



MEETING OPENING

ANNUAL GENERAL MEETING
WEDNESDAY 28 NOVEMBER 2018



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING
WEDNESDAY 28 NOVEMBER 2018

 **afterpay**touch

AFTERPAYTOUCH GROUP

OUR JOURNEY IS STILL JUST BEGINNING

AFTERPAY HAS BEEN IN EXISTENCE < 4 YEARS AND LISTED FOR APPROXIMATELY 2.5 YEARS

AFTERPAY MERGED WITH TOUCHCORP IN JULY 2017

TODAY

- Top 200 ASX listed company
- >2.5m customers (>10% of Australian purchasing population)
- >20,000 retail partners
- Processing over 10% of Australian online commerce
- Growing in-store penetration – over 15,000 shop fronts
- Expanding globally - U.S. (in-progress) / U.K. (soon)
- Australian proprietary technology and entrepreneurial heritage

AFTERPAY COMPETITIVE ADVANTAGES

1

WE ARE NOT TRADITIONAL CREDIT

We champion the customer and we don't employ a hybrid or "up-sell" business model

2

WE ARE NOT FOR EVERYONE OR EVERYTHING

We focus specifically on a segment of the market for life's purchases that customers don't want a loan for

3

AFTERPAY WORKS WHEREVER THE CUSTOMER WANTS TO BE

Online and In-store

4

AFTERPAY IS A DATA DRIVEN PLATFORM, NOT JUST A PRODUCT

Already one of the largest retailer lead referrers in Australia and New Zealand; we connect retailers with new customers

WHY AFTERPAY IS DIFFERENT

①

We started and continue with a clear mission

TO BE THE WORLD'S
MOST LOVED
WAY TO PAY

WHY AFTERPAY IS DIFFERENT

2

We are solving a clear problem

To allow people to budget and
achieve their lifestyle goals,

**while avoiding the
traditional debt trap**

AVOIDING THE DEBT TRAP

– THE ISSUE WE ARE ADDRESSING

The pitfalls of using traditional credit products to fund lifestyle purchasing

Outstanding balances build up quickly if significant repayments are not made regularly

Interest costs and other hidden charges are generally high and accumulate

Traditional credit providers are not on the customer's side – they make more money when customers persist in debt



WHY AFTERPAY IS DIFFERENT

③

We are well positioned
for one of world largest demographic
and economic shifts

THE POWER HAS SHIFTED TO MILLENNIALS

MILLENNIALS PREFER DEBIT CARDS AND WANT TO SPEND THEIR OWN MONEY

67% of millennials do not own a single credit card.¹
1 in 3 have never had a credit card³

Today there are 2x as many debit card transactions as credit card transactions²

THE POWER HAS SHIFTED TO THE MILLENNIAL CONSUMER

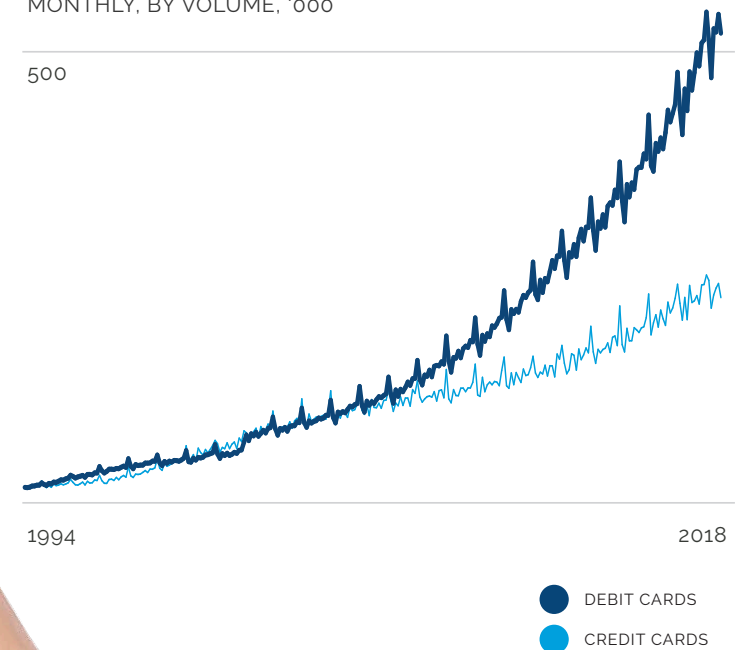
By 2030, millennials will earn 2 out of every 3 dollars in Australia⁴

Alternative to credit

85% of Afterpay's orders use debit cards



AUSTRALIAN CARD TRANSACTIONS²
MONTHLY, BY VOLUME, '000



WHY AFTERPAY IS DIFFERENT

④

Our simple and transparent
business model
is the source of our integrity

AFTERPAY BUSINESS MODEL

- ① Generate majority of our revenue from retailers for providing a value added service
- ② We make more money when customers buy what they can afford, pay on time and stick to their simple instalment plan
- ③ We do not profit from late fees (we lose more than we collect)

RESPONSIBLE SPENDING IS FUNDAMENTAL TO THE SUCCESS OF OUR BUSINESS

AFTERPAY IS **FUNDAMENTALLY DIFFERENT** TO TRADITIONAL CREDIT PRODUCTS

**WE ARE NOT ANOTHER VERSION OF CREDIT
– WE ARE AN ALTERNATIVE THAT PUTS
CUSTOMERS' INTERESTS FIRST**

	AFTERPAY	TRADITIONAL CREDIT PRODUCT
Free service for customers who pay on time	✓	✗
Must pay purchases off in full in short time period	✓	✗
Discrete transactions / not a line of credit	✓	✗
Suspended if a single payment is late	✓	✗
Late fees minimal, capped and don't accumulate	✓	✗
Low transaction values	✓	✗
Rewarded for positive behaviour	✓	✗

“Have you ever heard of a traditional finance product that stops customers spending and revolving in debt?”



WHEN GROWTH HAPPENS BECAUSE OF DISCIPLINE, NOT IN SPITE OF IT:

OVER 90%

of all Afterpay transactions are by returning customers – which means they all have settled their outstanding payments on time and on budget

OVER 75%

of customers have never incurred a late fee

OVER 85%

of our users prefer to pay with debit cards rather than credit cards

OVER 75%

of Afterpay users say they use our service as a budgeting tool

AFTERPAY IS FOR LOWER VALUE PURCHASES



>90% of consumers <\$500
>75% of consumers <\$350



LOW DEFAULTS

**AFTERPAY
FY18 GROSS
LOSS**

1.5%

44%

lower than
other buy
now pay later¹

90%

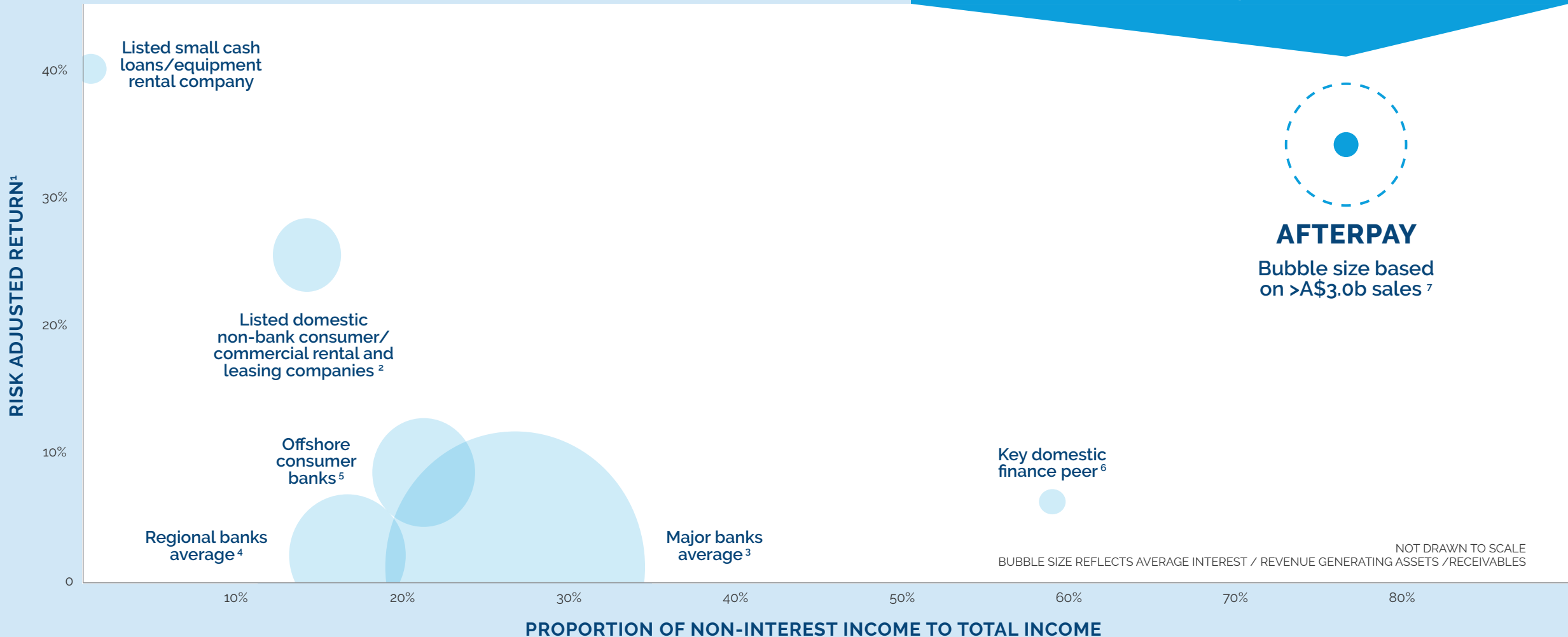
lower than
payday
lending²

79%

lower than
consumer
leasing finance
providers²

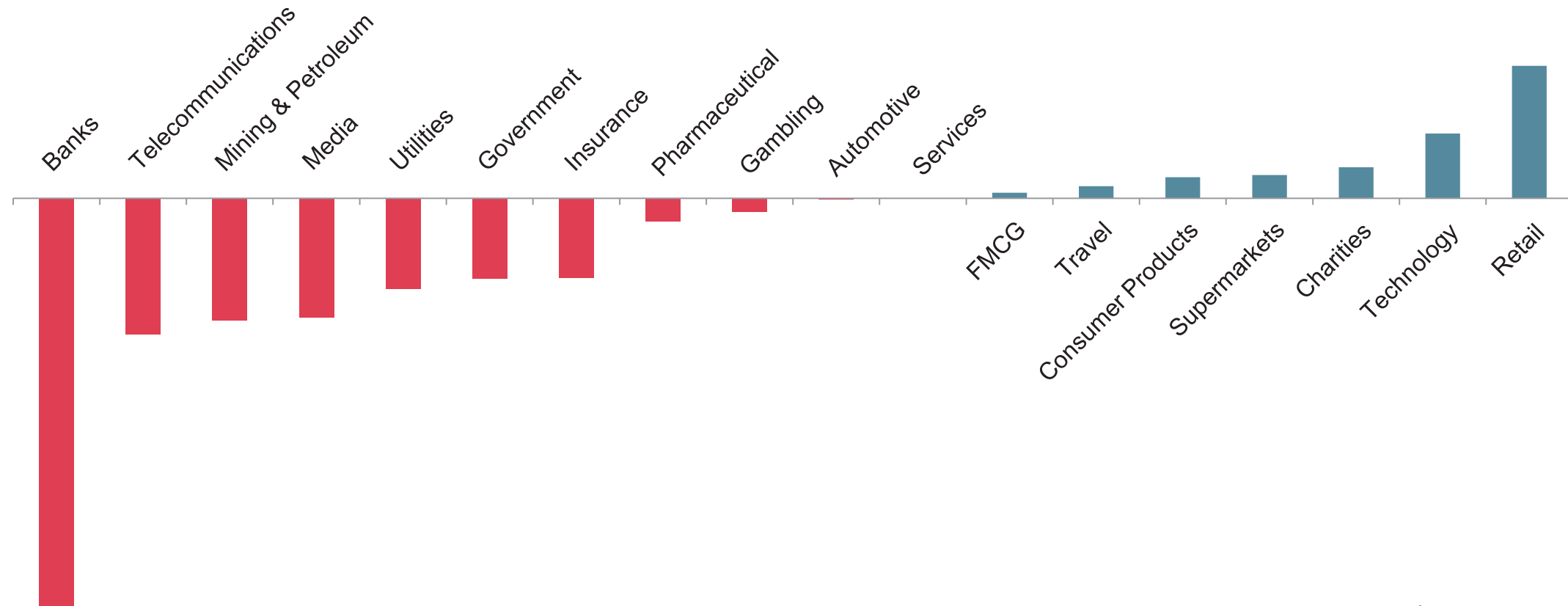
DELIVERING A DIFFERENT VALUE PROPOSITION

Our business model does not rely on extracting value from the customer and stands in stark contrast to traditional retail and consumer finance providers



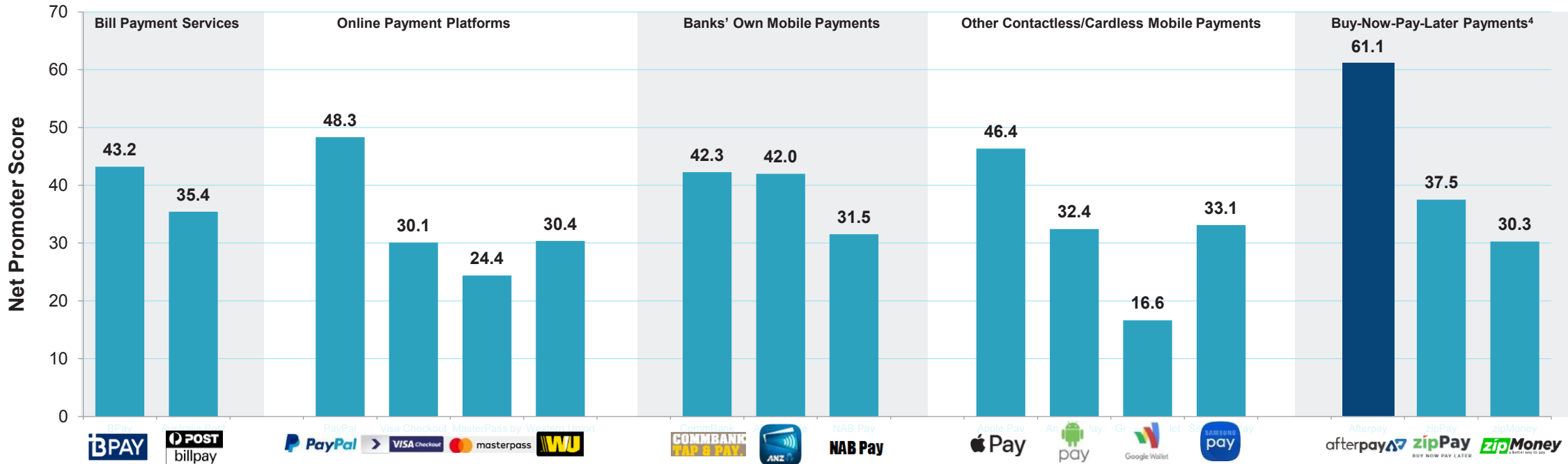
SOURCE CITIBANK: COMPANY FILINGS. CALCULATIONS BASED ON LAST REPORTED (FY18 UNLESS OTHERWISE INDICATED) NOTES: (1) RISK ADJUSTED RETURN IS CALCULATED BASED ON TOTAL INCOME LESS IMPAIRMENT EXPENSE AS A PERCENTAGE OF AVERAGE INTEREST EARNING ASSETS; (2) INCLUDES FLEXIGROUP AND THORN; (3) INCLUDES CBA, NAB, WBC AND ANZ. INCLUDES INCOME FROM ASSETS ANNOUNCED FOR DIVESTMENT BUT WHICH HAVE NOT YET BEEN DIVESTED; (4) INCLUDES BOQ AND BEN; (5) INCLUDES SYNCHRONY, CEMBRA AND MONETA. BASED ON FY17 REPORTED METRICS DUE TO THE ABNORMAL IMPACT OF IFRS 9 CHANGES ON RESULTS REPORTED IN 2018; (6) BASED ON REPORTED PROPORTION OF NON-CUSTOMER BASED INCOME IN FY16 OF ~58% (7) AS DISCLOSED IN THE AFTERPAY TOUCH BUSINESS UPDATE DATED 19TH JULY 2018 AND BASED ON JUNE 2018 UNDERLYING SALES MULTIPLIED BY 12.

THE BANKING INDUSTRY HAS THE LOWEST NET TRUST SCORE



SOURCE: ALL BRAND NET TRUST SCORE SURVEY, JULY 2018, N=1, 198. BASE ROY MORGAN SINGLE SOURCE (AUSTRALIANS 18+)

DIGITAL PAYMENTS NPS



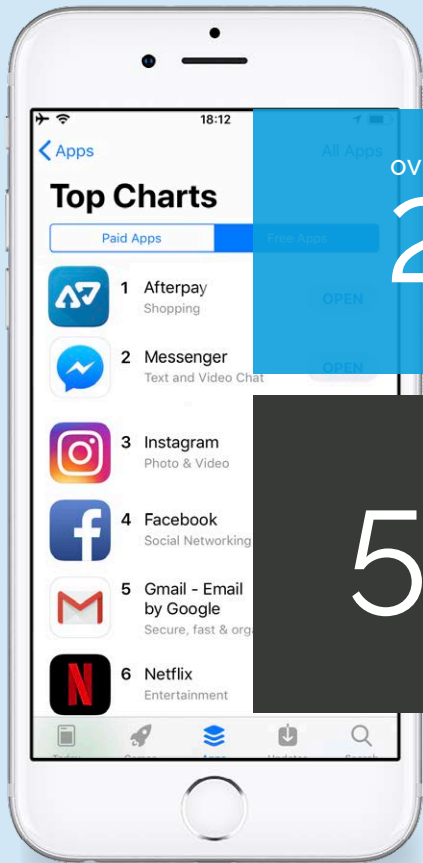
4. BUY NOW PAY LATER PAYMENTS (AFTERPAY, ZIPPAY, ZIPMONEY) FROM OCTOBER 2017 SOURCE: ROY MORGAN RESEARCH. BASE: AUSTRALIANS 14+; JULY 17-JULY 18. NPS AND NET PROMOTER SCORE IS A SERVICE MARK OF BAIN & COMPANY, INC., SATMETRIX SYSTEMS INC, AND MR FREDERICK REICHHELD

WHY AFTERPAY IS DIFFERENT

5

We are not a product
but a platform that has
global applicability

OUR TECHNOLOGY PLATFORM LINKS CUSTOMERS WITH **>20K AUSTRALIAN BUSINESSES**

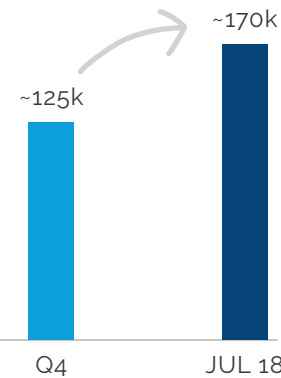


OVER
2 MILLION
APP DOWNLOADS

JULY 2018
5.5 MILLION
MOBILE APP
SESSIONS

AVERAGE DAILY USERS

Now ~170k
in July 18 up
from ~125k
in Q4 FY18



SHOP DIRECTORY

A vast number of customers come to Afterpay to determine where to shop.

Over 4 million retail and service online business leads are generated every month.

APP RATINGS



4.8/5 for the iOS app and
4.7/5 for the Android app

WHY AFTERPAY IS DIFFERENT

⑥

Our proprietary technology
is globally scalable and effective

WHY AFTERPAY IS DIFFERENT



Our company is powered by an incredibly talented team with shared core values and a passion to innovate and continuously improve

FY19
YEAR
TO DATE

Growth remains strong in respect to all key metrics

Customer additions in all geographies are in line with past experience and are accelerating into November

More importantly, **repeat customer behaviour remains strong** and represents well over 90% of monthly GMV

Losses or default rates remain well within expected ranges in all geographies

Strong pre-Christmas trading period

KEY FOCUS – OPTIMISING LONG TERM VALUE

LONG TERM VALUE WILL BE DRIVEN BY MAXIMIZING TOTAL ACTIVE CUSTOMERS AND CUSTOMER LIFE TIME VALUE

CUSTOMER LIFE TIME VALUE (LTV) DRIVERS

Increasing Activity:

A higher percentage of existing users are active each month

Increasing Frequency:

Active users are making more purchases in each month

Supplemented by New Channels:

In-store channel has driven and will drive more growth for online

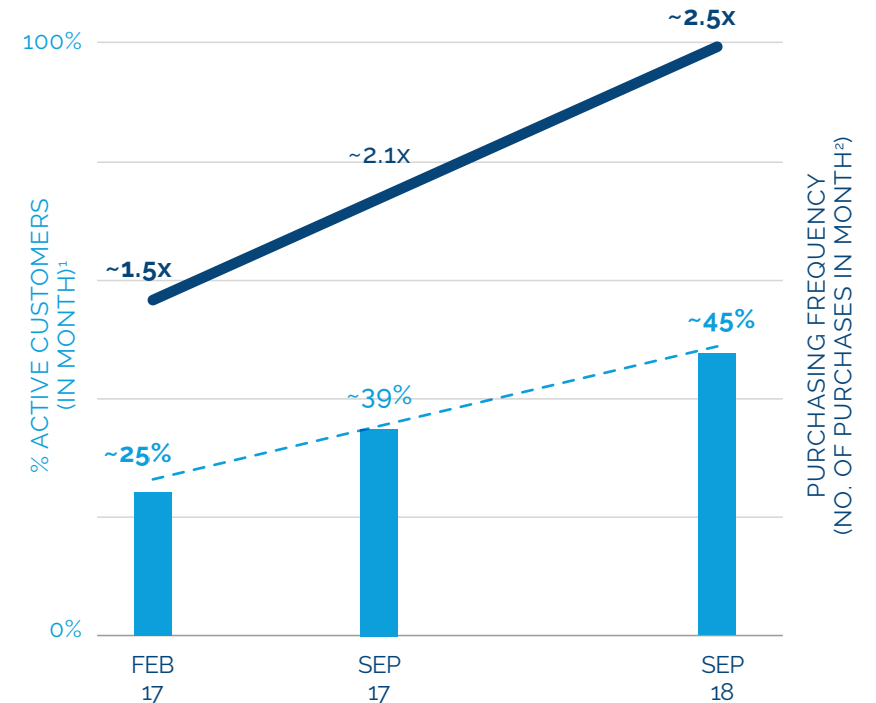
Increased Profitability:

User profitability has been improving over time with longer tenor customers showing lower losses

THE COMBINATION OF ALL THESE FACTORS IS DRIVING INCREASED CUSTOMER LTV OVER TIME

CUSTOMER LTV DRIVERS - KEY STATISTICS

% ACTIVE CUSTOMER AND PURCHASING FREQUENCY (EXAMPLE JAN 17 COHORT, BY MONTH)



NOTE: 1. % OF TOTAL CUSTOMERS WHO MADE A PURCHASE WITHIN THE MONTH 2. NUMBER OF PURCHASES MADE WITHIN THE MONTH BY ACTIVE CUSTOMERS IN THAT MONTH

REGULATORY ENVIRONMENT

PATH TO REGULATION

- Afterpay has been proactive and engaging

ASIC

- ASIC intervention powers, if adopted:
 - recognise Afterpay's unique business model
 - ensure we can continue to serve our customers

SENATE

- Focus is pay-day lending
- Pleased with engagement to date

COMMITTED TO CONTINUOUS IMPROVEMENT

CUSTOMER RESPONSIBILITY AND OUTCOMES

- Continue to focus on retail revenue model – not on customer debt
- Late fee reduction enhancements
 - Improving trend
 - More innovation will be introduced

PRODUCT AND BUSINESS MODEL ENHANCEMENTS

- Making strong inroads beyond physical retail

CORPORATE GOVERNANCE

- Board development
- Longer term remuneration structures



IN CONCLUSION

THANK YOU



GROUP HEAD PRESENTATION

ANNUAL GENERAL MEETING
WEDNESDAY 28 NOVEMBER 2018



GROUP HEAD

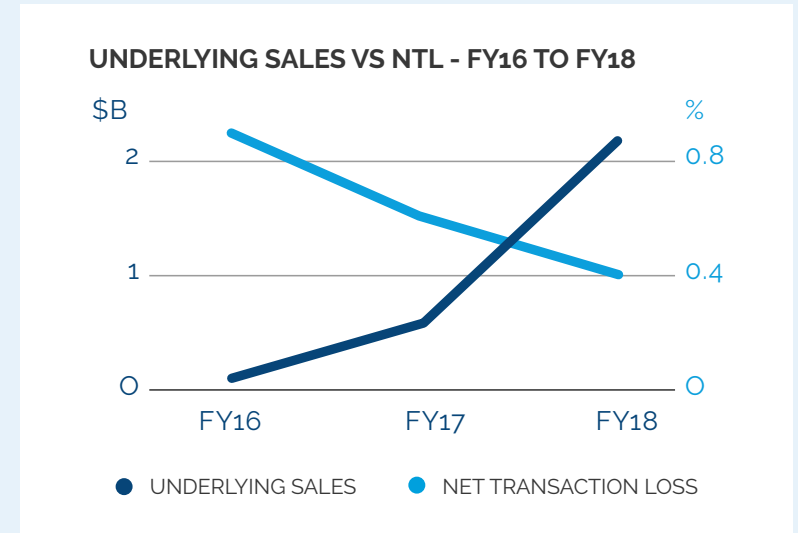
FY2018 YEAR IN REVIEW

FY2018 – FINANCIAL YEAR IN REVIEW

STRONG FINANCIAL PERFORMANCE ACROSS ALL KEY METRICS

A\$M, 30 JUNE 2018	AFTERPAY TOUCH FY18	AFTERPAY FY17	CHANGE ¹ %
GROUP METRICS			
REVENUE AND OTHER INCOME	142.3	29.0	390%
AFTERPAY REVENUE	116.8	29.0	302%
PAY NOW REVENUE	25.6	-	-
EBITDA (EXCLUDING SIGNIFICANT ITEMS)	33.8	6.0	468%
NET PROFIT / (LOSS) AFTER TAX	(9.0)	(9.6)	7%
AFTERPAY - KEY METRICS			
UNDERLYING SALES	2,184.6	561.2	289%
AFTERPAY MERCHANT REVENUE	88.3	22.9	286%
% OF UNDERLYING SALES ²	4.0%	4.1%	
NET TRANSACTION LOSS (NTL)	(9.3)	(3.1)	
% OF UNDERLYING SALES ²	(0.4)%	(0.6)%	
NET TRANSACTION MARGIN	55.7	14.1	295%
% OF UNDERLYING SALES ²	2.6%	2.5%	
TOTAL ACTIVE CUSTOMERS (NO. M)³	2.3	0.8	176%
NUMBER OF MERCHANTS (NO. '000)³	17.7	6.0	195%

NOTE: 1. CHANGE PERCENTAGE IS BASED ON FINANCIALS PRESENTED IN THE ANNUAL REPORT 2. % OF UNDERLYING SALES
3. FY18 METRICS AS AT 31 JULY 2018



AUSTRALIA AND NEW ZEALAND DEVELOPMENTS

1 New major retailers continue to on-board ... in the last month



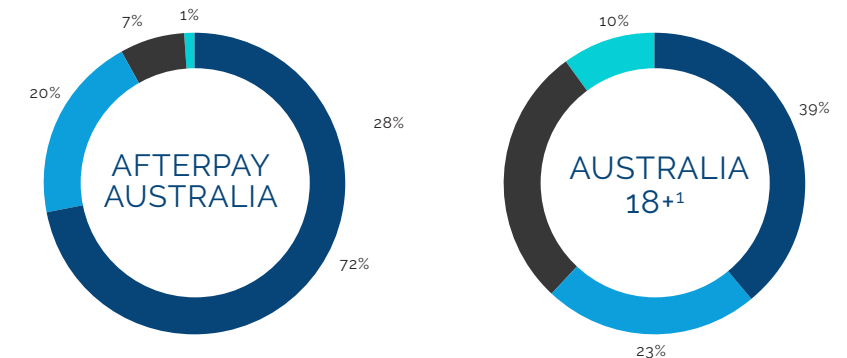
2 In-store gaining momentum with more key brands migrating ... in the last month



3 New Verticals illustrate Afterpay's social and economic benefits beyond retail



4 Demographic profile of our customer base continues to broaden, average age 33



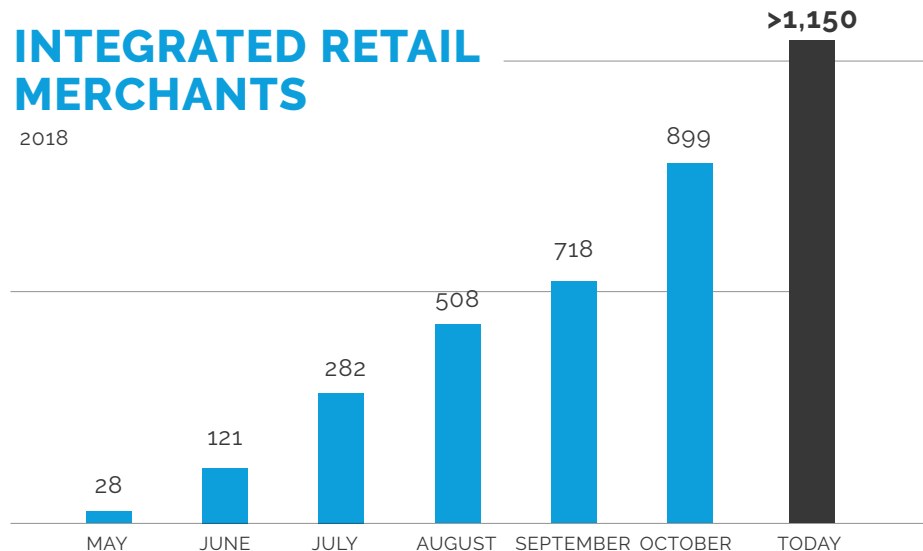
1. SOURCE: AUSTRALIAN BUREAU OF STATISTICS



MOMENTUM BUILDING IN THE U.S.

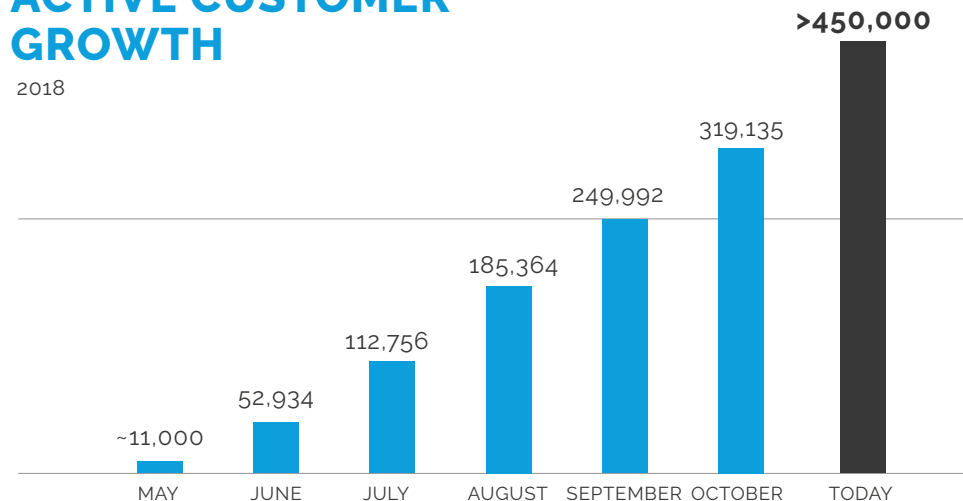
INTEGRATED RETAIL MERCHANTS

2018



ACTIVE CUSTOMER GROWTH

2018



ESTABLISHING A PRESENCE WITH RETAIL INDUSTRY LEADING BRANDS

URBAN OUTFITTERS

REVOLVE

D I F F
CHARITABLE EYEWEAR

ANTHROPOLOGIE

KYLIE COSMETICS

DOSE
OF COLORS

DOLLS KILL

COLOURPOP

free people

MORPHE

FOREVER 21

COTTON:ON

STEVE MADDEN

QUAY
AUSTRALIA

KKW BEAUTY

boohoo

FLIGHT CLUB

U.K. – A KEY EXPANSION MARKET

A light blue outline map of the United Kingdom is positioned in the upper right background of the slide.

3RD LARGEST E-COMMERCE MARKET IN THE WORLD

(AFTER CHINA AND THE U.S.)

- >£133b online retail sales p.a.
- 87% of consumers shop online

GLOBAL RETAILER LED STRATEGY

- Several existing key retailers encouraging Afterpay to expand
- U.K. fits with strategy to serve globally recognised brands and customers across borders

FAVOURABLE MARKET DYNAMICS

- Large and influential millennial customer cohort
- Strong debit card transaction preference
- Aversion to traditional credit options for online purchasing

STRONG PRE-CHRISTMAS TRADING

CLICK FRENZY – BLACK FRIDAY – CYBER MONDAY

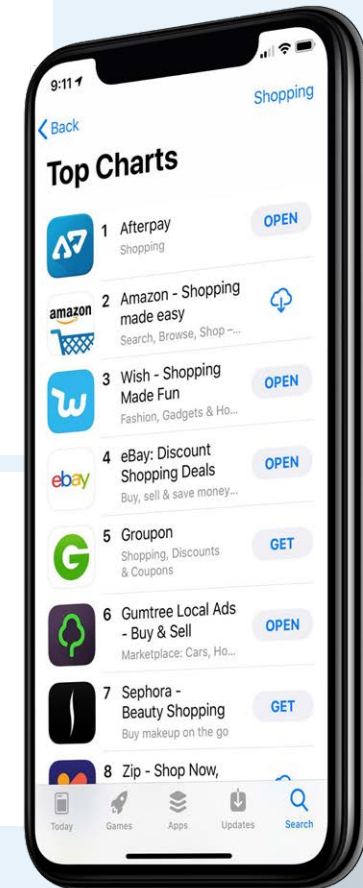
Record trading days – all categories and geographies

- Australia
- New Zealand
- U.S.
- Online
- In-store

RECORD NEW CUSTOMER ADDITIONS IN A SINGLE DAY

- Black Friday – 8.5k Australia/New Zealand
- Black Friday – 19k U.S.

AFTERPAY MOST DOWNLOADED SHOPPING APP ON BLACK FRIDAY



KEY FOCUS – BALANCE SHEET AND FUNDING

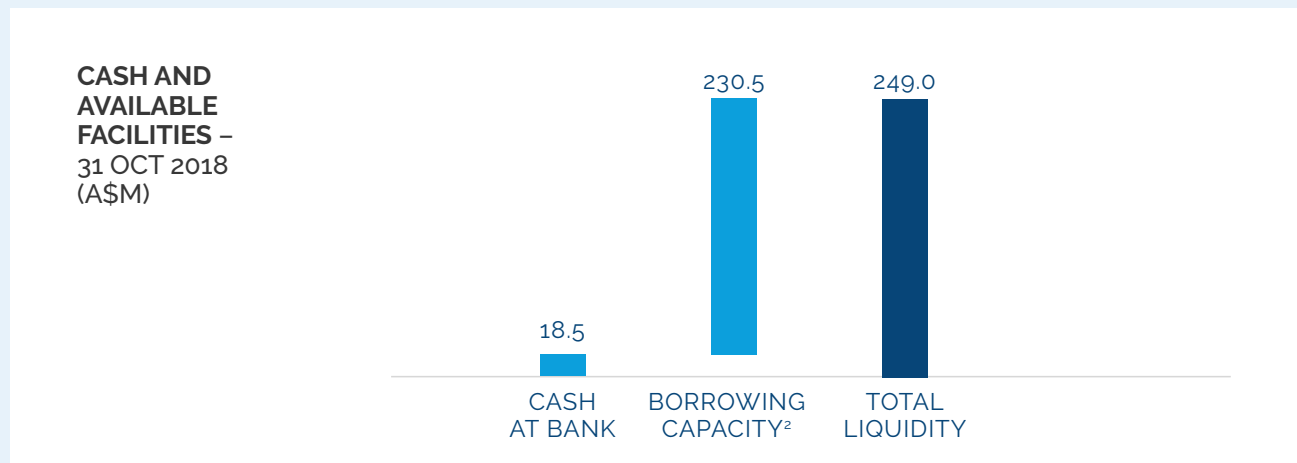
STRONG BALANCE SHEET AND TOTAL LIQUIDITY POSITION¹

CASH AND DEBT POSITION

A\$M	30-JUN-18	31-OCT-18
SECURED INTEREST BEARING BORROWINGS	111.6	8.9
SENIOR UNSECURED NOTES AND OTHER	50.0	50.0
DEBT	161.6	58.9
LESS CASH	(49.2)	(30.2) ²
NET DEBT / (CASH)	112.4	28.7

NOTE: 1. UNAUDITED FINANCIAL INFORMATION 2. INCLUDES \$18.5M OF CASH IN BANK AND \$11.7M OF CASH HELD IN TRUST AS AT 31 OCT 2018

LIQUIDITY POSITION



NOTE: 1. UNAUDITED FINANCIAL INFORMATION 2. BORROWING CAPACITY BASED ON CASH HELD IN TRUST AND RECEIVABLES BALANCE AS AT 31 OCT 2018

Process to launch a loan facility in the U.S. is progressing in line with expectations and expected to be completed by H2 FY2019



BUSINESS OF THE MEETING

ANNUAL GENERAL MEETING
WEDNESDAY 28 NOVEMBER 2018

FINANCIAL AND RELATED REPORTS

To receive and consider the financial report of the Company and its controlled entities and the related directors' and auditor's reports in respect of the financial year ended 30 June 2018.

RESOLUTION 1:

ADOPTION OF REMUNERATION REPORT

(NON-BINDING RESOLUTION)



THAT the Remuneration Report of the Company for the year ended 30 June 2018 be adopted.

PROXIES:

ADOPTION OF REMUNERATION REPORT

(NON-BINDING RESOLUTION)



FOR:	63,605,526	78.31%
AGAINST:	16,825,009	20.71%
OPEN:	790,366	0.98%
TOTAL:	81,220,901	100.00%
EXCLUDED:	48,788,863	
ABSTAIN:	1,007,080	

RESOLUTION 2:



RE-ELECTION OF MR DANA STALDER AS DIRECTOR

THAT Mr Dana Stalder, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and clause 19.6 of the Constitution and, being eligible, offers himself for election, be re-elected as a Director of the Company.

PROXIES:

RE-ELECTION OF MR DANA STALDER AS DIRECTOR



FOR:	129,719,845	99.22%
AGAINST:	267,077	0.20%
OPEN:	764,228	0.58%
TOTAL:	130,751,150	100.00%
EXCLUDED:	-	
ABSTAIN:	265,694	

RESOLUTION 3:



RE-ELECTION OF MS ELANA RUBIN AS DIRECTOR

THAT Ms Elana Rubin, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and clause 20.6 of the Constitution and, being eligible, offers herself for election, be re-elected as a Director of the Company.

PROXIES:

RE-ELECTION OF MS ELANA RUBIN AS DIRECTOR



FOR:	127,112,466	97.27%
AGAINST:	2,812,211	2.15%
OPEN:	766,439	0.58%
TOTAL:	130,691,116	100.00%
EXCLUDED:	-	
ABSTAIN:	325,728	

RESOLUTION 4:



RATIFICATION OF ISSUE OF SHARES PURSUANT TO PREVIOUS PLACEMENT

THAT for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 6,864,383 ordinary fully paid shares on 31 August 2018 to certain institutional and professional investors on the terms and conditions set out in the Explanatory Notes accompanying the Notice of Meeting.

PROXIES:

RATIFICATION OF ISSUE OF SHARES PURSUANT TO PREVIOUS PLACEMENT



FOR:	74,811,069	98.63%
AGAINST:	283,996	0.37%
OPEN:	765,351	1.00%
TOTAL:	75,860,416	100.00%
EXCLUDED:	45,058,289	
ABSTAIN:	10,098,111	

RESOLUTION 5:



RATIFICATION OF ISSUE OF SHARES

THAT for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 2,880,426 Shares on 19 January 2018 at an issue price of A\$6.51 per share to Matrix Partners on such terms and conditions more particularly described in the Explanatory Memorandum accompanying the Notice of Meeting.

PROXIES:

RATIFICATION OF ISSUE OF SHARES



FOR:	129,718,007	99.18%
AGAINST:	313,050	0.24%
OPEN:	764,894	0.58%
TOTAL:	130,795,951	100.00%
EXCLUDED:	-	
ABSTAIN:	220,893	

RESOLUTION 6:



RATIFICATION OF CONVERTIBLE NOTES

THAT for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of convertible notes totalling \$US100,000 face value entitling Matrix Partners to Shares in the Company upon conversion on such terms and conditions more particularly described in the Explanatory Memorandum accompanying the Notice of Meeting.

PROXIES:

RATIFICATION OF CONVERTIBLE NOTES



FOR:	129,721,907	99.18%
AGAINST:	295,481	0.23%
OPEN:	770,327	0.59%
TOTAL:	130,787,715	100.00%
EXCLUDED:	-	
ABSTAIN:	229,129	

RESOLUTION 7:



APPROVAL OF AFTERPAY US INC. 2018 EQUITY INCENTIVE PLAN

THAT for the purposes of ASX Listing Rule 7.2, exception 9, and for all other purposes, shareholders approve the issue of securities (including Shares in the Company) under the Afterpay US Inc. 2018 Equity Incentive Plan on such terms and conditions more particularly described in the Explanatory Memorandum accompanying the Notice of Meeting.

PROXIES:

APPROVAL OF AFTERPAY US INC. 2018 EQUITY INCENTIVE PLAN



FOR:	121,835,130	93.11%
AGAINST:	8,259,264	6.31%
OPEN:	764,878	0.58%
TOTAL:	130,859,272	100.00%
EXCLUDED:	-	
ABSTAIN:	157,572	

RESOLUTION 8:



APPROVAL OF ISSUE OF OPTIONS TO MR DAVID HANCOCK

THAT for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholders approve the issue of 2,699,087 Options to Mr David Hancock on such terms and conditions more particularly described in the Explanatory Memorandum accompanying the Notice of Meeting.

PROXIES:

APPROVAL OF ISSUE OF OPTIONS TO MR DAVID HANCOCK



FOR:	110,570,382	85.88%
AGAINST:	17,412,853	13.53%
OPEN:	765,933	0.59%
TOTAL:	128,749,168	100.00%
EXCLUDED:	1,900,000	
ABSTAIN:	367,676	



MEETING CLOSURE

ANNUAL GENERAL MEETING
WEDNESDAY 28 NOVEMBER 2018