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ASX ANNOUNCEMENT (ASX: LBY)

22 October 2020

Laybuy Quarterly Business Update and Appendix 4C

Laybuy Group Holdings Limited (Laybuy) is pleased to provide its first quarterly business update and Appendix 4C for the three months ended 30 September 2020 (Q2 FY21) since its Initial Public Offering (IPO) in September 2020.

All numbers are stated in New Zealand dollars (NZ$) and relate to the three months ended 30 September 2020 (Q2 FY21) and comparisons relate to the three months ended 30 September 2019 (Q2 FY20 or PcP) or the three months ended 30 June 2020 (Q1 FY21 or QoQ), unless stated otherwise.

Highlights

- Gross merchandise value (GMV) of NZ$127.1 million; annualised[1] GMV of NZ$508.4m[2] (up 162% on PcP)
- Net Transaction Margin[3] continues to improve, increasing by ~432% to 2.3% of GMV for Q2 FY21 from 0.5% of GMV for Q1 FY21
- Active Merchants[4] totalled 6,323 (up 48% on PcP)
- Active Merchants in the UK increased 354% (up 527 PcP)
- Active Customers[5] totalled 568,000, an uplift of ~95,000 QoQ, reflecting strong growth in both the ANZ (Australia and New Zealand) and United Kingdom (UK) regions
- Active Customers in the UK increased 916% (up 269,000 PcP)
- Customer defaults declined by ~32% to 2.1% of GMV for Q2 FY21 (reduced from 3.4% in Q1 FY21)
- Launched global partner program with major eCommerce platforms including, Big Commerce, Shopify, Wix, nopCommerce and Aurora Commerce to accelerate merchant adoption of Laybuy platform in Q3 FY21
- As well as the existing partnership with Mastercard, signed formal agreement with EML Payments to roll out a digital card to allow a fully functional 'tap and go' BNPL offering aimed at improved in-store experience and quicker more seamless transacting
- Successfully listed on the ASX raising A$80 million in the IPO (A$40 million through the issue of new shares and an A$40 million sell down by existing shareholders)
- Increased debt facilities to NZ$176m (NZ$20 million from Kiwibank and ~NZ$156m from Victory Park Capital) – this together with the new capital of A$40 million, has provided Laybuy with significant capacity for GMV growth

Managing Director Gary Rohloff said "Laybuy's goal is to create a ubiquitous global brand. During the last quarter, we secured debt facilities totalling NZ$176 million and through our IPO raised some A$40 million of new equity that will support this goal and underpin significant GMV and revenue growth going forward. We are pleased to report strong growth in all key metrics in our first quarterly business update since listing. The continued positive momentum across our markets demonstrates the appeal to consumers and merchants of the strength of Laybuy's differentiated offering and the growing awareness of the Laybuy brand."

1. Annualised GMV is calculated by multiplying the actual GMV for Q2 FY21 by four
2. GBP and AUD denominated GMV have been converted to NZD at the average historical exchange rates for the September 2020 quarter.
3. Measured as revenue less cost of services provided, less receivables impairment expense.
4. Merchants who have received payment for a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period.
5. Customers who have made a purchase through the Laybuy platform within the 12 months prior to the end of the relevant period.

Laybuy Group Holdings Limited | ARBN 642 138 476
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Laybuy.com

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Key Operational Metrics

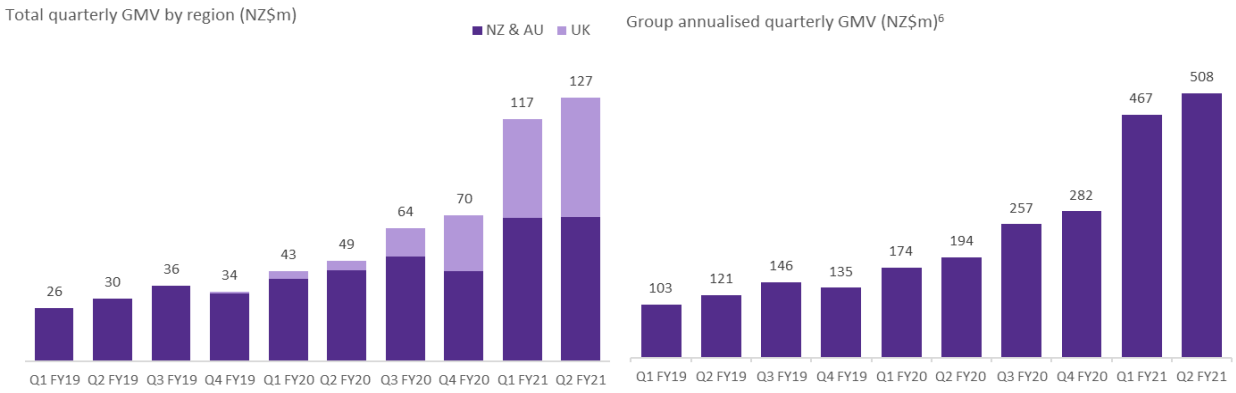
The table below presents the Laybuy group's (the Group's) key operational metrics for Q2 FY21 as well as Q1 FY21 and Q2 FY20, which have been prepared based on unaudited management information.

$NZ	Q2 FY21	Q1 FY21 (QoQ)	Q2 FY20 (PcP)	% increase on Q1 FY21 (QoQ)	% increase on Q2 FY20 (PcP)
GMV	$127m	$117m	$49m	9%	162%
Annualised GMV	$508m	$467m	$194m		
Revenue	$7.3m	$6.1m	$2.8m	21%	166%
Annualised revenue	$29.3m	$24.2m	$11.0m		
Gross Losses	(2.7m)	(4.0m)	(1.5m)	(32%)	86%
Gross Losses as a % of GMV	(2.1%)	(3.4%)	(3.0%)		
Net transaction margin	$3.0m	$0.6m	$0.3m	432%	779%
Net transaction margin % of GMV	2.3%	0.5%	0.7%	2%	2%
Active Customers	568,000	473,000	253,000	20%	125%
Active Merchants	6,323	5,672	4,283	11%	48%

Gross losses relates to consumer bad debt, fraud and provisioning for future impairment losses, net of recoveries from debt collections.

GMV

The graphs below present the Group's actual and annualised GMV figures for each quarter from Q1 FY19 to Q2 FY21.



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Laybuy has seen continued strong performance in all its key operational metrics in Q2 FY20. The Group's GMV for Q2 FY20 was NZ$127.1 million, with annualised GMV increasing by 162% on PcP to NZ$508 million. The UK contributed significantly to this uplift with annualised UK GMV increasing from NZ$19 million in Q2 FY20 to NZ$231 million in Q2 FY21.

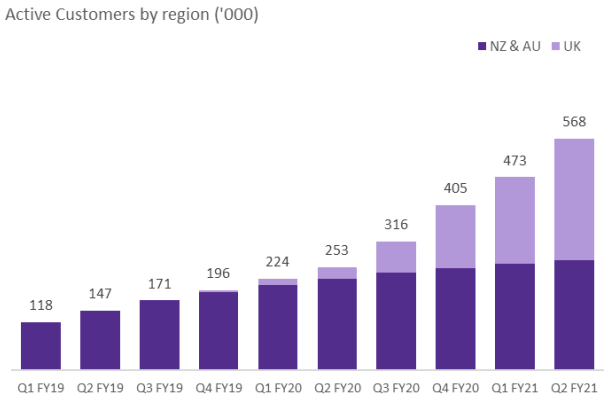
6. Annualised GMV is based on annualising the GMV for the relevant quarter.

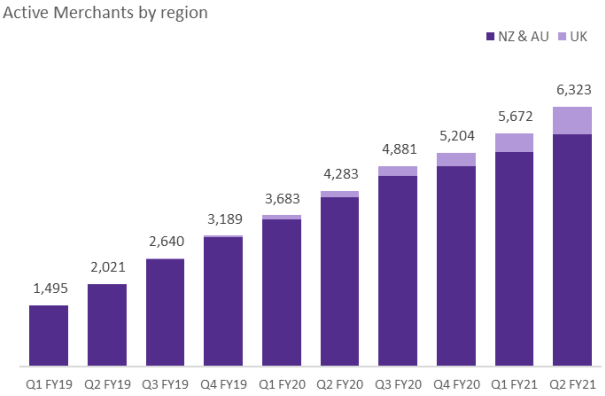
Significant PcP GMV growth was seen in health and beauty (313% increase), electronics, (320% increase) and mixed gender clothes (which includes sports apparel, saw an 183% increase), the only sector which experienced a decrease in GMV was travel, which saw a decline of 51% due to the impacts of COVID-19.

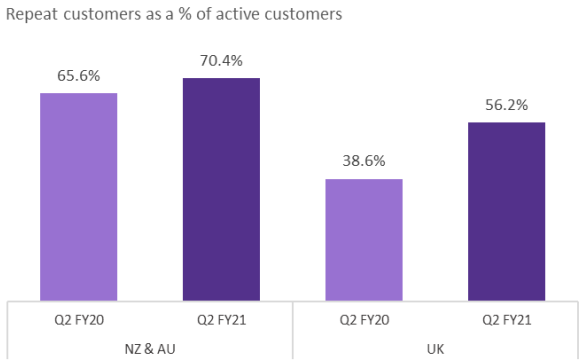
Not surprisingly, COVID-19 restrictions have accelerated a shift from instore to online purchases. Laybuy expects that instore GMV will increase with the launch of Laybuy's digital card product (further details under the heading, 'Investing for growth' below).

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 customers' repeat purchasing and purchasing frequency trends.







Laybuy's Active Customers increased to 568,000 in Q2 FY21, an uplift of 95,000 (20%) QoQ and 315,000 (125%) on PcP. Impressive growth was seen across both the ANZ (Active Customers increased 21% from PcP to 270,000) and UK (Active Customers increased 916% from PcP to 297,700) regions. Active Merchants at the end of August totalled 6,323 (48% growth compared to PcP), Merchants in the UK increased by 527 compared to PcP an increase of 354%.

The increase in GMV and customers was driven by the onboarding of large merchants and increased smaller merchants through Laybuy's inbound marketing strategies. The merchant fee for new retailers added to the Group in Q2 FY21, is on average >5% of GMV, which is significantly higher than the average merchant fee of ~4% historically derived by Laybuy, due to a large number of small merchants onboarded through the inbound marketing strategy.

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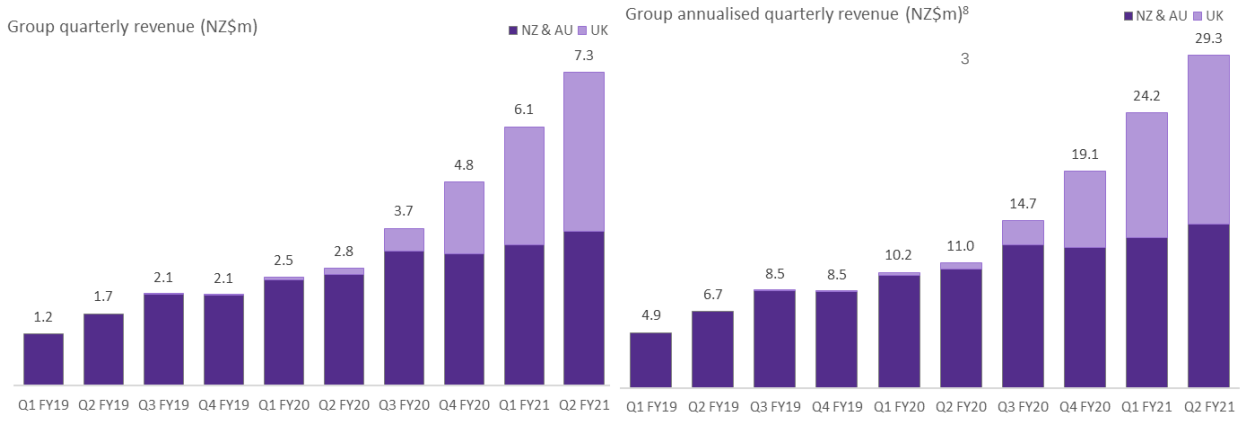
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At the end of September, Laybuy launched its global partner programme, which is a set of strategic relationships and integrations with over 20 e-commerce platforms and agencies. Major global e-commerce platforms confirmed to be part of Laybuy's partner programme at launch include BigCommerce, Shopify, Wix, nopCommerce, Aurora Commerce and others. These partnerships offer Laybuy access to a broad range of merchants through a seamless integration process. As a result, Laybuy anticipates that merchant numbers will accelerate in Q3 FY21 due to this programme.

In Q2 FY21, increased purchasing frequency was seen across both the ANZ and the UK regions with Repeat Customers[7] increasing from 66% of Active Customers in Q2 FY20 to 70% of Active Customers in ANZ, and 39% to 56% 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.

Revenue and net transaction margin

The graphs below present the Group's quarterly revenue from Q1 FY19 to Q2 FY21, as well as annualised quarterly revenue for the same periods.



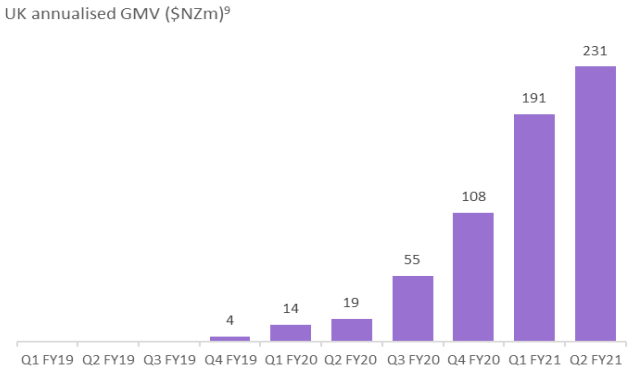
7. A customer who has made more than one purchase through the Laybuy platform within the 12 months prior to the end of the relevant period.
8. Annualised revenue is based on multiplying quarterly revenue by four.

Revenue increased across the group by 166% compared to PcP and 21% QoQ, due to increases in GMV. The increased purchasing frequency and better fraud management technology has resulted in a reduction in credit losses. Gross loss as a percentage of GMV has fallen from 3.4% in Q1 FY21 to 2.1% in Q2. Net transaction margin has significantly increased from 0.5% to 2.3% over the quarter. The increase in net transaction margin is largely due to reduced credit losses and to a lesser extent higher merchant commissions and lower funding costs.

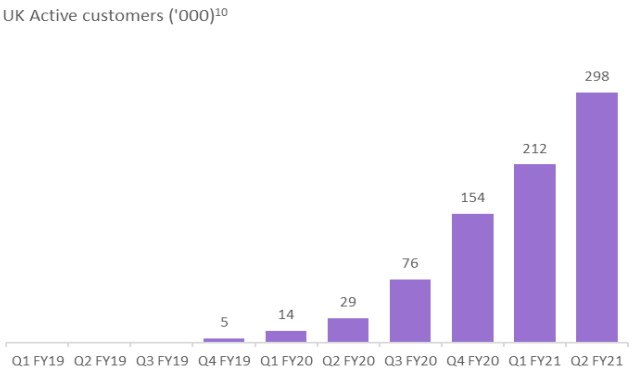
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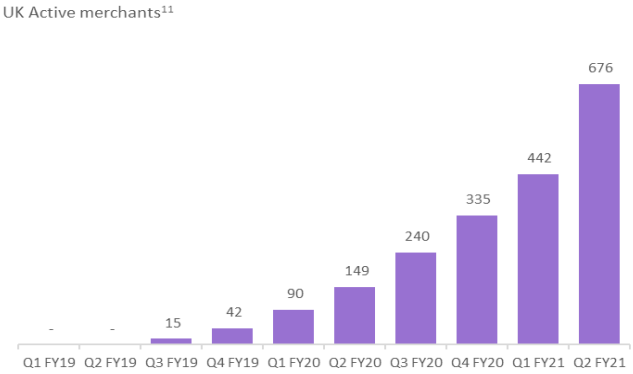
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Laybuy UK









Laybuy's UK business continues to record significant increases in GMV, Active Customers and Active Merchants.

GMV for the UK was NZ$57.6 million in Q2 FY21, meaning annualised GMV for the UK was NZ$231 million, representing a 21% increase on Q1 FY21. This significant growth was driven by larger merchants being added in Q4 FY20 including JD Sports, Boohoo and The Hutt Group, and in FY21 the addition of a number of small and medium merchants as a part of Laybuy's 'breadth strategy'. The breadth strategy is a plan to target smaller merchants through partners and outbound marketing. These merchants tend to be faster to onboard and attract higher merchant fees.

Active Customers increased 916% PcP (297,700 from 29,300 in Q2 FY20), and of these Active Customers 56% were Repeat Customers compared to 39% in Q2 FY20, reflecting the quick adoption of the Laybuy's BNPL product by the UK market.

The UK started to deliver positive Net Transaction Margin ahead of expectations. This was driven by the increase in Repeat Customers and improved credit performance.

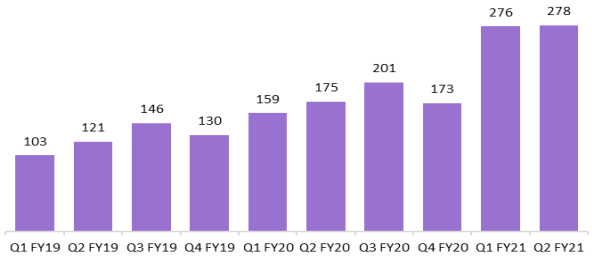
Laybuy is continuing to target smaller merchants, which have a lower cost of acquisition, lesser onboarding needs and attract higher merchant fees. Laybuy has a strong pipeline of medium and large merchants which are due to go live with Laybuy before Christmas.

9 Annualised GMV is based on annualising the GMV for the relevant quarter
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

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Laybuy ANZ

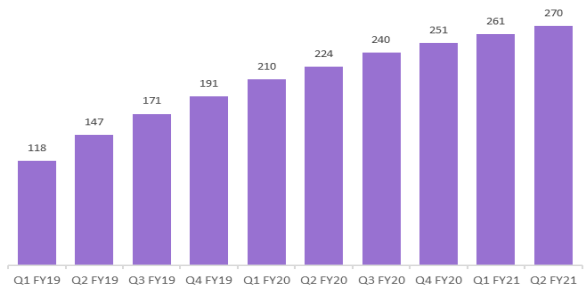
ANZ annualised GMV (NZ$m)[12]



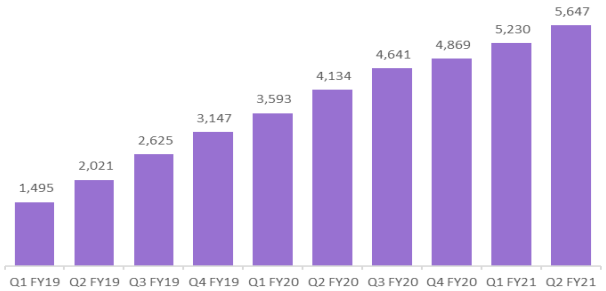
Key Merchants

mix&match. boohoo COTTON ON GROUP BRISCOES HOMEWARE Exotica GrabOne GLASSONS PBTECH REBEL SPORT

ANZ active customers ('000)[13]



ANZ active merchants[14]



Laybuy's New Zealand and Australian (ANZ) business continues to see sustained growth with increased purchasing frequency, Repeat Customers and Repeat Merchants. In Q2 FY21, GMV for the ANZ region was $69.5 million. Annualised GMV for ANZ increased by 59% from the PcP to $277.6 million, however was flat compared to the prior quarter, reflecting a strong Q1 FY21 with significant growth due to the addition of new merchants (including Briscoes, Rebel Sport and Cotton On) and the effects of COVID-19 and the shift to online purchasing.

Repeat Customers increased from 66% to 70% of Active Customers in Q2 FY21 compared to PcP. New Zealand being a more mature market has higher repeat purchasing compared to Australia which is still adding significant numbers of new customers compared to New Zealand.

During Q2 FY21, the ANZ business has added Animates, General Pants Co, Lego Store and Retail Apparel Group as retail merchants. 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 and go' product (see 'Investing for growth' below) and increased frequency of purchasing by existing customers (customers who signed up to Laybuy in 2017 are making 17.5 purchases per year on average).

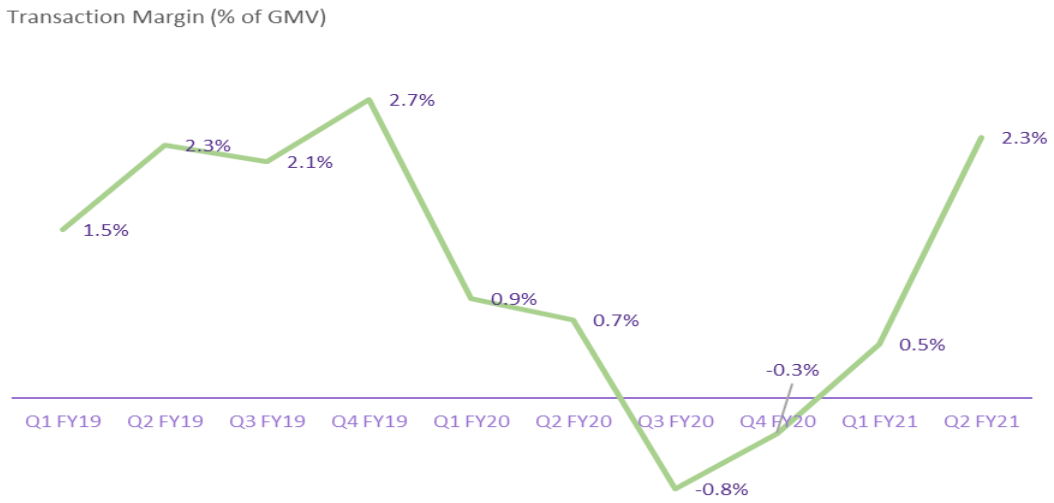
12. Annualised GMV is based on annualising the GMV for the relevant quarter
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14. An 'Active merchant' is a Merchant who has received payment for a purchase through the Laybuy platform within the 12 months prior to the relevant period

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Credit Performance

Net Transaction Margin was more favourable in Q2 FY21 than had been initially expected, at 2.3% of GMV. The improvement resulted from increased average merchant fees and a reduction in gross losses on customer receivables.

Credit performance across all three regions continued to improve. The impairment expense as a percentage of underlying sales improved from 3.4% in Q1 FY21 to 2.1% in Q2 FY21 due to increased repeat customer usage and reductions in levels of fraud and consumer defaults. The significant improvement in credit performance has seen a strong improvement in NTM illustrated by NTM return to pre-UK expansion levels, as illustrated by the graph below.



Investing for growth

Laybuy continues to invest for future growth. In this quarter Laybuy heavily invested in marketing, people, product development and partnerships.

Ensuring Laybuy has the right team and expertise is critical to its future success. Over the last six 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.

Laybuy has entered into a partnership with Mastercard Asia/Pacific Pte Ltd which will enable it to issue digital cards to Laybuy customers in New Zealand. In Q2 FY21, Laybuy also formally engaged 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 will allow Laybuy to provide a fully functional 'tap and go' BNPL offering anywhere that offers both contactless payment and Laybuy. 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. It is anticipated that the digital card will be live in all three territories before Christmas.

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Key partnerships are expected to assist Laybuy to grow awareness of the platform, drive customer acquisition and increase revenue and transactional volumes in Laybuy's current markets and globally. Partnerships with major professional sporting clubs provide a unique opportunity, 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.

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$156 million) debt facility with Victory Park Capital (VPC) to fund the UK business.

Facility	Facility Limit	Drawn as at 30 September 20	Capacity	Maturity
Kiwibank	NZ$20.0m	NZ$0.1m	NZ$20.0m	Dec-21
Victory Park[15]	NZ$156.9m	NZ$4.9m	NZ$152.0m	Aug-25
Total			NZ$172.0m	

Approximately $8.8 million of the cash received from the IPO was used to repay the Kiwibank facility, however as the Kiwibank facility is a 'revolving' these funds are still available to Laybuy and will not prevent Laybuy from using these funds for growth or other working capital requirements.

Based on average customer loan balances, Laybuy's loan book turned 5.26 times in Q2 FY21, which is equivalent to 21 times per annum.

Laybuy's debt facilities, together with the $31.8 million cash available as of 30 September 2020, provide Laybuy with significant capacity for GMV growth.

Cashflows

As of 30 September, Laybuy had NZ$31.8 million of cash and available debt facilities of NZ$8.9 million available to be drawn down based on the receivable's ledger at this date. This is up QoQ where the cash balance was NZ$4.8 million. The increase in cash balances was due to the equity raises, both from the July convertible note offer and the IPO raise in early September. Laybuy has total debt facilities of NZ$176 million of which NZ$4.9 million was drawn at quarter end.

Operating Activities

Operating cashflows for the September quarter were negative as Laybuy continues to grow and scale its operations in the UK. During the period NZ$618k in both external and internal costs were incurred in respect of research and development costs relating to the core Laybuy platform, this is up QoQ by NZ$358k. Expenditure includes salary/contractor costs and related technology costs. This does not include time in respect of the Mastercard product which is being capitalised as an intangible asset and classified as Investing Activities.

Receipts from customers are up 14% QoQ reflecting the increase in GMV across all the regions, Cash outflows to merchants are only up 7% due to the differences in the settlement of funds

15. Using 0.5098 NZD / GBP FX rate

Product manufacturing and operating costs includes all the variable transaction costs for Laybuy and are up QoQ by 9%.

Advertising and marketing are up QoQ by NZ$4.3 million, with increased expenditure in marketing in the UK, largely driven by B2B marketing with merchants.

Staffing costs have increased because of investment in UK sales and marketing staff as well as staff increases in marketing, risk and compliance and technology. A total of NZ$403k was paid to related parties and their associates comprising $392k by way of salary and wages and any variable compensation payable under their terms of employment and a further $11k by way of fees payable to non-executive directors. The employees include related party employees of the Directors/Shareholders.

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 increased by $2.8 million QoQ largely driven by insurance premiums, legal fees, ASX listing fees and the timing of GST – being a payable as at the end of the June quarter. Directors fees of NZ$11.5K which are included in section 6.1 below were paid in the quarter ended 30 September.

Investing Activities

Investing Activities relates predominately to the development of the Mastercard tap and go solution. The value capitalised in the September quarter was up NZ$530k on the prior quarter.

Financing Activities

NZ$98.2 million was raised in the September quarter from both an IPO and the pre-IPO convertible note raise in July, of which NZ$43.4 million was paid out to existing shareholders as a result of the sell down in their equity interests. The cash cost of both these equity raises was NZ$7.1 million.

Investing for growth has meant Laybuy has incurred one-off costs to secure the $20 million debt facility with KB and the £80 million debt facility with Victory Park, the cash cost was NZ$1.9 million in legal and advisory costs for the 6 months ended 30 September. During the period, the KB facility was paid down, firstly on initial drawdown on the VPC facility, releasing Kiwibank from the UK loan book; and the secondly the facility was repaid in its entirety with the IPO proceeds.

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Outlook

Laybuy remains focused on growing its presence and brand across New Zealand, Australia and in particular the UK. Looking forward to the second half of FY21, Laybuy will continue to invest in its people, product and partnerships to support its growth ambitions. Following the launch of the global partner programme, Laybuy expects to see the growth in active merchants accelerate in Q3 FY21. The Board and Management will continue to monitor the impact of the second wave of COVID-19 in the company's key markets. It is expected that the business will perform in line with growth expectations in the next quarter in terms of customer, merchant and GMV expansion.

In the lead up to Christmas the company is focussing on driving active merchant growth through the partner program and increasing consumer adoption through the Mastercard collaboration and an awareness campaign launched in mid-October. Laybuy has its bi-annual Laybuy Mania day in early November and will participate alongside all retailers in the major retailer events of Black Friday and Cyber Monday in the lead up to peak Christmas trading. These events combined are expected to drive improved year on year GMV growth.

Zoom webinar

A Zoom webinar will be held **22 October at 11am (AU time)/1pm (NZ time)** by Gary Rohloff (CEO and Managing Director) and Katrina Kirkcaldie (Chief Financial Officer) to discuss the Q2 Business Update. Please click this URL to join https://us02web.zoom.us/webinar/register/84595363407. Or join by phone using meeting ID 845 9536 3407. International umbers available at the following link: https://us02web.zoom.us/u/kjmegAdA

For more information, please contact:

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Katrina Kirkcaldie
Chief Financial Officer
Email: 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 over 6,000 retail merchants. Laybuy is available in New Zealand, the UK and Australia. 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.

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Use of Funds

In accordance with ASX Listing Rule 4.7C Laybuy Group Holdings Limited provides the following information:
The 23 days ended 30 September 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 period ended 30 September 2020 is outlined below:

Use of proceeds	As per the Prospectus (A$ '000)	As per the Prospectus (NZ$ '000)	Period ended 30 September 2020 (NZ$ '000)
Payment of proceeds by SaleCo to Selling Shareholders (1)	40,000	42,621	43,436
Funding and support for growth in the UK receivables book (2)	18,200	19,393	994
Sales and marketing in the UK(for merchant and consumers) (3)	7,700	8,205	1,171
Staffing to support the growth of the business in the UK (4)	3,300	3,516	79
Costs of the Offer (5)	5,258	5,603	5,291
Other working capital (6)	5,542	5,904	
Total	**80,000**	**85,242**	**50,970**

(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, $994k of costs incurred in legal and due diligence costs in respect of the VPC Facility for the UK business.

(3) UK sales and marketing in the UK (for merchant and consumers) of $1.2 million was made in respect of the UK market.

(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.

(5) Costs of the offer paid after the listing were $5.3 million. The cost of the offer is anticipated to be an additional $407k on the $5.6 million included in the prospectus.

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Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity:

Laybuy Group Holdings Limited

ABN	**Quarter ended ("current quarter")**
ARBN 642 138 476	30 September 2020

	Consolidated statement of cash flows	**Current quarter NZ$'000**	**Year to date (6 months) NZ$'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	99,135	186,423
1.2	Payments for		
	(a) research and development	(619)	(880)
	(b) product manufacturing and operating costs	(2,554)	(4,890)
	(c) advertising and marketing	(4,811)	(5,295)
	(d) leased assets	(159)	(274)
	(e) staff costs	(2,007)	(3,693)
	(f) administration and corporate costs	(3,293)	(3,720)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(209)	(339)
1.6	Income taxes paid	(20)	(290)
1.7	Government grants and tax incentives	-	-
1.8	Other (payments to merchants)	(96,993)	(187,942)

	Cash flows from operating activities (continued)	Current quarter NZ$'000	Year to date (6 months) NZ$'000
1.9	**Net cash from / (used in) operating activities**	**(11,530)**	**(20,900)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(41)	(57)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (payments for development of intangible assets)	(803)	(1,075)
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**	**(844)**	**(1,132)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	86,872	86,872
3.2	Proceeds from issue of convertible debt securities	11,343	11,343
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6,560)	(7,133)

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	Cash flows from financing activities (continued)	Current quarter NZ$'000	Year to date (6 months) NZ$'000
3.5	Proceeds from borrowings	7,007	13,422
3.6	Repayment of borrowings	(14,490)	(14,525)
3.7	Transaction costs related to loans and borrowings	(1,827)	(1,984)
3.8	Dividends paid	-	-
3.9a	Other (payment to original shareholders from sell down of shares)	(43,436)	(43,436)
3.9b	Other (payments for lease liabilities)	(51)	(106)
3.10	**Net cash from / (used in) financing activities**	**38,858**	**44,453**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,832	9,856
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(11,530)	(20,900)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(844)	(1,132)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	38,858	44,453
4.5	Effect of movement in exchange rates on cash held	450	(511)
4.6	**Cash and cash equivalents at end of period**	**31,766**	**31,766**

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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	31,766	4,832
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**31,766**	**4,832**

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	403
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 ***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.***	**Total facility amount at quarter end NZ$'000**	**Amount drawn at quarter end NZ$'000**
7.1	Loan facilities	176,250	4,916
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	176,250	**4,916**
7.5	**Unused financing facilities available at quarter end**		**8,981**

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.

Laybuy has in place two debt facilities which are used to support the customer loan book. A NZ$20m debt facility with Kiwibank to fund Laybuy's New Zealand and Australia and a £80 million (~NZ$156m) debt facility with Victory Park Capital (VPC) to fund the UK business.

The Kiwibank facility is secured against the New Zealand and Australian receivables ledgers. The interest rate for the quarter was between 4.07%-4.55% and YTD was 4.07%-5.55%. The facility matures in December 2021.

The VPC facility is secured against the UK receivables ledger. The interest rate for the quarter was 12.25%. The initial draw down of £2.5m was made on 28 of August 2020 and no subsequent drawdowns have been made since. The facility matures 5 years from the initial draw, on 28 August 2025.

As of 30 September, the available facility to be drawn down was NZ$8.9 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.

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8.	**Estimated cash available for future operating activities**	**NZ$'000**
8.1	**Net cash from / (used in) operating activities (item 1.9)**	(11,530)
8.2	**Cash and cash equivalents at quarter end (item 4.6)**	31,766
8.3	**Unused finance facilities available at quarter end (item 7.5)**	8,981
8.4	**Total available funding (item 8.2 + item 8.3)**	40,747
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4

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

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

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: N/A

Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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.

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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: 22nd October 2020

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.