FY21 as a result of the growth in GMV.

Advertising and marketing spend totalled NZ\$3.0 million for Q3 FY21, down from NZ\$4.8 million in Q2 FY21, as a result of lower merchant onboarding costs.

Staffing costs were NZ\$3.2 million for Q3 FY21, up from NZ\$2.0 million and includes investment in UK sales and marketing staff as well as staff increases in marketing, finance, risk and compliance and technology. A total of NZ\$0.3 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\$0.2 million by way of fees payable to non-executive directors.

Administrative and corporate costs are made up of legal and accounting fees, third party subscription licenses, insurances, listing costs and general corporate overheads. Cash outflows were NZ\$ 2.8 million for Q3 FY21 compared to NZ\$ 3.3 million in Q2 FY21, largely driven by insurance premiums, legal fees, recruitment costs, audit fees and the timing of GST. Q2 FY21 included costs in relation to the IPO. Directors fees of NZ\$0.2 million which are included in section 6.1 below were paid in Q3 FY21.

### **Investing Activities**

Investing Activities relates predominately to the development of the Mastercard "Tap to pay" solution. The value of total capitalised in Q3 FY21 was NZ\$ 0.5 million, compared to NZ\$0.8 million in Q2 FY21.

### **Financing Activities**

Financing activities increased by NZ\$8.6 million as a result of drawdowns on both debt facilities, taking the total drawn down amount to NZ\$14.2 million. An additional NZ\$5.2 million is available to be drawn based on the current receivables book as at 31 December 2020. The total facility size of NZ\$156.8 million becomes available as the receivables book increases.

### **Outlook**

Laybuy continues to focus on growing its presence in New Zealand, Australia and in particular the UK. With the launch of several key initiatives including the partner programme, “Tap to Pay” and a collaboration with Prezzy to launch the Laybuy Gift Card store, Laybuy remains confident of continued strong growth in Q4 FY21 of both merchants and customers. Laybuy will continue to optimise the funding of its receivable book through cash reserves and debt facilities throughout Q4 FY21 and into FY22.

On-line sales will continue to dominate in the UK, while the COVID-19 restrictions are in place, and Laybuy waits to launch the “Tap to Pay” solution in this market when restrictions ease to drive instore sales.

During Q4 FY21, Laybuy expects to continue its momentum into the US market following its soft launch in Q3 FY21 with US customers being able to transact on the platform with UK and ANZ based merchants that currently ship to the US via Laybuy US.

### **Zoom webinar**

A Zoom webinar will be held **28 January 2021 at 12:00 (AEST)/ 14:00 (NZT)** by Gary Rohloff (CEO and Managing Director) and Katrina Kirkcaldie (Chief Financial Officer) to discuss the Q3 Business Update. Please click this URL to join <https://us02web.zoom.us/j/88348327827>. Or join by phone using meeting ID 883 4832 7827. International numbers available at the following link: <https://us02web.zoom.us/j/kimegAdA>

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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 8,000 retail merchants. Laybuy is available in New Zealand, Australia, the UK and the USA. 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](http://laybuyinvestors.com).

## Use of Funds

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

The 115 days ended 31 December 2020 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 31 December 2020 is outlined below:

| Sources of proceeds                                                        | (A\$ '000)    | (NZ\$ '000)   | % of funds raised |
|----------------------------------------------------------------------------|---------------|---------------|-------------------|
| Cash proceeds received from issue of Shares by the Company under the Offer | 40,000        | 42,621        | 50%               |
| Cash proceeds received from sale of Shares by SaleCo under the Offer       | 40,000        | 42,621        | 50%               |
| <b>Total</b>                                                               | <b>80,000</b> | <b>85,242</b> | <b>100%</b>       |

| Use of proceeds                                               | As per the Prospectus<br>(A\$ '000) | (NZ\$ '000)   | Period ended<br>31 December<br>2020 (NZ\$ '000) |
|---------------------------------------------------------------|-------------------------------------|---------------|-------------------------------------------------|
| 1. Payment of proceeds by SaleCo to Selling Shareholders      | 40,000                              | 42,621        | 43,436                                          |
| 2. Funding and support for growth in the UK receivables book  | 18,200                              | 19,393        | 10,453                                          |
| 3. Sales and marketing in the UK (for merchant and consumers) | 7,700                               | 8,205         | 3,059                                           |
| 4. Staffing to support the growth of the business in the UK   | 3,300                               | 3,516         | 766                                             |
| 5. Costs of the Offer                                         | 5,258                               | 5,603         | 5,974                                           |
| 6. Other working capital                                      | 5,542                               | 5,904         | 1,037                                           |
| <b>Total</b>                                                  | <b>80,000</b>                       | <b>85,242</b> | <b>64,725</b>                                   |

- (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\$9.5 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\$3 million have been made in respect of the UK market. The use of funds is on track and in accordance with plans.
- (4) Staffing to support the growth of the business in the UK, during the period since listing additional resourcing has been employed in the areas of sales and marketing. The use of funds is on track and in accordance with plans.

- (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 of NZ\$1 million have been incurred during the period. These relate to additional people costs in human resources, customer service, development and within the financial reporting and analytics teams, NZ\$0.1 million. Other costs include accounting and professional fees incurred as a result of being listed, NZ\$0.6 million and NZ\$0.3 million in respect of merchant marketing incentives paid to Australasian merchants.

**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 2020

| <b>Consolidated statement of cash flows</b> |                                                       | <b>Current quarter<br/>NZ\$'000</b> | <b>Year to date (9<br/>months)<br/>NZ\$'000</b> |
|---------------------------------------------|-------------------------------------------------------|-------------------------------------|-------------------------------------------------|
| <b>1.</b>                                   | <b>Cash flows from operating activities</b>           |                                     |                                                 |
| 1.1                                         | Receipts from customers                               | 127,885                             | 314,308                                         |
| 1.2                                         | Payments for                                          |                                     |                                                 |
|                                             | (a) research and development                          | (546)                               | (1,426)                                         |
|                                             | (b) product manufacturing and operating costs         | (3,841)                             | (8,731)                                         |
|                                             | (c) advertising and marketing                         | (2,979)                             | (8,274)                                         |
|                                             | (d) leased assets                                     | (173)                               | (447)                                           |
|                                             | (e) staff costs                                       | (3,162)                             | (6,855)                                         |
|                                             | (f) administration and corporate costs                | (2,772)                             | (6,492)                                         |
| 1.3                                         | Dividends received (see note 3)                       | -                                   | -                                               |
| 1.4                                         | Interest received                                     | -                                   | -                                               |
| 1.5                                         | Interest and other costs of finance paid              | (112)                               | (451)                                           |
| 1.6                                         | Income taxes paid                                     | (17)                                | (307)                                           |
| 1.7                                         | Government grants and tax incentives                  | 107                                 | 107                                             |
| 1.8                                         | Other (payments to merchants)                         | (139,092)                           | (327,034)                                       |
| <b>1.9</b>                                  | <b>Net cash from / (used in) operating activities</b> | <b>(24,702)</b>                     | <b>(45,602)</b>                                 |

| <b>Consolidated statement of cash flows<br/>(continued)</b>                     | <b>Current quarter<br/>NZ\$'000</b> | <b>Year to date (9<br/>months)<br/>NZ\$'000</b> |
|---------------------------------------------------------------------------------|-------------------------------------|-------------------------------------------------|
| <b>2. Cash flows from investing activities</b>                                  |                                     |                                                 |
| 2.1 Payments to acquire or for:                                                 |                                     |                                                 |
| (a) entities                                                                    | -                                   | -                                               |
| (b) businesses                                                                  | -                                   | -                                               |
| (c) property, plant and equipment                                               | (35)                                | (92)                                            |
| (d) investments                                                                 | -                                   | -                                               |
| (e) intellectual property                                                       | -                                   | -                                               |
| (f) other non-current assets (payments for<br>development of intangible assets) | (568)                               | (1,643)                                         |
| 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)                                         | -                                   | -                                               |
| <b>2.6 Net cash from / (used in) investing activities</b>                       | <b>(603)</b>                        | <b>(1,735)</b>                                  |

|                                                                                                |       |         |
|------------------------------------------------------------------------------------------------|-------|---------|
| <b>3. Cash flows from financing activities</b>                                                 |       |         |
| 3.1 Proceeds from issues of equity securities<br>(excluding convertible debt securities)       | -     | 86,872  |
| 3.2 Proceeds from issue of convertible debt<br>securities                                      | -     | 11,343  |
| 3.3 Proceeds from exercise of options                                                          | -     | -       |
| 3.4 Transaction costs related to issues of equity<br>securities or convertible debt securities | (683) | (7,816) |
| 3.5 Proceeds from borrowings                                                                   | 9,339 | 22,761  |

| <b>Consolidated statement of cash flows (continued)</b> |                                                                   | <b>Current quarter<br/>NZ\$'000</b> | <b>Year to date (9 months)<br/>NZ\$'000</b> |
|---------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------|---------------------------------------------|
| 3.6                                                     | Repayment of borrowings                                           | -                                   | (14,525)                                    |
| 3.7                                                     | Transaction costs related to loans and borrowings                 | -                                   | (1,984)                                     |
| 3.8                                                     | Dividends paid                                                    | -                                   | -                                           |
| 3.9a                                                    | Other (payment to original shareholders from sell down of shares) | -                                   | (43,436)                                    |
| 3.9b                                                    | Other (payments for lease liabilities)                            | (54)                                | (160)                                       |
| <b>3.10</b>                                             | <b>Net cash from / (used in) financing activities</b>             | <b>8,602</b>                        | <b>53,055</b>                               |

|            |                                                                              |               |               |
|------------|------------------------------------------------------------------------------|---------------|---------------|
| <b>4.</b>  | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |               |               |
| 4.1        | Cash and cash equivalents at beginning of period                             | 31,766        | 9,856         |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | (24,702)      | (45,602)      |
| 4.3        | Net cash from / (used in) investing activities (item 2.6 above)              | (603)         | (1,735)       |
| 4.4        | Net cash from / (used in) financing activities (item 3.10 above)             | 8,602         | 53,055        |
| 4.5        | Effect of movement in exchange rates on cash held                            | (1,643)       | (2,154)       |
| <b>4.6</b> | <b>Cash and cash equivalents at end of period</b>                            | <b>13,420</b> | <b>13,420</b> |

|            |                                                                                                                                                                          |                                     |                                      |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------|
| <b>5.</b>  | <b>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</b> | <b>Current quarter<br/>NZ\$'000</b> | <b>Previous quarter<br/>NZ\$'000</b> |
| 5.1        | Bank balances                                                                                                                                                            | 13,420                              | 31,766                               |
| 5.2        | Call deposits                                                                                                                                                            | -                                   | -                                    |
| 5.3        | Bank overdrafts                                                                                                                                                          | -                                   | -                                    |
| 5.4        | Other (provide details)                                                                                                                                                  | -                                   | -                                    |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                                                                         | <b>13,420</b>                       | <b>31,766</b>                        |

| 6. Payments to related parties of the entity and their associates                                                                                               | Current quarter<br>NZ\$'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1                                                                     | 288                         |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2                                                                     | -                           |
| <i>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.</i> |                             |

| 7.  | Financing facilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Total facility amount at quarter end<br>NZ\$'000 | Amount drawn at quarter end<br>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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 171,029                                          | 14,254                                  |
| 7.2 | Credit standby arrangements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                                                | -                                       |
| 7.3 | Other (please specify)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -                                                | -                                       |
| 7.4 | <b>Total financing facilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>171,029</b>                                   | <b>14,254</b>                           |
| 7.5 | <b>Unused financing facilities available at quarter end</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>14,077</b>                                    |                                         |
| 7.6 | 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>Laybuy has in place two debt facilities which are used to support the customer loan book. A NZ\$20 million debt facility with Kiwibank to fund Laybuy New Zealand and Australia and a £80 million (~NZ\$156 million) debt facility with Victory Park Capital (VPC) to fund the UK business.</p> <p>The Kiwibank facility is secured against the New Zealand and Australian receivables ledgers. The interest rate for the quarter was between 4.07%-3.50% and YTD was 5.55%-3.50%. The facility matures in December 2021. The drawn down balance at 31 December 2020 was NZ\$8.1 million.</p> |                                                  |                                         |

The VPC facility is secured against the UK receivables ledger. The interest rate for the quarter was 12.25%. The initial draw down of £2.5 million was made on 28 of August 2020, with additional drawdowns occurring during December totalling £750,000. The total drawn facility at 31 December was NZ\$6.1 million. The facility matures 5 years from the initial draw, on 28 August 2025.

As of 31 December, the total unused facilities available to be drawn down was NZ\$5.2 million, based on the consumer receivables balances. As the business grows and the receivable book increases, additional funding becomes available, subject to the total financing facility limits.

In addition, Laybuy had funds of NZ\$8.9 million in transit from payment processing providers. These funds have been received post 31 December. Therefore, with the inclusion of these funds, total funds available at 31 December was NZ\$14.1 million.

| 8. Estimated cash available for future operating activities                | \$NZ\$'000 |
|----------------------------------------------------------------------------|------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9)              | (24,702)   |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)                    | 13,420     |
| 8.3 Unused finance facilities available at quarter end (item 7.5)          | 14,077     |
| 8.4 Total available funding (item 8.2 + item 8.3)                          | 27,497     |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 1.11       |

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: No, Laybuy does not expect to have the same level of net operating cash outflows as the December 2020 quarter. Laybuy experienced exceptional GMV growth in November and this momentum continued into December 2020. The receivables book significantly increased QoQ from NZ\$23 million to NZ\$37 million, resulting in NZ\$13.8 million of operating cash flows funding these additional receivables. The seasonal spike in Q3 receivables is collected in Q4. Laybuy has also received the surplus funds in transit from its payment processor following the end of the quarter.

Based on the current business, Laybuy expects the cash outflows in the upcoming quarter to be substantially less than the December 2020 quarter, and expects the operating cash flows to break-even for the quarter. Reflecting seasonality previously, the March 2020 quarter operating cash flow was positive NZ\$5.9m.

As at 26 January 2021, the cash on hand had increased to NZ\$19.3 million, an increase of NZ\$5.9 million from 31 December 2020 of NZ\$13.4 million.

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: No.

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, based on the anticipated reduction in cash outflows and access to existing funding facilities.

*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.*

## 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 January 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.