ASX Announcement

27 August 2020

FY20 Results Presentation

Afterpay Limited (**Afterpay**) attaches the FY20 results presentation materials for the briefing to be held via a live audio webcast at 10.00am (AEST) today.

The webcast will be accessible via this link: **Afterpay FY20 Results Presentation**.

Investors wishing to ask questions at the end of the presentation will be required to also register using the following link: **Afterpay FY20 Results Q&A**. On registering you will receive a dial in number based on your location, the conference ID and a unique PIN to use when dialling into the call.

Authorised by:
Anthony Eisen
CEO & Managing Director

ENDS

For further information contact

Investors	Company	Media
Marie Festa EVP Investor Relations & Communications marie.festa@afterpay.com +61 405 494 705	Amanda Street Company Secretary amanda.street@afterpay.com	Melissa Patch Director of Communications melissa.patch@afterpay.com +61 412 124 195

evolution.

FY20 Results Presentation
27 August 2020

Disclaimer

The material in this presentation is general background information about Afterpay Limited (APT) and is current at the date of the presentation, 27 August 2020. The information in the presentation is given for informational purposes only, is in summary form and does not purport to be complete. It is intended to be read by a professional analyst audience in conjunction with APT's other announcements to the ASX, including the FY20 Full Year Results announcement. It is not intended to be relied upon as advice to current shareholders, investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular shareholder or investor. No representation is made as to the accuracy, completeness or reliability of the presentation. APT is not obliged to, and does not represent that it will, update the presentation for future developments.

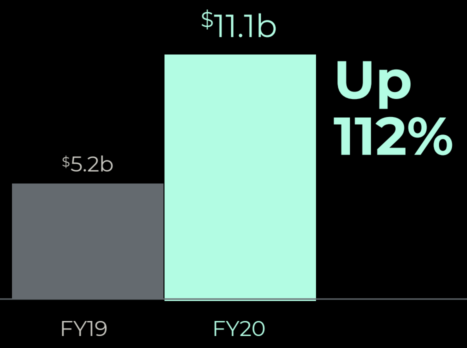
All currency figures are in Australian dollars unless otherwise stated. Totals and change calculations may not equate precisely due to rounding.

This presentation contains statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "plan", "target", "project", "anticipate", "expect", "intend", "likely", "may", "will", "could" or "should" or similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on such forward-looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of APT or any of its related entities which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

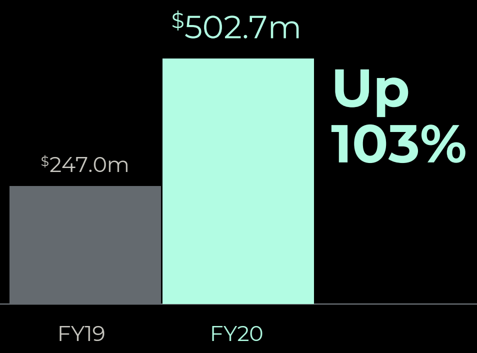
afterpay

Acceleration in new markets driving strong performance… margins maintained

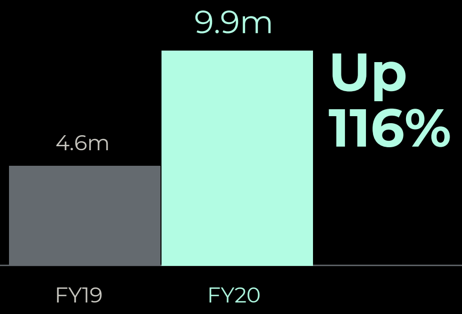
Afterpay Underlying Sales



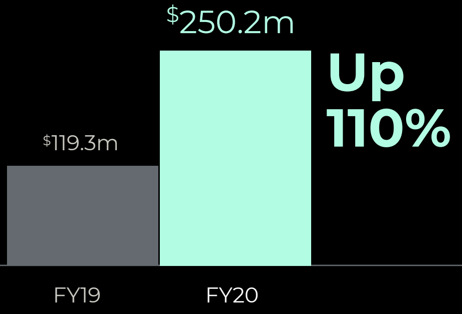
Afterpay Total Income[2]



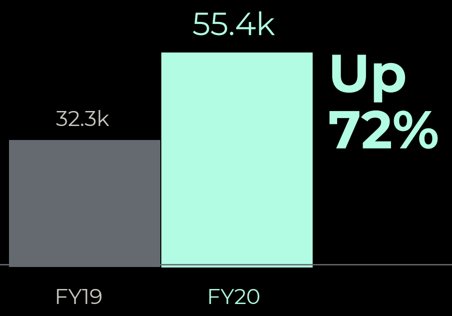
Afterpay Active Customers[1]



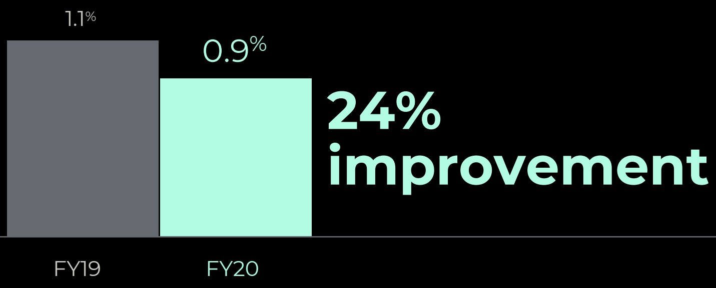
Afterpay Net Transaction Margin (NTM)



Afterpay Active Merchants[1]



Afterpay Gross Losses[3]



Note: Change in calculations may not equate due to rounding. 1. Defined as having transacted at least once in the last 12 months. 2. Afterpay Total Income includes Afterpay Income and Other Income. 3. Gross Losses are defined as the Afterpay receivable impairment expense as a percentage of Underlying Sales.

afterpay

Momentum building

FY15 Starts in Australia

FY16 Lists on ASX

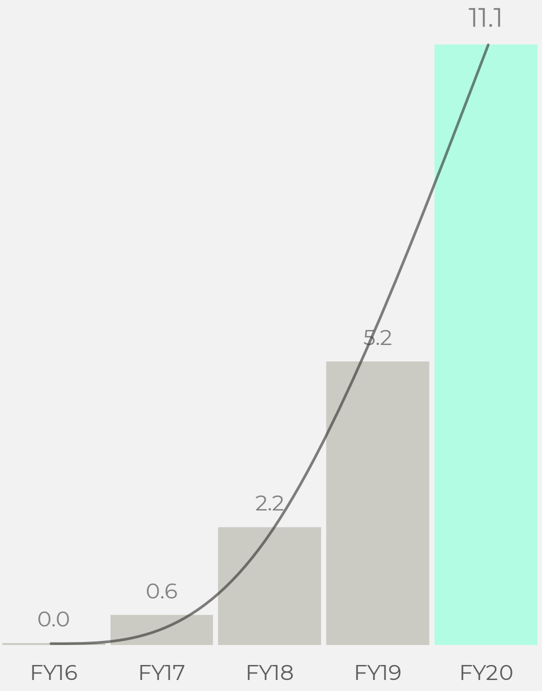
FY17 Merges with Touchcorp, launches in New Zealand

FY18 Launches in US

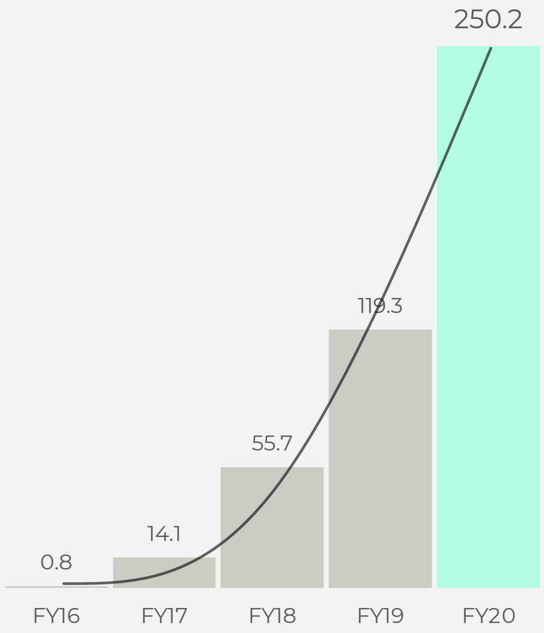
FY19 Launches in UK

FY20 onwards Investing for growth

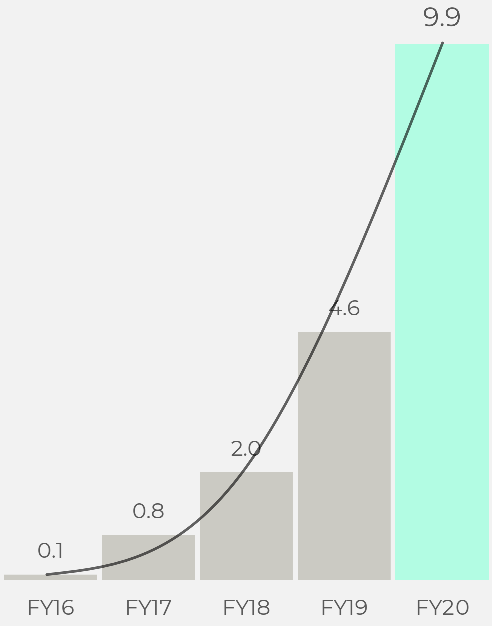
UNDERLYING SALES
$ BILLIONS



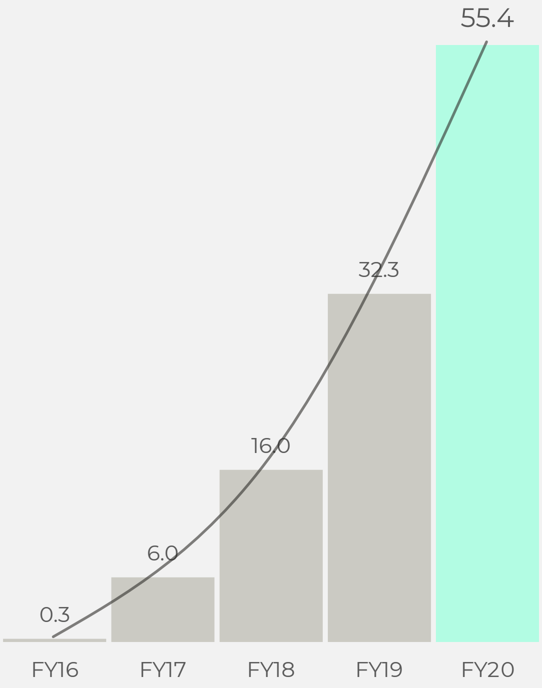
NET TRANSACTION MARGIN – AFTERPAY[1]
$ MILLIONS



CUSTOMERS[2]
MILLIONS



MERCHANTS[2]
THOUSANDS



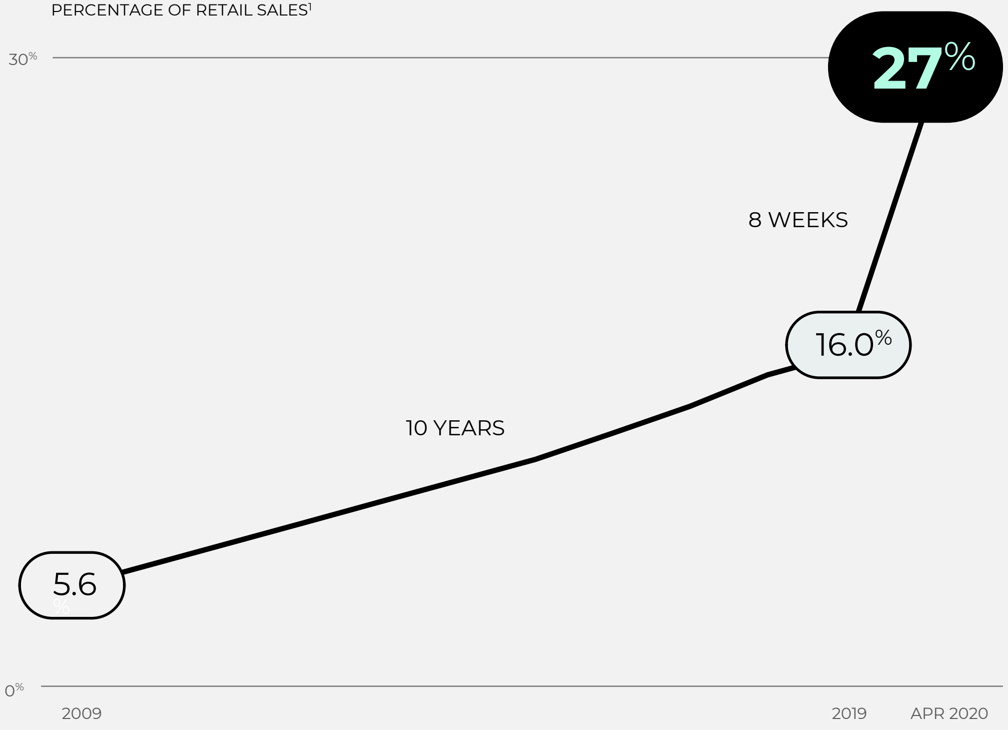
Note: 1. New accounting standards adopted from 1 July 2018 impacted Afterpay income and receivables impairment expense. FY16 to FY18 have not been restated for this change. 2. Defined as having transacted at least once in the last 12 months.

COVID-19 accelerating long-term, structural shifts that align with Afterpay business model

~90% of customers use a debit card on Afterpay

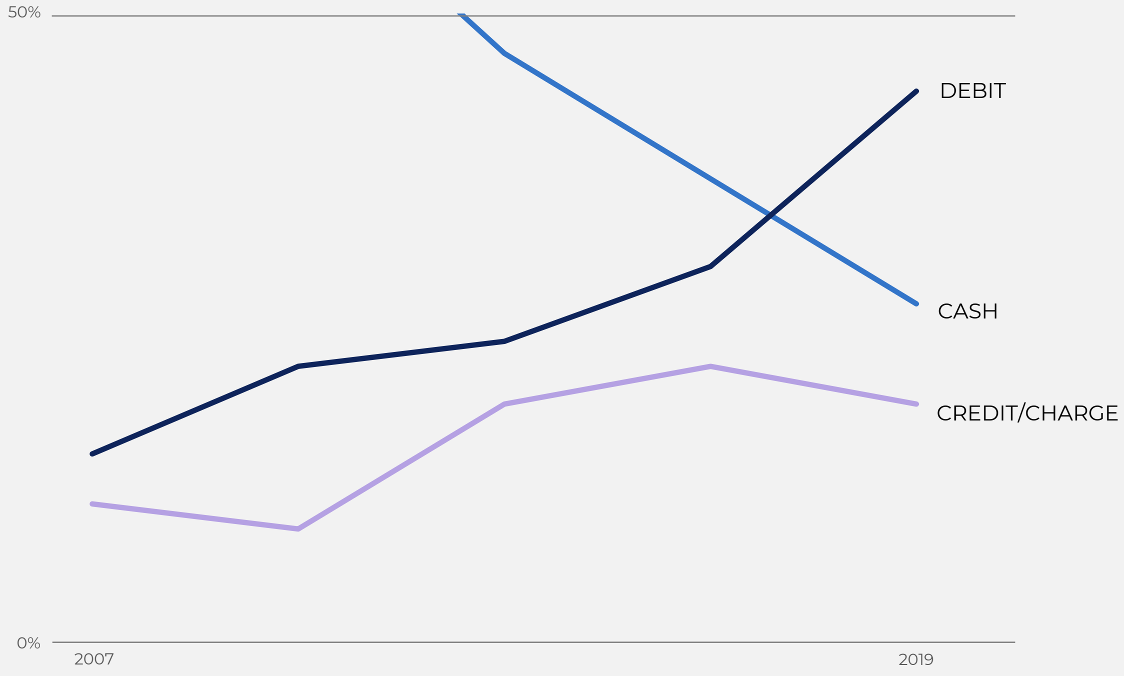
Shift to Online

US E-COMMERCE PENETRATION
PERCENTAGE OF RETAIL SALES[1]



Post-Global Financial Crisis Shift from Traditional Credit

AUSTRALIA
PAYMENT TYPE SHARE OF VALUE[2]



Note: 1. Bank of America, US Department of Commerce, Shawspring Research; 2. Reserve Bank of Australia

Our strategic pillars drive us …our focus has evolved

Brand

It's not pay in four, or BNPL, it's Afterpay.

We are the verb and our own category.

New visual identity to enhance alignment with our global customer base and differentiation.

Grow

Expand globally to deepen retailer partnerships.

Increased focus on SMB acceptance in newer markets.

Utilise brand and innovation to drive customer acceptance and retention.

Innovate

Drive greater ecosystem value to customers and merchants.

Customer-led differentiation via platform enhancements.

Merchant insights, tools and value-added outcomes.

Perform

Maintain focus in every aspect of our performance.

Accelerate investment in the global addressable market opportunity.

Do the right thing

Maintain focus on our people, protecting the business, caring for customers and good corporate governance.

August 2020

New brand launched

It symbolises our evolution.
It reflects our customers.

It’s all about our vision,
our mission, and our values.

It’s where we came from
and where we are going.

It’s Afterpay.

But our core principles and differentiated model stay the same

Traditional Credit Industry vs afterpay

Needs the **consumer to lose for them to win**

Survives by **charging interest** and pushing consumers into **revolving debt**

We see the world differently

We **trust in the next generation** and reward people spending responsibly.

We empower people to use their money for the things they want – we put the **consumer first**.

We **don't charge interest** or hidden fees.

We **cap late fees** and they don't accumulate.

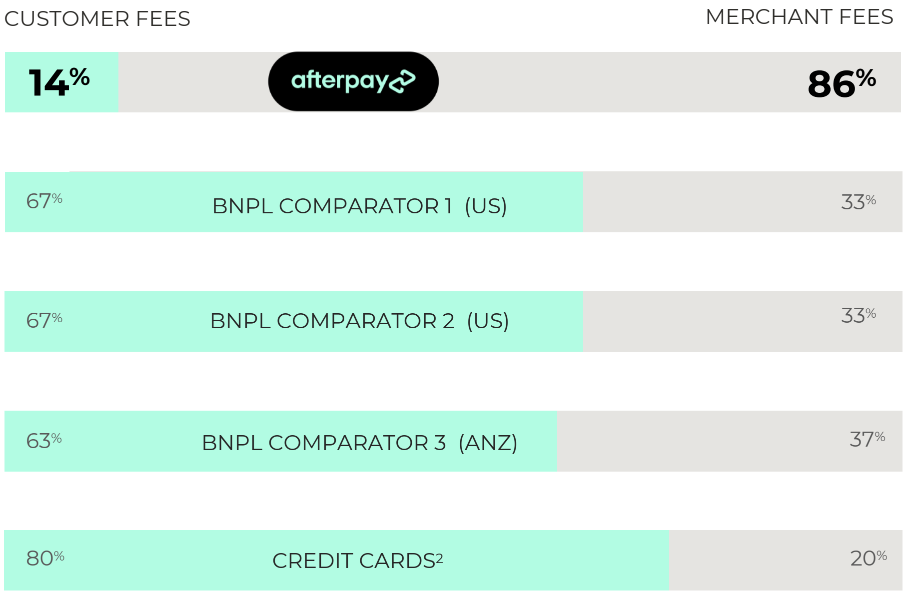
Accounts are paused when customers miss a single payment.

Low average order[1] ($153) and low average outstanding balance[2] ($190).

We only increase customer limits when they **demonstrate good repayment** behaviours.

Source: 1. Group average for FY20 2. Based on Group at June 2020.

<14% of Afterpay Total Income comes from customers ...unlike other BNPL and credit card providers[1]



Source: 1. Based on comparative analysis of competitors' source of income (consumer vs merchant fees) from financial reports 2. Average based on analysis of financial institutions financial reports


Grow.

afterpay

FY20 key highlights

Underlying sales growth
112% with annualised run rate now over $15b
(BASED ON Q4 TRADING)

Active customers[1] more than **doubled**
With average of **17.3k** new customers per day in FY20 increasing to **20.5k** in Q4

Globally in Q4 FY20 **~14.5m**
Average number of **lead referrals** from Afterpay platform per month

Market leading
Australia online **accelerating**
Extending our position in US
UK gaining **traction**

Growing power of network
Increasing customer **retention** and **frequency** in all markets

90% of FY20
Underlying sales came from **repeat customers**

Active merchants[1] continued growth with acceptance in US
Up **202%**
COMPARED TO FY19
and UK reaching **1,000** in first full financial year of operation

Global expansion
Launched in Canada (August 2020) and preparing to launch in Europe and Asia

Notes: 1. Defined as having transacted at least once in the last 12 months.

afterpay

COVID-19 response and performance

Response

Risk model tested in response to COVID-19 and effectiveness proven.

Impact of risk settings realised within weeks with a material reduction in underlying sales contribution from new and higher loss customer tiers.

Impacts on performance

Strong performance in sales, customer and merchant acquisition due to:

- Increase in online spending.
- Preference towards debit over credit.
- Attractiveness of budget focused model in uncertain economic environment.
- Impact of Government stimulus

- Underlying Sales moderated in the second half of March, increased in April and grew to record levels in May and June.
- Payment defaults at record lows in April and May and trend sustained in June and July.

Trends in recent months
(WEEK ON WEEK)

AUSTRALIAN UNDERLYING SALES GROWTH BY CUSTOMER COHORT IN RECENT MONTHS

Getting home and family ready

Peaked: home, gaming + hobbies, fitness, pet spend, groceries

Bottomed out: jewellery, footwear

Keeping everyone comfortable and entertained

Peaked: beauty/cosmetics, home, furniture, office, toys

Bottomed out: hair + beauty salons, health, travel, groceries, experiences

New clothes, outdoor goods

Peaked: apparel, footwear, outdoor, jewellery, automotive

Bottomed out: games + hobbies, beauty, fitness, office, toys

Personal care front of mind

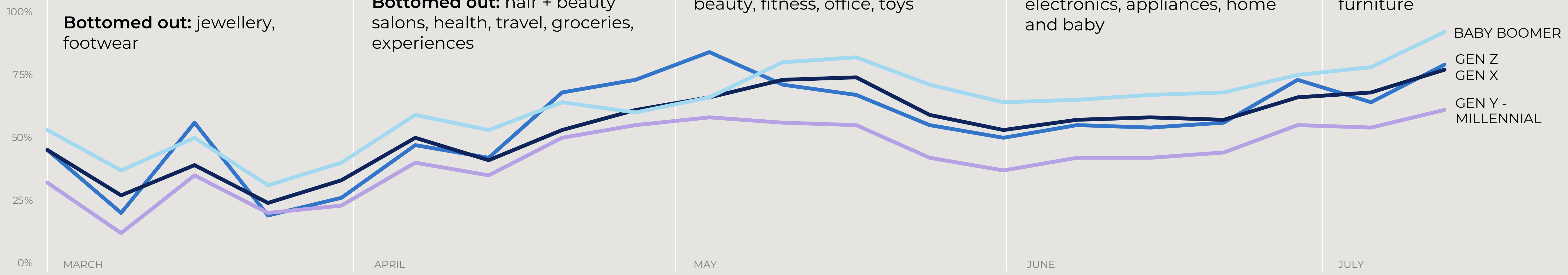
Peaked: health, hair and beauty, services

Bottomed out: footwear, electronics, appliances, home and baby

Spending habits are stabilising

Peaked: apparel

Bottomed out: furniture



ANZ performance

Strong growth continues in our most mature market

Underlying Sales up 52% ON PCP

In-store sales up 81% ON PCP despite COVID-19 related impacts

Online sales **acceleration in ANZ** continued in July and August

Online sales growth 46% ON PCP more than compensated for the lower in-store sales in H2 FY20

New verticals launched will add to underlying sales momentum in FY21

Pipeline **remains strong**

MAJOR MERCHANTS CONTRACTED

CHEMIST WAREHOUSE – IN-STORE

priceline pharmacy – IN-STORE AND **ONLINE**

Strategic partnership launched with Qantas Frequent Flyer

MAJOR MERCHANTS LAUNCHED

ebay – APRIL 20

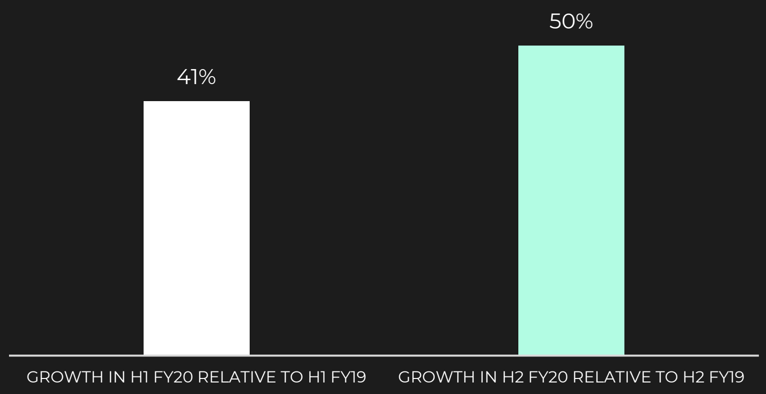
webjet.com.au – JUNE 20

Amart Furniture – AUG 20 ONLINE

TICKETEK.COM – APRIL 20

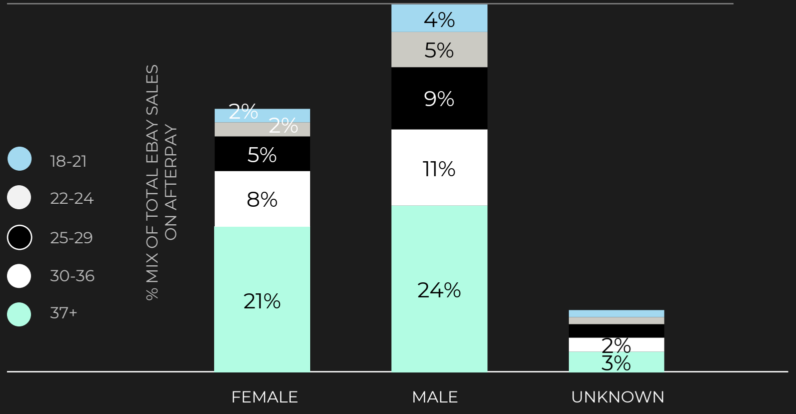
QANTAS – JULY 20

ONLINE UNDERLYING SALES GROWTH IN H1 FY20 AND H2 FY20 RELATIVE TO PCP



EBAY SALES ON AFTERPAY

DISTRIBUTION BY AGE AND GENDER



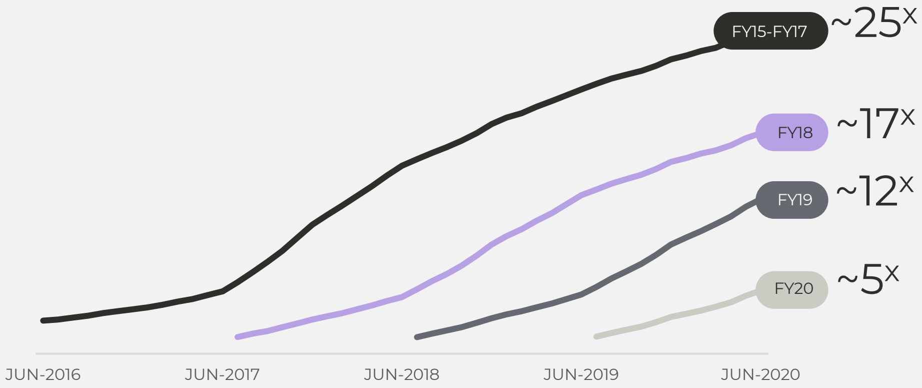
ANZ blueprint

High acceptance + high frequency = lower losses + higher profitability

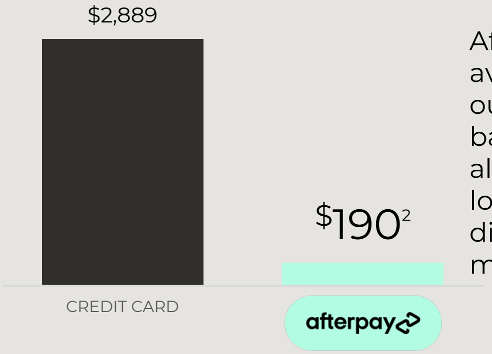
HIGH REPEAT CUSTOMER CONTRIBUTION

ANZ RETURNING CUSTOMER, MONTHLY ORDERS

IN FY20, THE EARLIEST CUSTOMER COHORTS IN ANZ ARE TRANSACTING ~25X PER ANNUM



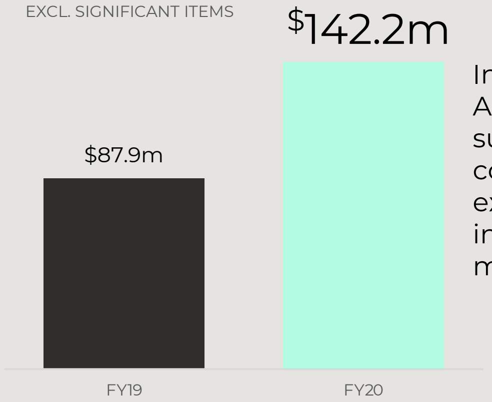
LOWER AVERAGE OUTSTANDING BALANCES[1]



Afterpay average outstanding balances across all regions are lower due to differentiated model

ANZ REPORTED SEGMENT EBITDA

AFTERPAY ANZ EBITDA[3]
EXCL. SIGNIFICANT ITEMS



Increasing ANZ profitability supports continued expansion in new international markets

Notes: 1. Finder Survey (June 2020). 2.. Based on Group June 2020 3. Afterpay ANZ EBITDA as reported in the Financial Statements Segment. Afterpay ANZ EBITDA does not include Corporate or Pay Now related costs.

US performance

afterpay

Underlying Sales grew substantially — up **330%** ON PCP

EXCEEDED **5m+** **active customers**[1] in only 2 years

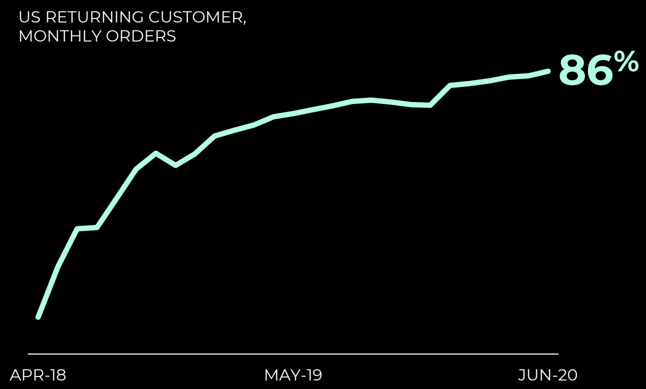
In-Store launched **July 2020** — Roll out progressing with retailers as stores reopen

Underlying Sales in July 2020 continued **in line with record Q4 FY20 levels**

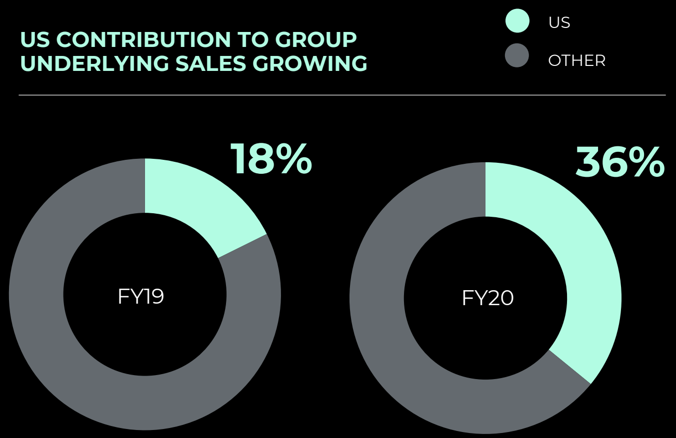
Signed agreement with major retailer Gap Inc.

BANANA REPUBLIC · ATHLETA · OLD NAVY · GAP

GROWING CONTRIBUTION FROM RETURNING CUSTOMERS



US CONTRIBUTION TO GROUP UNDERLYING SALES GROWING



Pipeline of new and integrating merchants is **more substantial than at any previous period.**

A number of **globally recognised brands** expected to launch ahead of the **holiday season.**

MAJOR RETAIL DEALS

lululemon · FENTY SKIN · Charlotte Tilbury · TATCHA · AMOREPACIFIC · HUDABEAUTY · PUMA · native · vineyard vines

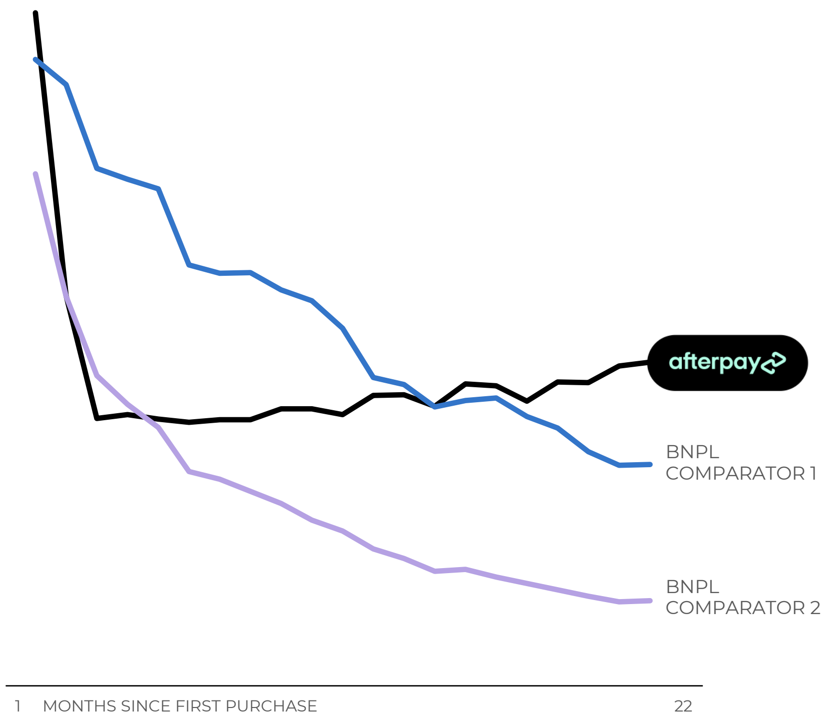
MAJOR IN-STORE RETAILERS

FINISH LINE · SKECHERS · FOREVER 21 · Levi's · SOLSTICE SUNGLASSES · fresh

Afterpay has stronger US network dynamics …delivering more value to retail partners

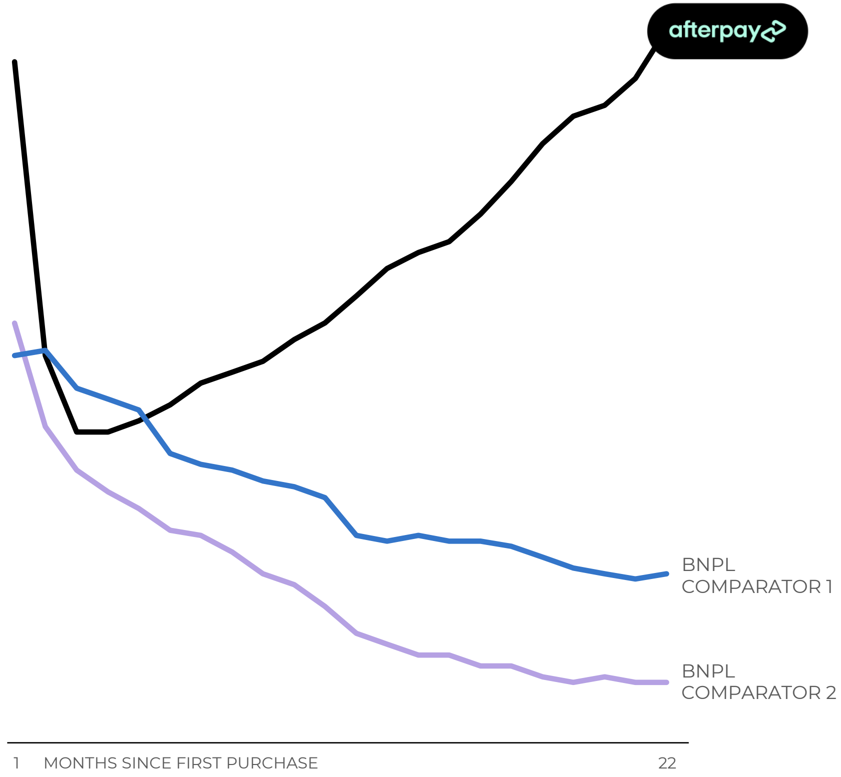
% OF USERS WHO CONTINUE TO TRANSACT ON PLATFORM OVER TIME

US USER RETENTION[1]



% OF CUSTOMER SPEND IN SUBSEQUENT MONTHS COMPARED TO FIRST PURCHASE

US DOLLAR RETENTION[1]



Retailer survey data[2] says:

83% of retailers see improving conversion and fewer cart abandons

72% of retailers see expanding AOV and basket size

66% of retailers see improving customer satisfaction

When partnering with Afterpay, merchants on average[3] see:

>25% Lift in **AOV**

>20% Lift in **Conversion**

>20% Lift in **Frequency**

Source: 1. Second Measure 2. Global Management Consulting firm (Survey undertaken July 2020). 3. Management estimates.

afterpay

UK performance

Strong momentum in the UK

Underlying Sales contribution $0.6b or 5% of **total group Underlying Sales** in first full financial year of operations

MAJOR RETAIL DEALS

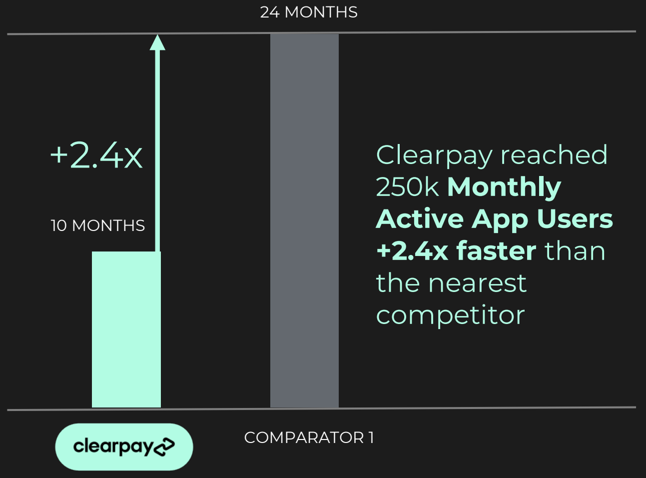
GYMSHARK | never fully dressed | ESTĒE LAUDER COMPANIES | REN CLEAN SKINCARE | HUDABEAUTY | everything5pounds

EXCEEDED **1m+** **Active customers**[1] within its first full financial year of operation

Merchant acceptance has continued since year end with **450 additional** merchants now live on the platform

CLEARPAY IS ACCELERATING

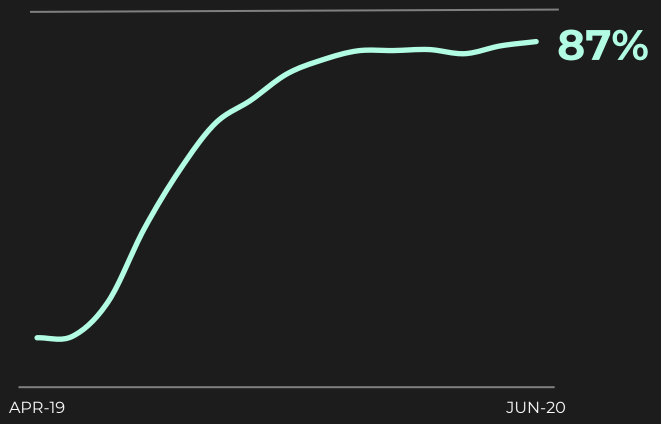
TIME SINCE LAUNCH TO REACH 250K MONTHLY ACTIVE APP USERS [2]



Clearpay reached 250k **Monthly Active App Users +2.4x faster** than the nearest competitor

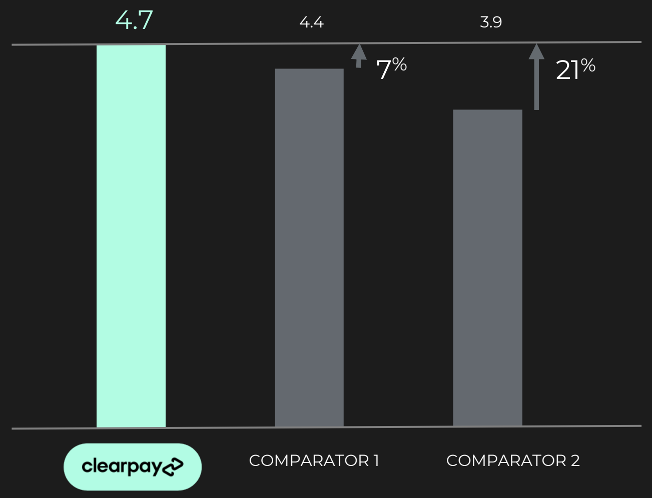
GROWING CONTRIBUTION FROM RETURNING CUSTOMERS

UK RETURNING CUSTOMER, MONTHLY ORDERS



MOST LIKED[3]

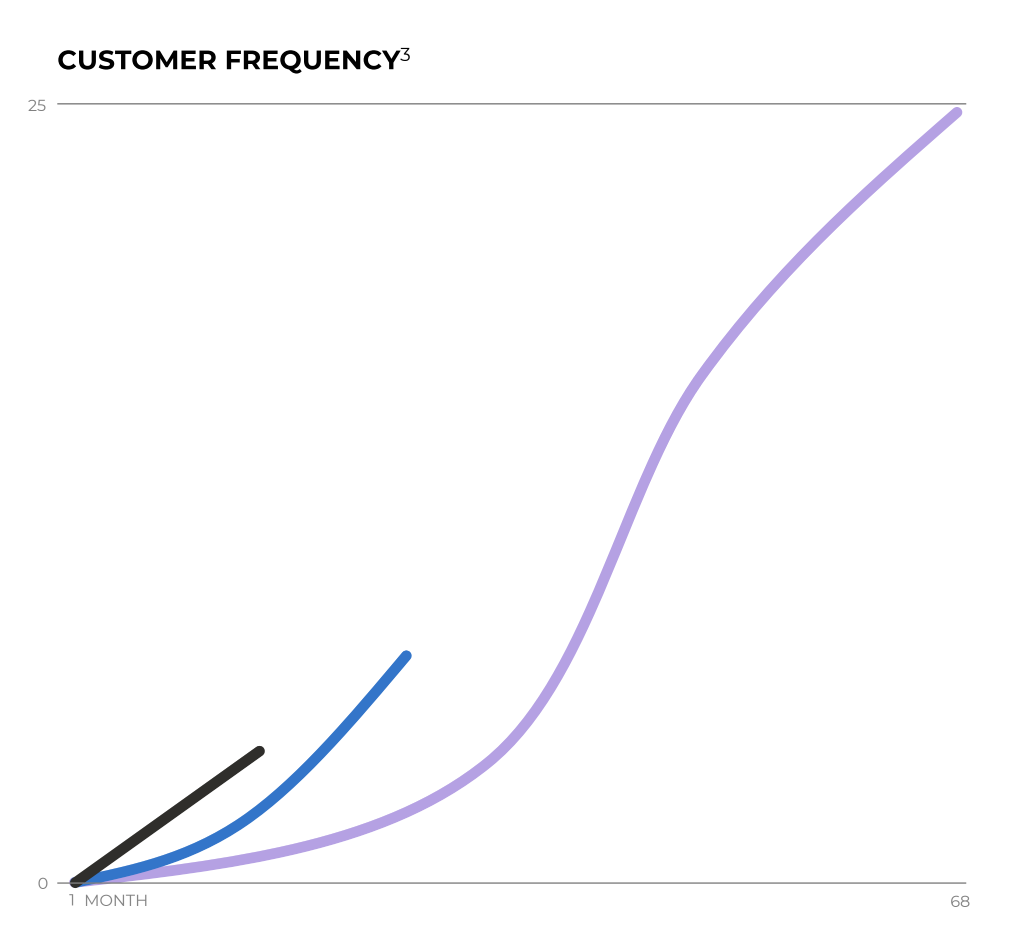
TRUSTPILOT RATING

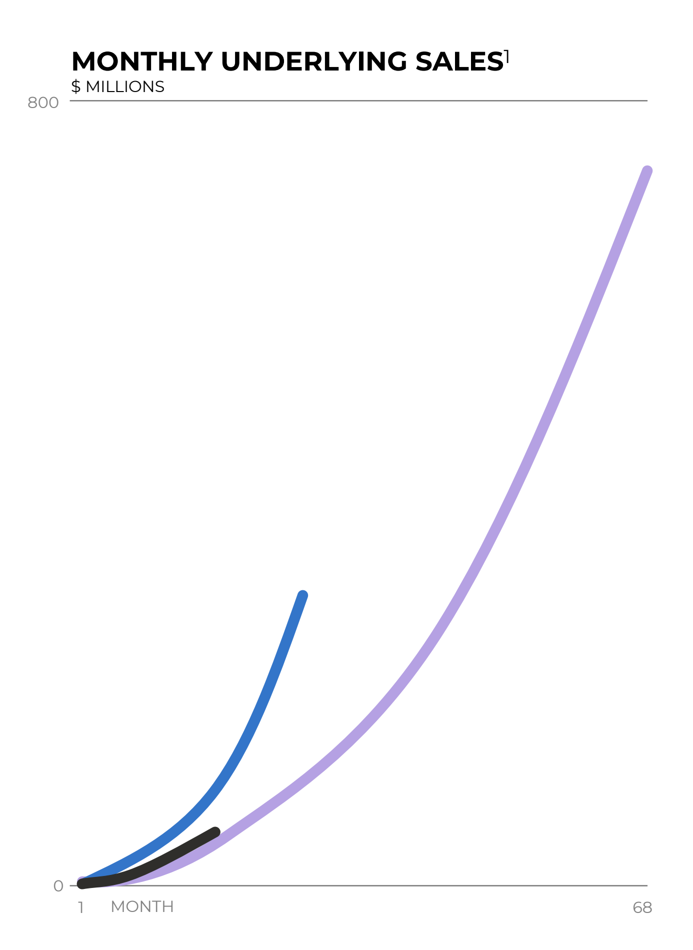


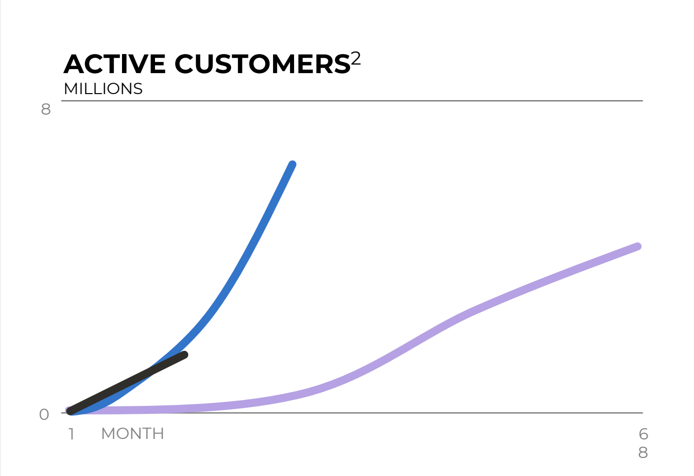
Note: 1. Active defined as having transacted once in the last 12 months. 2. Statista. 3. uk.trustpilot.com.

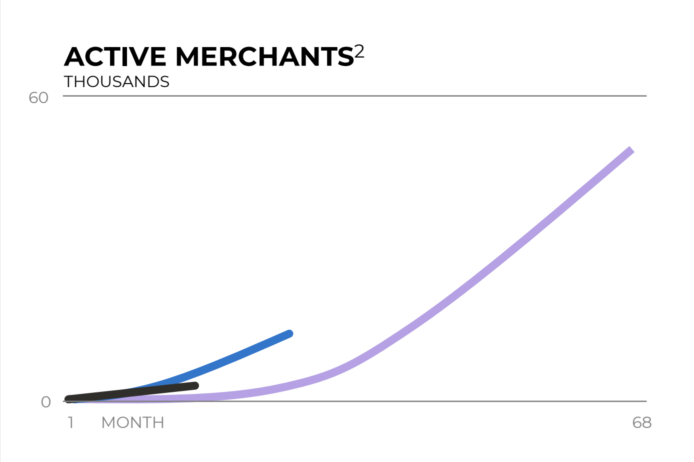
New markets tracking to ANZ customer frequency but scaling at faster rate

ANZ US UK









Notes: 1. Underlying Sales converted to AUD at the AUD:USD 0.7, AUD:GBP 0.55, AUD:NZD 1.07. 2. Active defined as having transacted once in the last 12 months. 3. ANZ reflects the FY15 to FY17 customer cohort, US reflects FY19 customer cohort and UK reflects FY20 customer cohort

Global expansion

afterpay

North America extension

- Launched in Canada in August 2020.
- A number of major retailers are contracted or integrating including:

Perfume.com Trusted since 1995 · AMERICAN EAGLE · HUDABEAUTY · dermalogica · NIXON · FragranceX · MAËLYS · Roots · Herschel · native · golí

Accelerate expansion into Europe

- Agreement to acquire Pagantis provides opportunity to launch in Spain, France, and Italy with regulatory approval to also operate in Portugal.
- Addressable e-commerce market in these four countries exceeds €150b[1] ($247b).
- Acquisition provides a fully staffed and experienced team; existing multi-lingual technology stack and IP; and path to operate across all EU member states (subject to regulatory approval).

First steps in Asia

- An in-region team will be established via a small acquisition of a Singapore-based company operating in Indonesia (EmpatKali).
- Exploring opportunities to leverage Tencent's network and relationships to expand into new regions in Asia.

Source: 1. eCommerce Europe, https://www.ecommerce-europe.eu/research/figures-per-country/

Recent major brands

Australia and New Zealand

ebay, webjet.com.au, priceline pharmacy, HUDABEAUTY, Aēsop., KitchenAid, Repco, sunglass hut, chempro, WIZARD pharmacy, Hush Puppies, sportitude, INSPORT, Hannahs, SHEIN, numberoneshoes

KOOKAÏ, mydeal, MECCA, YvesSaintLaurent, LANCÔME PARIS, 1300SMILES, DAVID JONES, agoda, MICHAEL KORS, appliancesonline legendary service, Skydive AUSTRALIA, QBD BOOKS, Kidstuff, SAMSUNG

CHEMIST WAREHOUSE, DIRECT CHEMIST OUTLET, RY, Aje., RUNNING WAREHOUSE, ESTĒE LAUDER COMPANIES, ARMANI beauty, SWAROVSKI, WHITEWATER WORLD, DYMOCKS, Camilla, THE REJECT SHOP, VICTORIA'S SECRET, freedom, salt&pepper

Dreamworld, Amart Furniture, Foot Locker, TICKETEK, RIOT GAMES, drummond golf, PET FOOD Australia, Horseland, MITRE 10, BED BATH & BEYOND, MARKS & SPENCER, MYER MY STORE, TerryWhite Chemmart, SKYPOINT, Kiehl's

United States

OLD NAVY, ATHLETA, BANANA REPUBLIC, GAP, FENTY SKIN, TATCHA, AMOREPACIFIC, RUGGABLE, PINKBLUSH, AMERICAN EAGLE, FURLA SINCE 1927 ITALY

ROTHY'S, FENTY BEAUTY BY RIHANNA, vineyard vines, BHLDN WEDDINGS, clarisonic, Perricone MD, YvesSaintLaurent, RTW retailwinds, ANASTASIA BEVERLY HILLS, Living proof., Kiehl's, COST PLUS WORLD MARKET

PACSUN, LANCER, LA MER, LANCÔME PARIS, BARRY'S, SHISEIDO, Jo MALONE LONDON, UNTUCKit, SOKO GLAM, CLINIQUE, Madewell, CharlotteTilbury, SHEIN, ba&sh

MAC, hannaAndersson, TATI BEAUTY, OLEHENRIKSEN, BOMBAS, TILLYS, native, FINISH LINE, BIRKENSTOCK, FragranceNet.com, MARC JACOBS BEAUTY, lululemon, ROMWE

CARBON38, HAUS LABORATORIES, it COSMETICS, DRUNK ELEPHANT, Herschel, asos, THE HUT, Ray-Ban, ULTA BEAUTY, Levi's, tarte, ESTĒE LAUDER COMPANIES, Outdoor Voices, for all 7 mankind, FTD, puma, FILA, new balance

United Kingdom

dermalogica, CURRENTBODY THE BEAUTY DEVICE EXPERTS, FEMME LUXE, FOOTPATROL, zavvi, IWOOT, GYMSHARK, ELEMIS, I SAW IT FIRST, SHEIN, REISS, KOOKAÏ

SECRET SALES, everything5pounds, TESSUTI, bareMinerals, CHARLES & KEITH, boohoo, PROBIKEKIT, MYPROTEIN, lookfantastic, never fully dressed

REN CLEAN SKINCARE, size?0, THE HUT, JD, R.M.Williams, hype., Unilever, ESTĒE LAUDER COMPANIES, Foot Locker, URBN, MARKS & SPENCER, asos, QUIZ, elf

Innovation.

One of a kind loyalty program rewarding responsible spending

Core principles

Only mass-market program of its kind

Incentivises on time payments

Rewards customers who choose to spend responsibly

Eligibility

Criteria for eligibility relates to on-time payments track record

Rewards

In the US include:

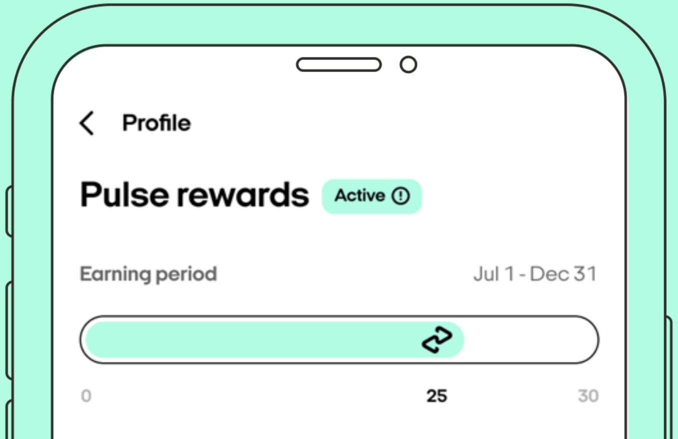
- No payment up front on eligible purchases
- Ability to buy gift cards to shop from top brands and pay in four interest-free instalments
- Increased payment flexibility – additional payment reschedules
- Access to exclusive discounts, promotions, and new product launches

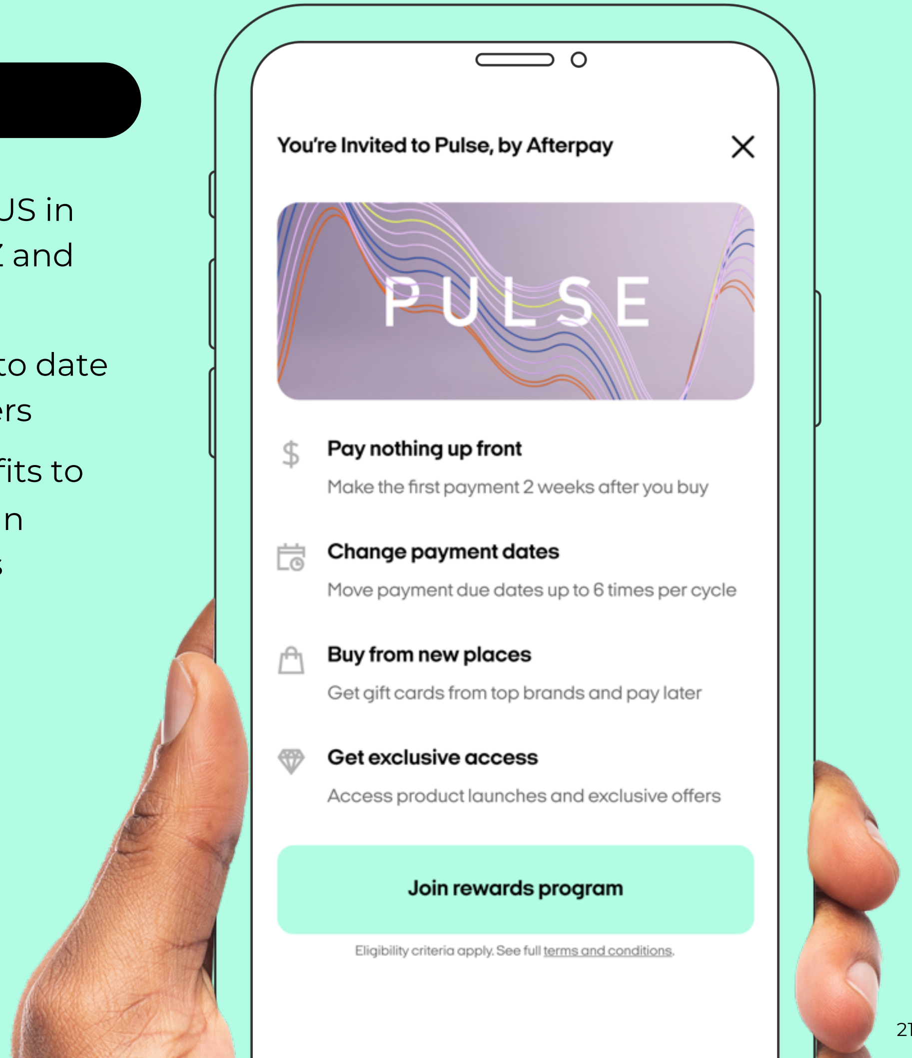
Roll out

Launched in US in July with ANZ and UK to follow

~35% uptake to date of eligible users

Further benefits to be rolled out in future phases





Flexibility for consumers

Expanding cross border trade

Progressing roll out of cross border trade (**XBT**) Platform:

- ANZ and UK completed
- US and CA to be completed in early 2021
- Roll out into new regions in mid term
- XBT will facilitate an additional revenue stream in due course

Consumer enhancements being rolled out

- Express checkout
- Persistent login
- Customer personalisation to drive conversion
- Creating wish lists and favourites

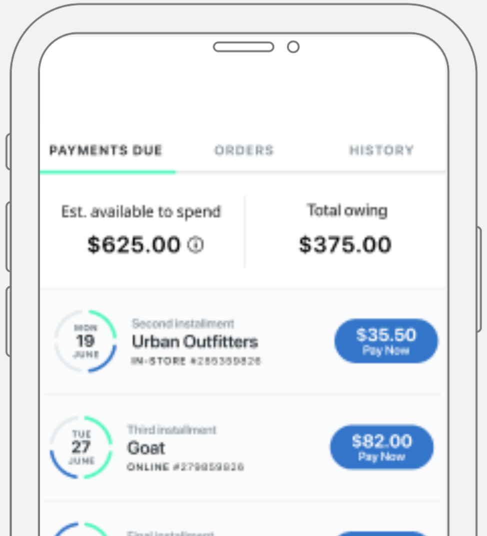
Visible Limits

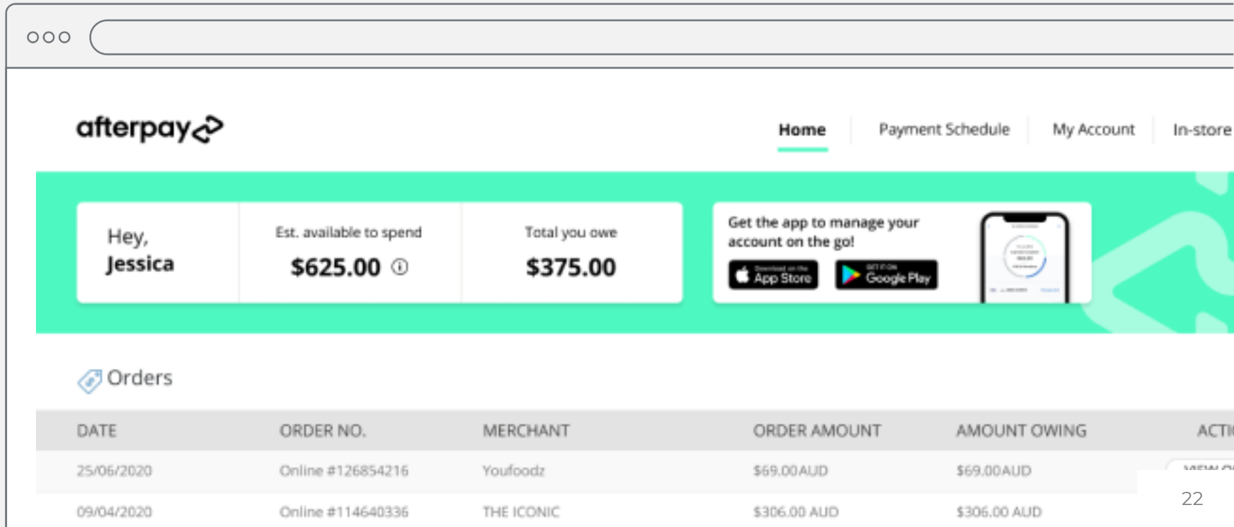
- Live in August globally
- Ability to view available spend limit and total amount already owed
- ANZ and UK completed
- Promotes further transparency and responsible spending

Flexibility and Schedule payment changes

Ability for customers to:

- Nominate any amount to be paid to help manage budget
- Make overdue payments at checkout
- Request up to 3 changes to payment schedules per year





Partnerships

Payment Schemes:

Global strategic partnerships with both Visa and Mastercard which began delivering cost efficiencies in FY20.

American Express® accepted as a repayment option in US.

Payment Acceptance:

Live globally with Worldpay for payments processing, realising cost and scale synergies as well as an avenue to accelerate international expansion.

Apple Pay made available as a repayment method for consumers globally.

Card issuing:

Launched Visa virtual in-store card in the US in partnership with Apple Pay and Google Pay.

Issuing virtual Visa (US) and Mastercard (AU) cards to accelerate merchant integration.

Integrating with Plaid, as part of enabling direct debits from consumer bank accounts in the US.

Plaid enables consumers to connect their financial accounts at more than 11,000 institutions with more than 3,000 digital apps and services across the world.

PLAID

Perform.

Group financial highlights

Doubled Underlying Sales to **$11.1 billion** with growth achieved in all regions

Strengthened capital position (>$1.3bn cash[2]) with the ability to fund over $30 billion[2] in annualised Underlying Sales above current run-rate[3]

Accelerating investment to support exceeding our mid-term target

Maintained Afterpay Income margins at 3.9% of Underlying Sales

Afterpay Net Transaction Margin sustained >2% despite increasing contribution from newer regions

Historically low loss rates with Gross Loss[1] at 0.9% of Underlying Sales

Note: 1. Gross Loss is defined as Afterpay Receivables Impairment Expense in the Financial Statements. 2. On a pro forma basis, inclusive of the net cash proceeds from the July 2020 capital raising. 3. Current annualised underlying sales run-rate of $15 billion (Q4 FY20).

Group financial snapshot

A$M (UNLESS OTHERWISE STATED)	FY20	FY19	CHANGE %
Group - key financial metrics			
Group Total Income	**519.2**	**264.1**	**97%**
Afterpay Income[1]	433.8	200.9	116%
Pay Now Revenue	16.5	17.1	(4%)
Other Income (Late Fees)[1]	68.8	46.1	49%
Group Net Transaction Margin[2]	**261.3**	**129.7**	**101%**
Afterpay NTM	250.2	119.3	110%
Pay Now Gross Margin	11.1	10.4	7%
EBITDA (excluding Significant Items)[3,4]	**44.4**	**25.7**	**73%**
Loss for the year - Statutory	**(22.9)**	**(43.8)**	**48%**

Note: Change calculations may not equate due to rounding.
1. Afterpay Income reflects income from merchants. Other Income relates to Late Fees.
2. Net Transaction Margin is equal to Afterpay Net Transaction Margin and Pay Now Gross Margin
3. EBITDA (excluding significant items) excludes foreign currency (FX) gains/losses on foreign denominated balances. FY19 EBITDA (excluding significant items) has been restated to exclude a favourable $3.0 million FX gain. FY20 EBITDA (excluding significant items) excludes a favourable $19.9 million FX gain.
4. FY19 EBITDA (excluding significant items) has not been restated for the adoption of AASB 16 leases. FY20 EBITDA (excluding significant items) includes a $5.6 million benefit from the adoption of AASB 16. The Group adopted AASB 16 using the modified retrospective method and has not restated comparatives for FY19 as per the specific transitional provisions.
5. Afterpay Total Income is the sum of Afterpay Income (income from merchants) and Afterpay Other Income.

Strong growth matched by strong margin performance, notwithstanding:

- increased contribution from less-mature markets which are initially lower margin;
- materially lower late fees as a percentage of Afterpay Total Income[5]

Afterpay key metrics

$M (UNLESS OTHERWISE STATED)	FY20	FY19	CHANGE %
Underlying Sales ($m) [1]	**11,114.2**	**5,247.2**	**112%**
Afterpay Income	**433.8**	**200.9**	**116%**
% of Underlying Sales	3.9%	3.8%	0.1pp [7]
Other Income (Late Fees) [2]	**68.8**	**46.1**	**49%**
% of Underlying Sales	0.6%	0.9%	(0.3pp)
Afterpay Total Income	**502.7**	**247.0**	**103%**
Gross Loss [3]	**(94.5)**	**(58.7)**	**61%**
% of Underlying Sales	(0.9%)	(1.1%)	0.3pp
Net Transaction Loss (NTL) [4]	**(42.8)**	**(22.2)**	**93%**
% of Underlying Sales	(0.4%)	(0.4%)	0.0pp
Other variable transaction costs (incl. Finance costs [5])	(140.9)	(59.3)	137%
% of Underlying Sales	(1.3%)	(1.1%)	(0.1pp)
Net Transaction Margin (NTM) [6]	**250.2**	**119.3**	**110%**
% of Underlying Sales	2.3%	2.3%	(0.0pp)

Net transaction margin maintained at 2.3% as:

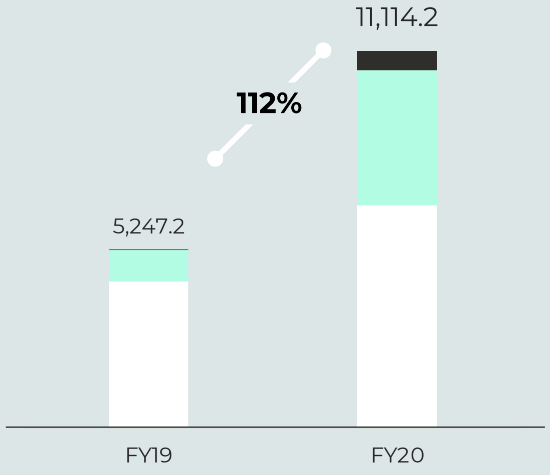
- improvement in Afterpay Income and Gross Loss as a percentage of underlying sales offset by:
- reduction in late fees and slightly higher other variable transaction costs

Note: Change calculations may not equate due to rounding.
1. Unaudited, as at 30 June.
2. Afterpay Other Income relates to Late Fees and is included in the calculation of NTL by management.
3. Gross Loss is shown as Receivables Impairment Expense in the Consolidated Statement of Comprehensive Income. Gross Loss is included in the calculation of NTL.
4. NTL calculation comprises Gross Loss, Chargebacks, Debt Recovery Costs, net of Late Fees.
5. Finance costs associated with external receivables funding. Reported within Finance Costs and included in NTM
6. Afterpay NTM is calculated as Afterpay Income, less NTL, less Other variable transaction costs (incl. Finance Costs). A reconciliation from Afterpay Income to Afterpay NTM is provided in the Appendix.
7. 'pp' represents percentage points, calculated as the difference between FY20 and FY19.

Doubled Underlying Sales and maintained Afterpay Income Margin

Growth in Underlying Sales

$MILLIONS



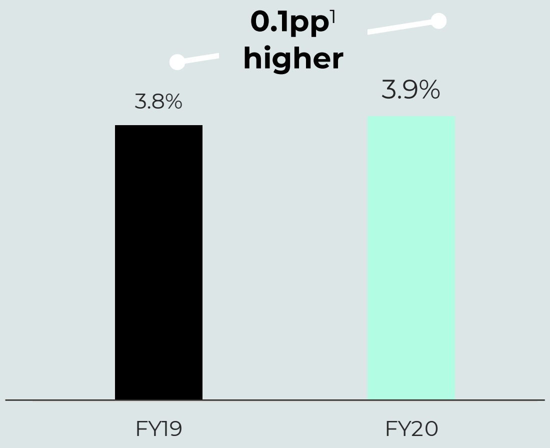
Underlying Sales growth achieved in all regions.

Higher contribution from less-mature international markets.

ANZ US UK

Afterpay Merchant Income Margin

PERCENTAGE OF UNDERLYING SALES

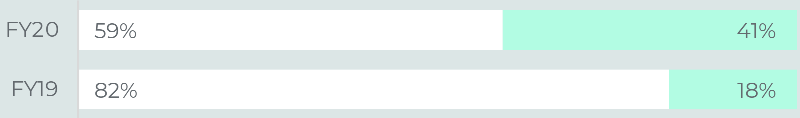


Income margins remained firm and increased across all regions.

Developing SMB presence in all regions.

Underlying Sales contribution by region

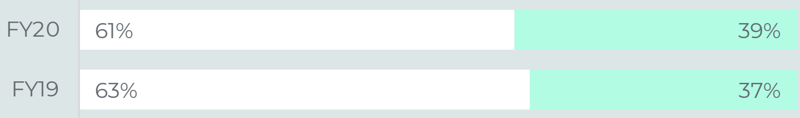
PERCENTAGE OF UNDERLYING SALES



ANZ INTERNATIONAL (US AND UK)

Group merchant tier mix

PERCENTAGE OF UNDERLYING SALES



ENTERPRISE OTHER

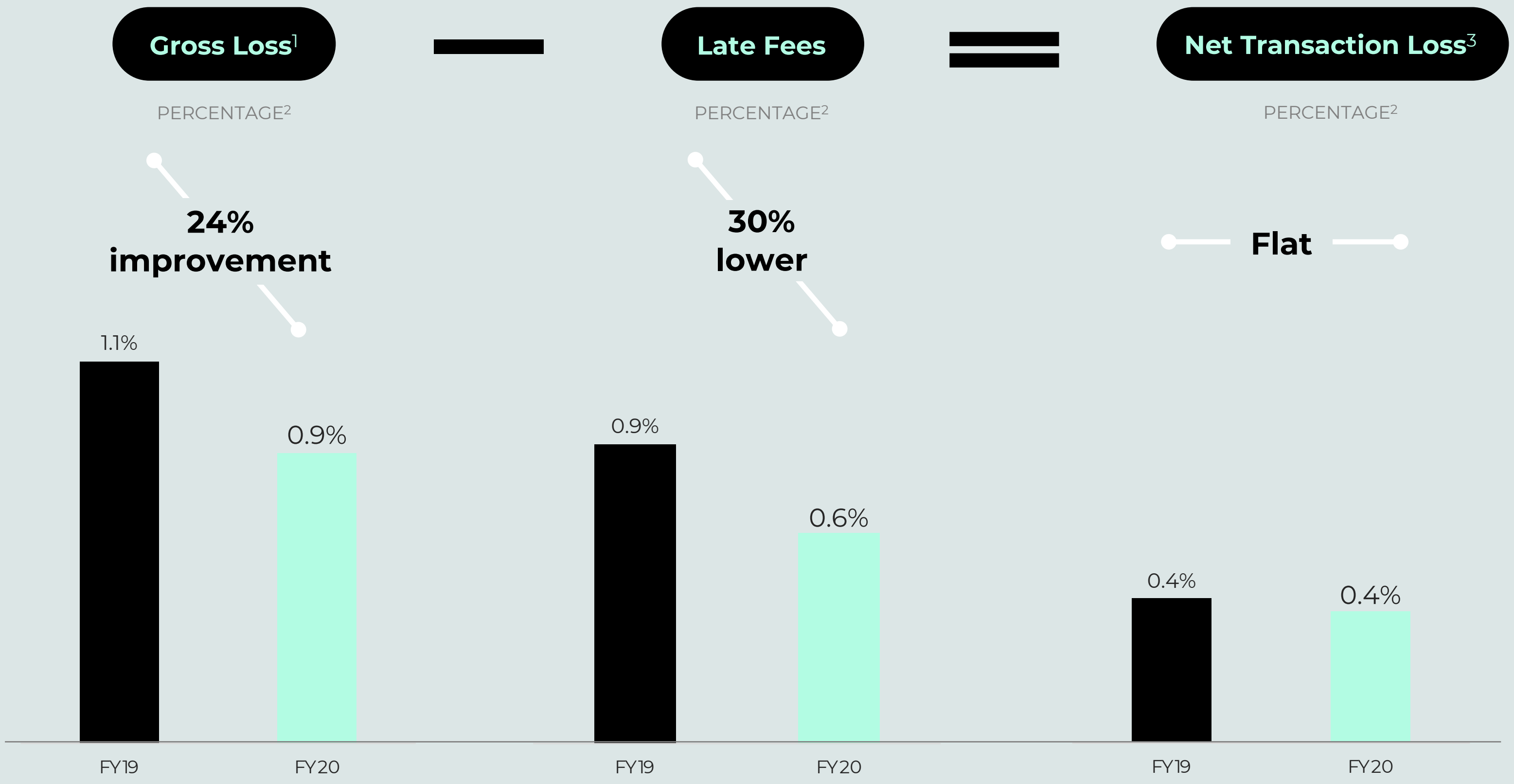
Note: Change calculations may not equate due to rounding. 1. 'pp' represents percentage point calculated as the difference between FY20 and FY19.

Historically low loss rates

Loss performance continues to improve despite an uncertain economic environment and increased mix contribution from newer markets (which are initially higher loss).

Improving Gross Loss performance was achieved in all markets.

Net Transaction Loss (NTL) of 0.4% of Underlying Sales was driven by an improvement in Gross Loss offset by a reduction in Late Fees.



Net Transaction Loss ratio maintained despite a significant reduction in late fees

Note: Change calculations may not equate due to rounding. 1. Gross Loss is defined as Afterpay Receivables Impairment Expense as a percentage of Underlying Sales. 2. Gross Loss, Late Fees, and Net Transaction Loss (NTL) are shown as a % of Underlying Sales 3. The NTL calculation includes other adjustments not shown on this page (chargebacks and debt recovery costs which were 0.2% in FY20 and 0.2% in FY19).

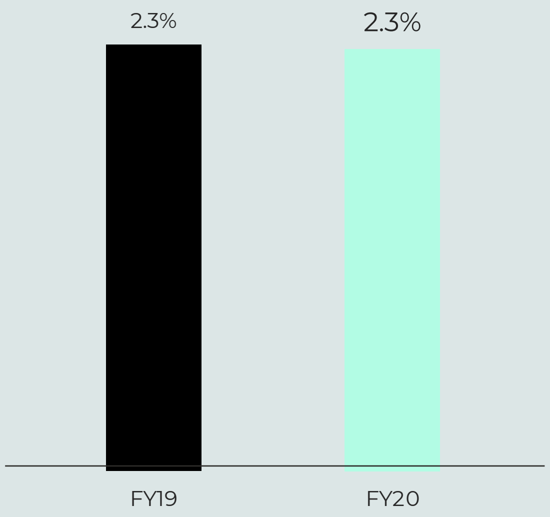
afterpay

Afterpay Net Transaction Margin sustained at over 2% of Underlying Sales

Afterpay Net Transaction Margin = **Afterpay Income** — **Net Transaction Loss** — **Other variable transaction costs[1]**

Afterpay Net Transaction Margin

PERCENTAGE OF UNDERLYING SALES



Afterpay Net Transaction Margin (NTM) remained strong at 2.3%, in line with prior year.

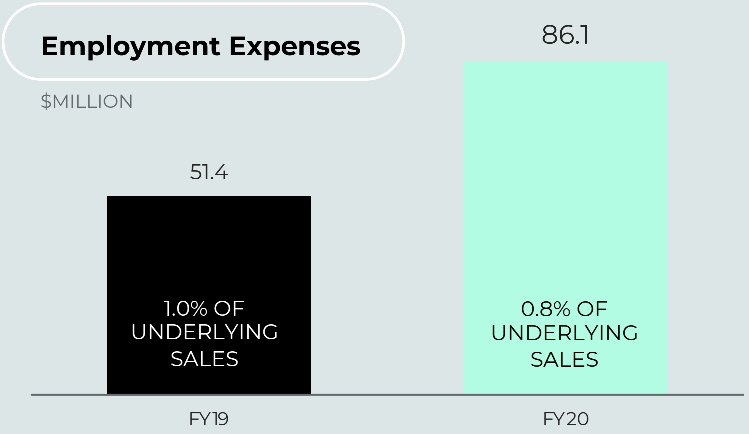
The NTM result was achieved notwithstanding increasing contribution from less-mature regions which are lower margin.

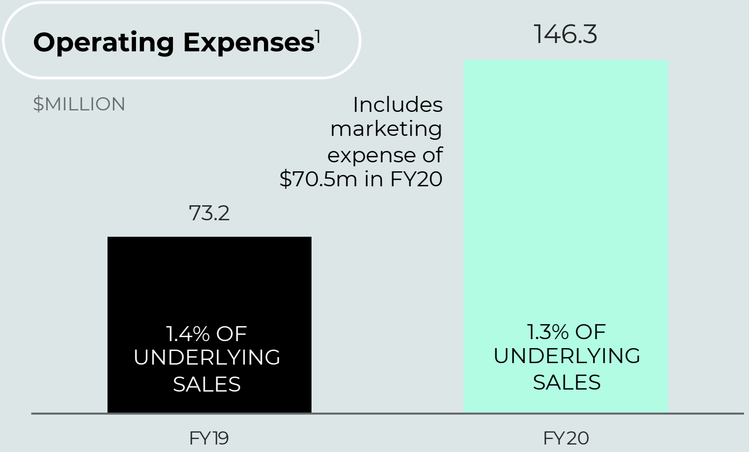
- US and UK now represent 41% of Group Underlying Sales, up from 18%
- Positive and growing Afterpay NTM % was achieved within all regions, including UK in its first full year of operations.

Afterpay NTM as a percentage of Underlying Sales will be impacted by increasing mix contribution in FY21 from newer and yet-to-be-launched regions, which are initially lower margin, even as NTM within each region is expected to improve. We continue to target 2% NTM in the longer-term.

Note: 1. Other variable transaction costs include Finance costs associated with external receivables funding, processing and other variable costs for Afterpay included within Cost of Sales.

Continuing to invest for growth





Note: 1. FY20 Operating Expenses as reported in the Financial Statements include one-off items of $6.4m and foreign currency gain of $19.9m. FY20 Operating Expenses excluding these items would have been $159.8m.

Continued investment in FY20

Continued investment to accelerate growth in existing and new markets and exceed mid-term target of $20b in Underlying Sales by FY22. Investment has included:

- Growth in sales, technology and product functions
- Marketing investment to support sales growth and global expansion, including co-marketing with major brands and global re-brand

Employment Expenses and Operating Expenses were 0.8% and 1.3% of Underlying Sales in FY20, an improvement of 0.2pp and 0.1pp on FY19, respectively.

Afterpay will further accelerate investment for growth in FY21

With new markets tracking in line with ANZ blueprint, and additional markets coming online in FY21, we will further accelerate our investment to:

- Enhance our platform and continue to grow our people resources
- Pursue co-marketing opportunities and invest with our retail partners
- Consolidate our market-leading position in existing markets
- Expedite our expansion into new markets to leverage early mover advantage.

Balance sheet strength

afterpay

Pro Forma Total Cash[1] of **>$1.3 billion** and combined Pro Forma Liquidity and Growth Capacity of >**$2.0 billion.**

Combined Pro Forma Liquidity and Growth Capacity of >$2.0 billion is able to fund over $30 billion[2] in Underlying Sales above the current annualised Underlying Sales run-rate of $15 billion (Q4 FY20).

Net Cash

$MILLION	FY20	FY19
Cash	606.0	231.5
Restricted Cash[3]	1.5	2.0
Total Cash[1]	**607.6**	**233.5**
Debt[4]	(469.0)	(50.2)
Net Cash	**138.5**	**183.3**

Liquidity

$MILLION	FY20	FY19
Cash	606.0	231.5
Undrawn warehouse capacity[5]	122.4	378.6
Liquidity	**728.4**	**610.1**
Growth capacity[5]	541.8	568.3
Total Liquidity & Growth Capacity	**1,270.2**	**1,178.4**

Pro forma

$MILLION	FY20	FY19
Net capital raising proceeds[6]	769.8	-
Pro Forma Total Cash	**1,377.3**	**233.5**
Pro Forma Liquidity & Growth Capacity	**2,039.9**	**1,178.4**

Liquidity and Growth Capacity

FY20, $MILLION

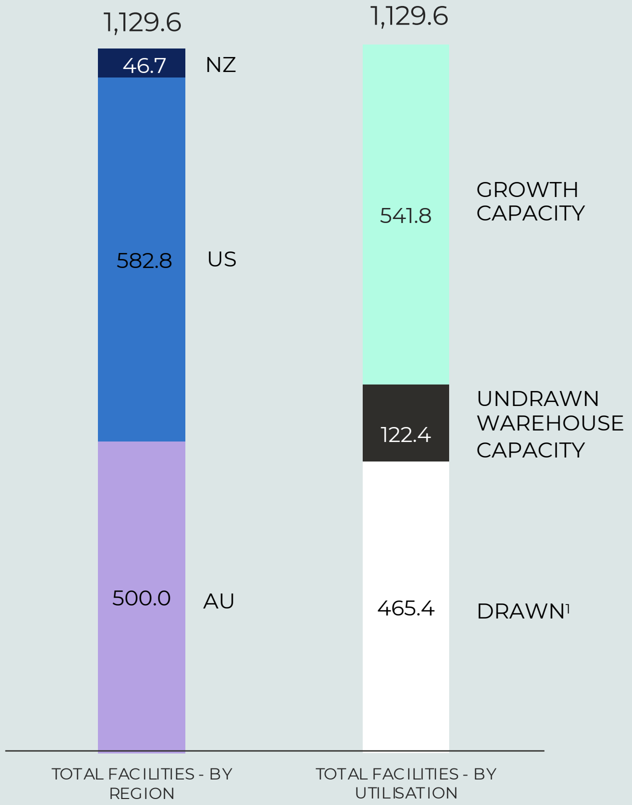
Note: 1. Total cash includes cash and restricted cash. 2. Estimated calculation based on the terms of Afterpay's existing warehouse funding facilities and historical performance of receivables. 3. Relates to cash assets held with banks as collateral for daily cash settlements with merchants and payments to funding providers. 4. Debt is equal to Interest Bearing Loans and Borrowings in the Financial Statements. Movement in debt on the balance sheet includes lease liabilities and amortisation related to capitalised borrowing costs, therefore will not be comparable to cashflow movement. 5. Undrawn warehouse capacity refers to the borrowing capacity in the debt facilities available as at 30 June 2020. Growth capacity reflects the difference between the facility limit and the drawn and undrawn warehouse capacity of each facility. Further detail next page. 6. Related to the $786.2m capital raising in July 2020, net of capital raising fees.

afterpay

Well diversified debt facility portfolio by source and maturity

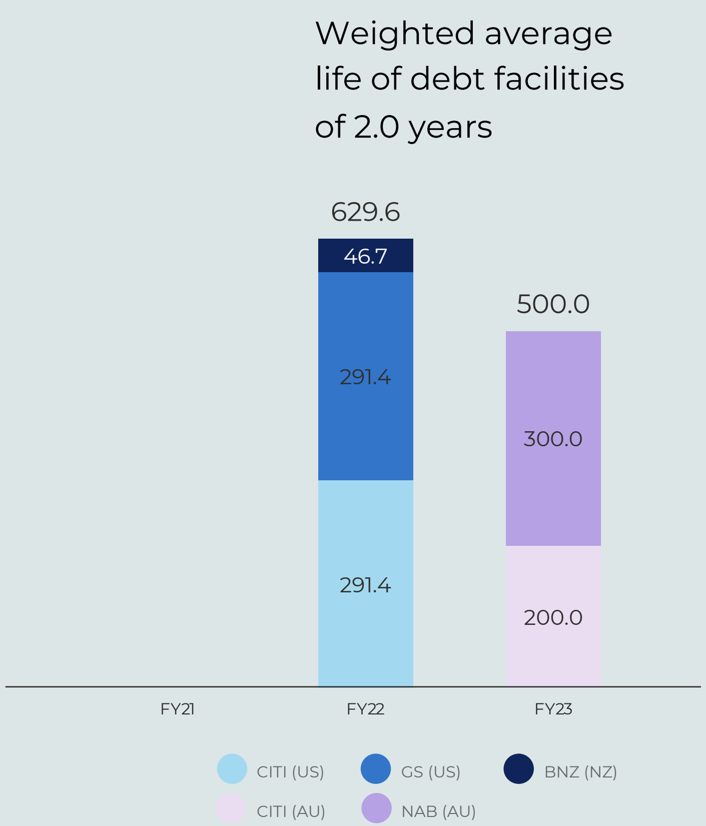
Total warehouse facilities

$MILLION



Funding Facility Maturity Profile

$MILLION



Commentary

Capacity to fund additional growth:

- $122.4m of undrawn warehouse capacity
- $541.8m of warehouse facility headroom to fund growth in receivables (“growth capacity”)

Facilities established and extended:

- Established US$200m US facility with Goldman Sachs (GS) (FY22 maturity)
- Existing US facility with Citi extended to FY22 at US$200m limit
- Established NZ$50m NZ facility with Bank of New Zealand (FY22 maturity)
- Extended AU facilities to FY23 maturity
- Terms received for establishment of £100m UK facility

Weighted average life of debt facilities of 2.0 years.

Note: 1. Actual drawn debt under the receivables warehouse facilities is $465.4m. This is reported in the Financial Statements (Note 13) as “Secured Interest Bearing Borrowings” of $461.4m, reflecting actual drawn debt of $465.4m adjusted for capitalised borrowing costs and accrued interest of $4.0m.

Statutory profit & loss

$MILLION	FY20	FY19
Afterpay income	433.8	200.9
Pay Now revenue	16.5	17.1
Other income	68.8	46.1
Total Income	**519.2**	**264.1**
Cost of sales	(134.3)	(59.6)
Gross Profit	**384.9**	**204.6**
Depreciation and amortisation	(30.0)	(22.4)
Employment expenses	(86.1)	(51.4)
Share based payments	(30.5)	(30.5)
Receivables impairment expense	(94.5)	(58.7)
Net loss on financial liabilities at fair value	(2.0)	-
Operating expenses	(146.3)	(73.2)
Operating Loss	**(4.6)**	**(31.7)**
Share of loss of associate	(1.1)	-
Finance income	1.4	0.6
Finance cost	(22.5)	(11.7)
Loss before Tax	**(26.8)**	**(42.8)**
Income tax (expense)/benefit	3.9	(1.0)
Loss for the Year	**(22.9)**	**(43.8)**

Commentary

Total Income was up 97% on the prior year, driven by growth in Underlying Sales across all regions and expanding Afterpay Income margins. Gross Profit was up 88% on the prior year, broadly following growth in Total Income.

Employment Expenses and Operating Expenses were $86.1m and $146.3m respectively. Operating Expenses includes significant items related to one-off costs of $6.4m and a foreign currency gain of $19.9m. Operating Expenses excluding these significant items would have been $159.8m.

The Group recorded a Statutory Loss before and after Tax of $26.8m and $22.9m, respectively. Statutory Loss is significantly impacted by one-off and non-cash items (including foreign exchange gains, share-based payment expenses, net losses on financial liabilities at fair value and share of loss of associate).

Reconciliation to Statutory Accounts

A reconciliation of Gross Profit to NTM and a reconciliation of Loss for the Period to EBITDA (excluding significant items) are provided in the Appendix. EBITDA (excluding significant items) adds back depreciation and amortisation, net finance costs, share of loss of associate, net loss on financial liabilities at fair value, share based payments and one-off items and foreign currency gains from Loss before Tax.

afterpay

Balance sheet

Balance Sheet

$MILLION	30 JUN 20	30 JUN 19
Cash	606.0	231.5
Restricted cash[1]	1.5	2.0
Receivables	781.9	452.7
Other current and non-current assets	219.1	134.3
Total Assets	**1,608.5**	**820.5**
Payables	180.7	110.0
Debt[2]	469.0	50.2
Other liabilities	12.4	11.7
Total Liabilities	**662.2**	**172.0**
Equity	**946.4**	**648.5**

Key Balance Sheet Metrics

$MILLION	30 JUN 20	30 JUN 19
Net cash / (debt)	138.5	183.3
Liquidity	728.4	610.1
Interest cover ratio	n.a.	3.8x
Warehouse debt, % of receivables[3]	59.5%	-
% drawn of warehouse funding facilities	41.2%	-
Undrawn Committed Facilities[4]	664.1	946.9

Commentary

A significant increase in receivables to $781.9m reflected the continued growth in Afterpay Underlying Sales in all regions.

The Group had cash of $606.0m at 30 June 2020, with an increase in cash due to capital raisings during the year and greater drawdown of debt to fund growth in receivables. The proportion of receivables funded by warehouse debt was 59.5% at 30 June 2020.

The increase in debt to $469.0m reflects the increased funding of receivables with debt, net the repayment of the $50.0m unsecured retail notes in Australia. The proportion of warehouse facilities drawn at 30 June 2020 was 41.2%. The Group has $664.1m[4] of facility headroom to fund further growth in receivables via debt.

Cash and liquidity shown on this page excludes the capital raising in July 2020.

Note: Amounts may not sum due to rounding. 1. Relates to cash assets held with banks as collateral for daily cash settlements with merchants and payments to funding providers. Included within Other Financial Assets in the Financial Statements. 2. Debt is equal to Interest Bearing Loans and Borrowings in the Financial Statements. Movement in debt on the balance sheet includes amortisation related to capitalised borrowing costs, therefore will not be comparable to cashflow movement. 3. Calculated as drawn warehouse debt divided by Receivables as reported in the Financial Statements. 4. Equal to facility limit less drawn debt. Comprised of undrawn warehouse capacity and additional growth capacity

Cash flow statement

$MILLION	FY20	FY19
Receipts from customers	9,955.0	4,823.0
Payments to merchants and suppliers	(10,103.8)	(4,916.3)
Payments to employees and other	(85.2)	(48.9)
Operating Cash Flow	**(234.0)**	**(142.2)**
Increase in Receivables	329.2	213.6
Operating Cash Flow - Adjusted	**95.2**	**71.4**
Payments for intangibles and PPE	(45.6)	(23.6)
Contributions to associates / Proceeds from sale of business	(5.1)	7.5
Other	2.0	(0.2)
Investing Cash Flow	**(48.6)**	**(16.3)**
Net proceeds from borrowing	415.4	(111.5)
Proceeds from exercise of share options	30.6	13.6
Proceeds from issue of shares, net	233.0	459.3
Interest & bank fees paid	(19.5)	(14.5)
Payment of lease liabilities	(5.3)	~
Decrease/increase in restricted cash	0.5	21.7
Capital raising expenses & other	(5.2)	(11.4)
Financing Cash Flow	**649.4**	**357.1**
Net increase / (decrease) in cash	366.8	198.7
FX on cash balance	7.7	0.2
Starting cash	231.5	32.6
Ending Cash	**606.0**	**231.5**

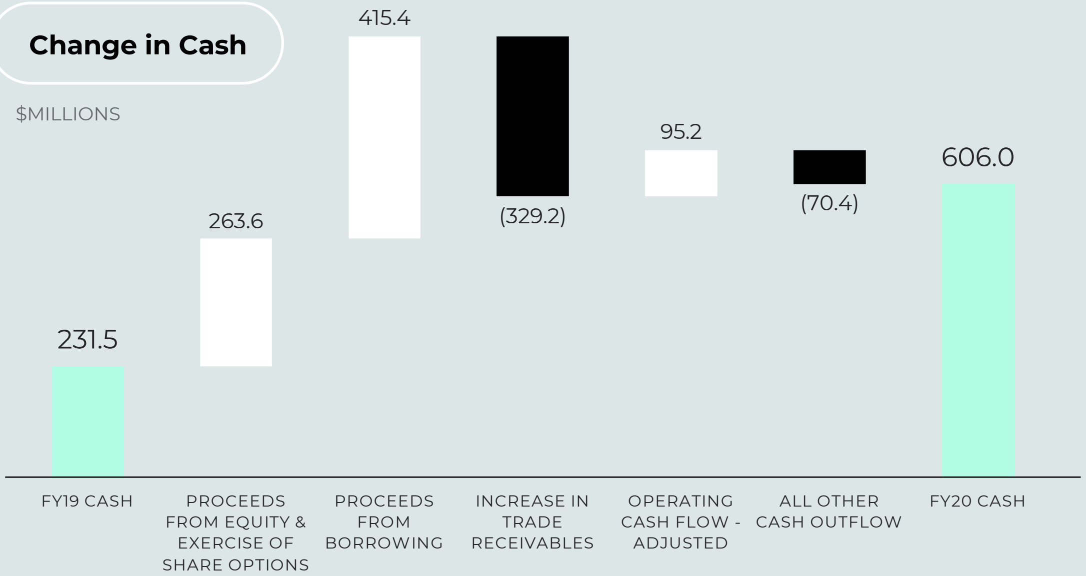
Commentary

Operating Cash Flow declined during the year primarily due to funding of receivables, which was driven by growth in Underlying Sales. Operating Cash Flow adjusted to exclude the growth in Receivables translates to a positive position of $95.2m.

Cash increased during the year to $606.0m primarily due to capital raisings completed in the year, including the $200.0m placement to Coatue in November 2019, and an increase in borrowings to fund growth in receivables.

Change in Cash

$MILLIONS



Note: 1. Amounts may not sum due to rounding. 2. FX gain reflects unrealised foreign currency gain, which is a non-cash item.


Do the right thing.

afterpay

Afterpay is unlike traditional finance... delivering different outcomes

The weighted average age of our customers across our regions is: AU 35 NZ 33 US 34 UK 33

Customers pay significantly lower fees[1] at 0.6% Compared to users of other financial products

Afterpay's **incentives are aligned** with consumers – an on time payer is more profitable for the business

OVER 45% of all consumers globally **made an early payment in FY20**

Low average outstanding balances of $190[2]

97% of payments and **90%** of purchases incur **no late fees**

Afterpay's **proprietary risk model** uses **machine learning technology** to approve discrete transactions **in real time**

Afterpay's gross losses remain low ~1% industry leading

Other BNPL and traditional credit providers rely on:

- Interest style payments and other fees to drive income
- Around 63-80% of their income from consumers[3] (compared to <14% for Afterpay)
- Old technology and methodologies for decision making including credit checks

Source: 1. Afterpay Late fees as a percentage of Underlying Sales 2. Based on Group June 2020 3. Based on comparative analysis of competitors' source of income (consumer vs merchant fees) from financial reports

Trust-based relationship results in positive customer behaviour

We base our relationships with customers on **mutual trust**

We believe **real-time behaviour** best reflects how someone uses our platform

We **do not rely on lagging indicators** like credit checks, which **do not deliver better outcomes for customers** than the protections we have in place

Afterpay has consistently maintained **significantly lower loss rates** than our peers, as well as traditional credit products, who employ credit checks to recover debts, price credit, and potentially impact customers' credit scores and ability to borrow

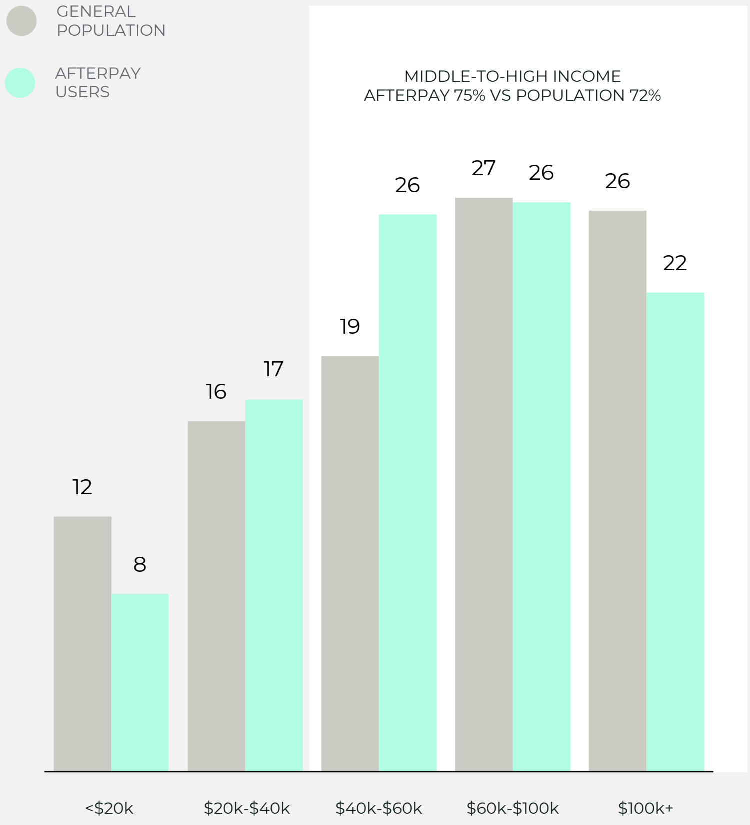
We welcome regulation that is based on delivering positive customer outcomes

afterpay	Credit Card[1]
Using your own money in a controlled environment with flexibility and low limits: • Average order value $153 • Average outstanding balance of $190	Line of credit: • ~$10,000 is the average CC limit in Australia[1] • ~$3,000 is the average outstanding balance[2]
Interest free: • No interest charged • Late fees are low and capped • Accounts paused when there is no repayment	Average interest rate of 20%[3]: • Around 58% of customers pay interest and do not enjoy the interest free period • Majority revolve in debt[4]
Less than 14% of Afterpay total income is from customer charges	Over 80% of total revenue is from customer charges
Does not impact your credit file	Can impact a customers credit file, and credit score
Is viewed as an expense when applying for a home loan	A $10K credit card limit can reduce your home loan borrowing power by up to $50K or more

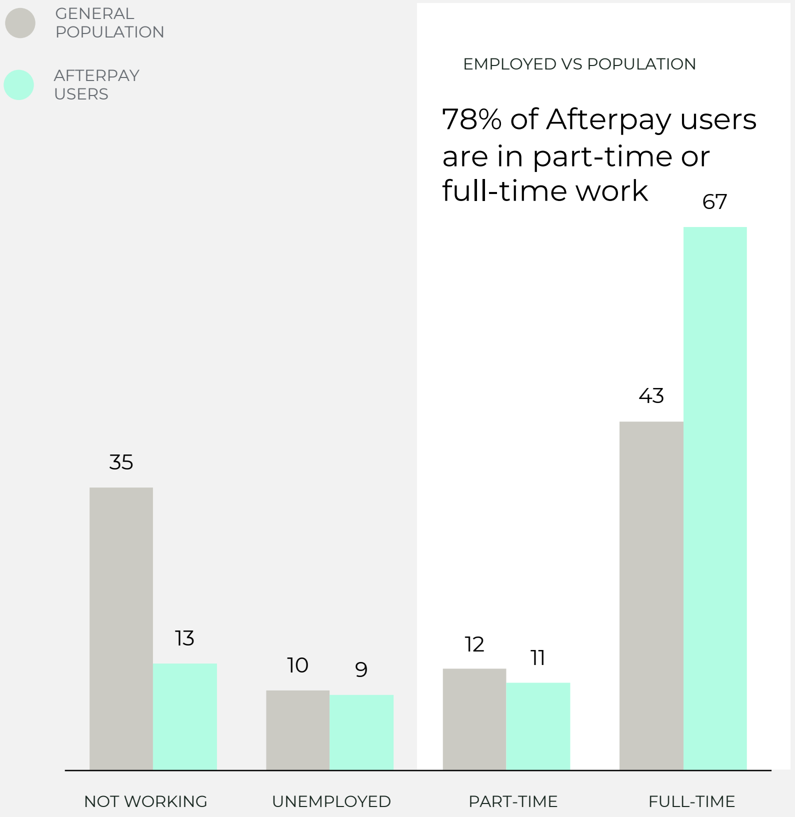
Source: 1. mozo.com.au 2. Finder Survey (June 2020) 3. canstar.com.au 4. RBA (June-20)

Profile of the US Afterpay customer… indicative of our differentiated model

AFTERPAY OVER-INDEXES AMONG MIDDLE-TO-HIGH INCOME HOUSEHOLDS[2]

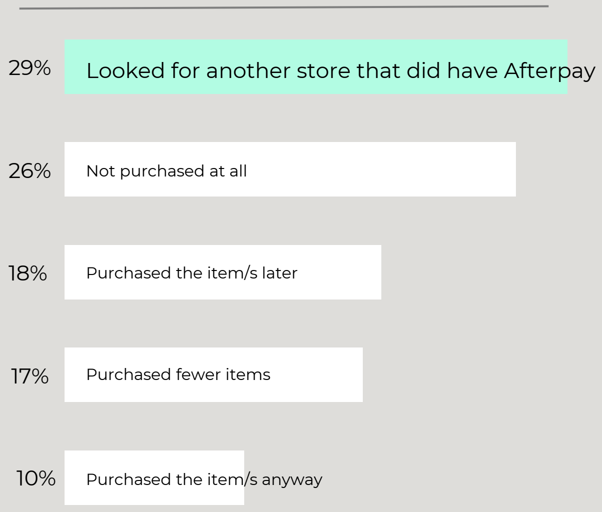


AFTERPAY OVER-INDEXES AMONG USERS IN PERMANENT EMPLOYMENT



CUSTOMER SURVEY RESPONSE WHEN ASKED WHAT THEY DID IF AFTERPAY NOT AVAILABLE AT A RETAILER

% RESPONDENTS, AUGUST 2020



Note 1: Afterpay data, AlphaBeta analysis, Accenture and Ipsos survey of 2500 users and the general population. 2. % of users and total population in each household income (before-tax) bracket. 3. Notes: Personal debit includes overdue bills, student loans, car loans, investment loans (e.g. property, stocks) and personal loans Source: Ipsos survey of 2500 users and the general population, Federal Reserve Board - Survey of Consumer Finances (2016), AlphaBeta analysis

afterpay

Regulatory developments

Australia

ASIC

Continued engagement with ASIC in its follow-up review of the buy now pay later industry.

Report expected in September 2020.

Responded to regular requests for information during COVID-19 as it monitors markets including buy now pay later.

AUSTRAC

AUSTRAC is still considering the Independent Auditor's Report and Afterpay continues to cooperate fully with AUSTRAC.

BNPL Code of Practice

Feedback from public consultation on the BNPL Code of Practice is being considered by the industry working group, and engagement with ASIC on the Code is continuing. The Code is due to be implemented on 1 January 2021.

Senate Select Committee on Financial Technology and Regulatory Technology

Continue to welcome the initiative to cultivate Australia as a global FinTech leader.

US

Licensing

Afterpay recently changed the legal structure of its business model in the US market, which has involved the need for some state-based licences. There has been no material business interruption.

Commitment to our people, our communities and good governance

People

Health and wellbeing of our team prioritised, majority of our people still working remotely.

Invested in capability across all regions, reaching ~665 employees globally.

Developed new Diversity and Inclusion Policy.

Focused on gender balance, with 41% female representation on Global Leadership Team.

Supported the Black Lives Matter movement.

Communities

Introduced Afterpay Access for SMB partners.

Launched Afterpay Connect and Support Small marketing campaigns.

Partnered with charity partners in each region – Thread Together (AU), Dress for Success (NZ), Baby2Baby and Common Thread (US), and NHS Charities Together (UK).

Launched 'Add $1 / £1' at checkout, with funds going directly to partner charities.

Supported Australian Bush Fire Appeal with over $250k donated to Red Cross.

Governance

Three new independent non-executive Directors joined Board in FY20 – Gary Briggs, Sharon Rothstein and Pat O'Sullivan (Chair of the Audit, Risk and Compliance Committee).

Enhanced resources dedicated to risk and compliance management, company secretariat.

Q&A

Appendix

Financial detail

afterpay

Statutory to management profit and loss reconciliation

Statutory Profit & Loss

$MILLION	FY20	FY19	
Afterpay income	433.8	200.9	A
Pay Now revenue	16.5	17.1	
Other income	68.8	46.1	B
Total Income	**519.2**	**264.1**	
Cost of sales	(134.3)	(59.6)	C
Gross Profit	**384.9**	**204.6**	
Depreciation and amortisation	(30.0)	(22.4)	
Employment expenses	(86.1)	(51.4)	D
Share based payments (SBP)	(30.5)	(30.5)	
Receivables impairment expenses	(94.5)	(58.7)	E
Net loss on financial liabilities at fair value	(2.0)	~	
Operating Expenses	(146.3)	(73.2)	F
Operating Loss	**(4.6)**	**(31.7)**	
Share of loss of associate	(1.1)	~	
Finance income	1.4	0.6	
Finance cost	(22.5)	(11.7)	G
Loss before Tax	**(26.8)**	**(42.8)**	
Income tax (expense)/benefit	3.9	(1.0)	
Loss for the Period	**(22.9)**	**(43.8)**	

Management Profit & Loss—EBITDA reconciliation

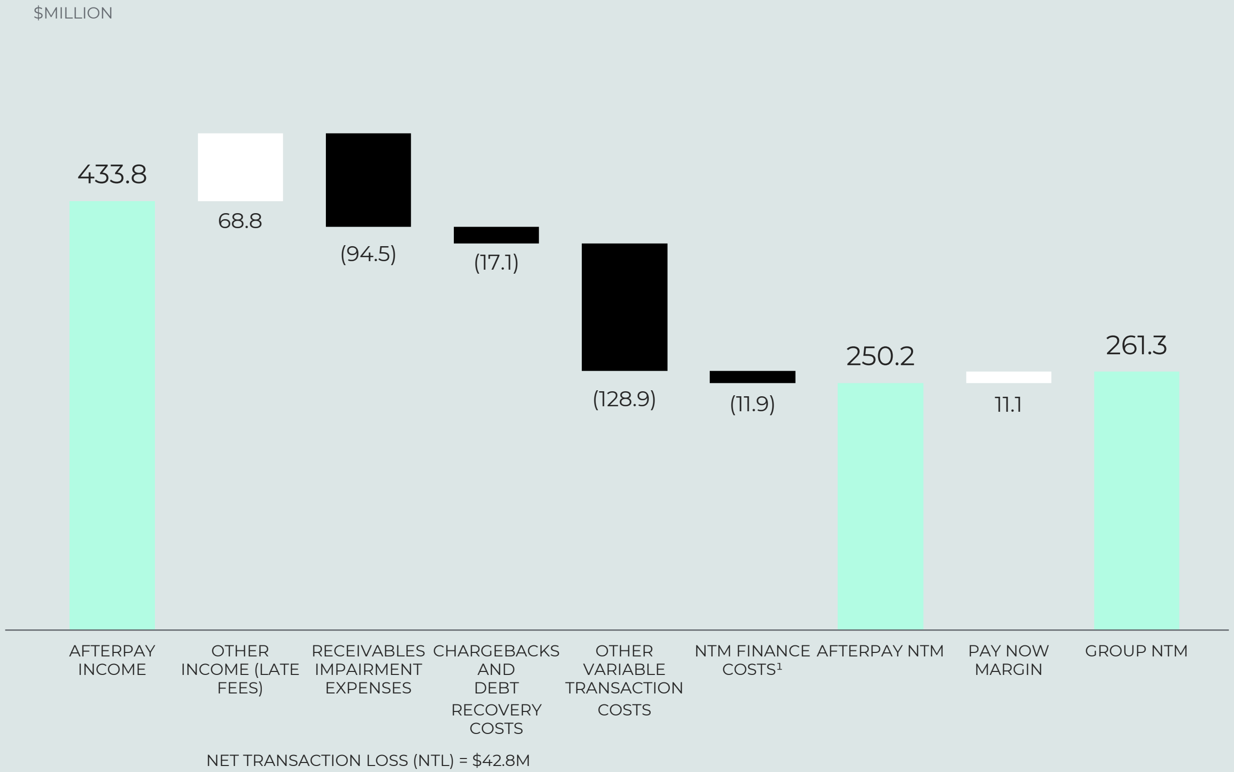
$MILLION	FY20	FY19	Cross reference to Statutory Profit and Loss
Afterpay income	433.8	200.9	A
Other income (late fees)	68.8	46.1	B
Receivables impairment expenses	(94.5)	(58.7)	E
Chargebacks & debt recovery costs	(17.1)	(9.7)	Included within F
Net Transaction Loss (NTL)	**(42.8)**	**(22.2)**	
Other variable transaction costs	(128.9)	(52.8)	Included within C [1]
Finance costs	(11.9)	(6.5)	Included within G [2]
Other variable transaction costs (incl. Finance Costs)	**(140.9)**	**(59.3)**	
Afterpay net transaction margin (NTM)	250.2	119.3	
Pay Now gross margin	11.1	10.4	Pay Now Revenue less Pay Now Cost of Sales
Group Net Transaction Margin	**261.3**	**129.7**	
Add: Chargebacks & debt recovery costs	17.1	9.7	Included within F
Add: Finance costs	11.9	6.5	Included within G
Employment expenses	(86.1)	(51.4)	D
Operating expenses	(146.3)	(73.2)	F
Add back: One-off costs	6.4	7.5	Included within F
Remove: Foreign currency gains	(19.9)	(3.0)	Included within F
EBITDA (excl. Significant Items)	**44.4**	**25.7**	

Note: Change calculations may not equate due to rounding. 1. Equal to statutory cost of sales $134.3 million less cost of sales associated with Pay Now of $5.4 million. 2. Finance cost associated with external receivables funding: reported in finance cost but included in NTM. Excludes amortisation of capitalised borrowing costs, corporate bond interest, lease expense and interest income. Methodology consistent with prior periods

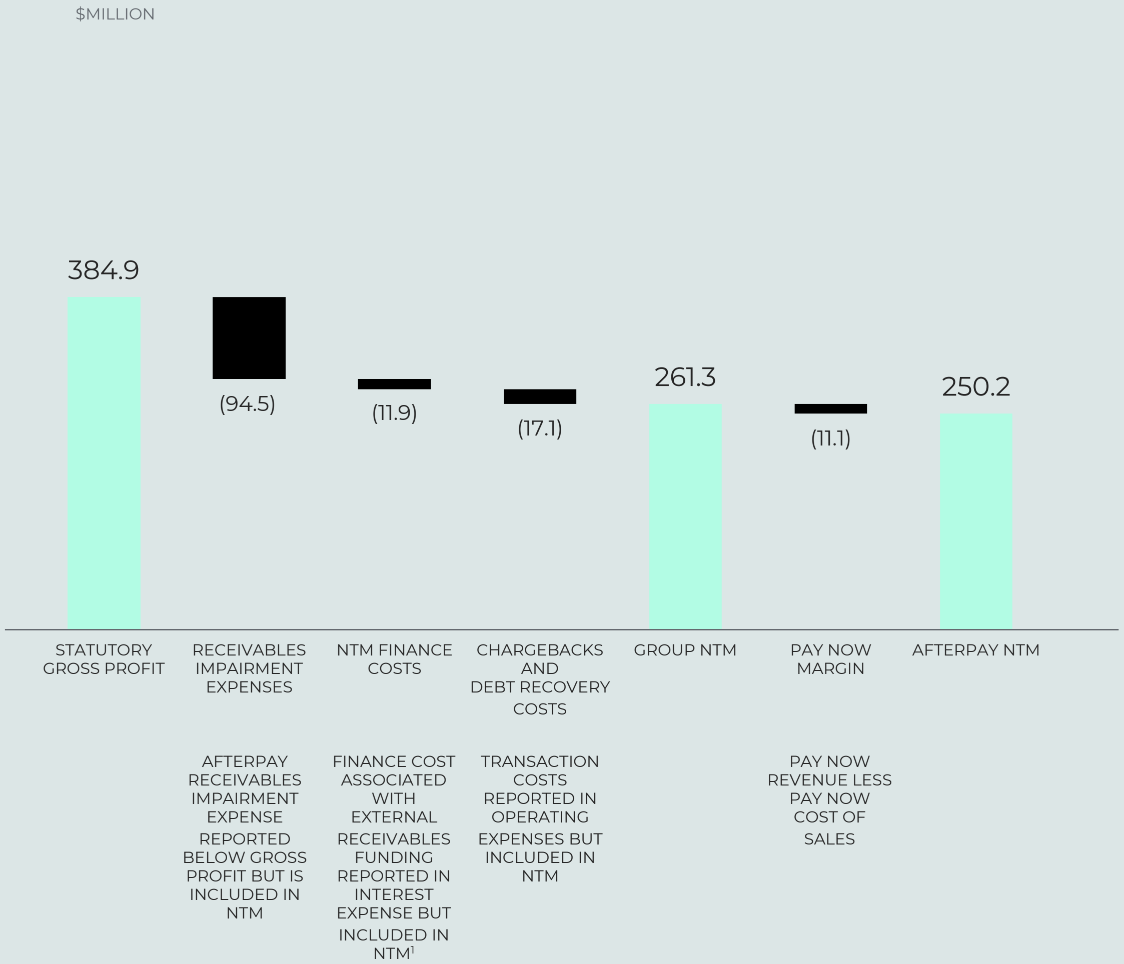
Net Transaction Margin (NTM) reconciliation

Afterpay's measure of margin is NTM. NTM is a more conservative view of gross margin which includes gross loss and finance costs

Management P&L - Afterpay Income to NTM



Statutory Reconciliation - Statutory Gross Profit to NTM

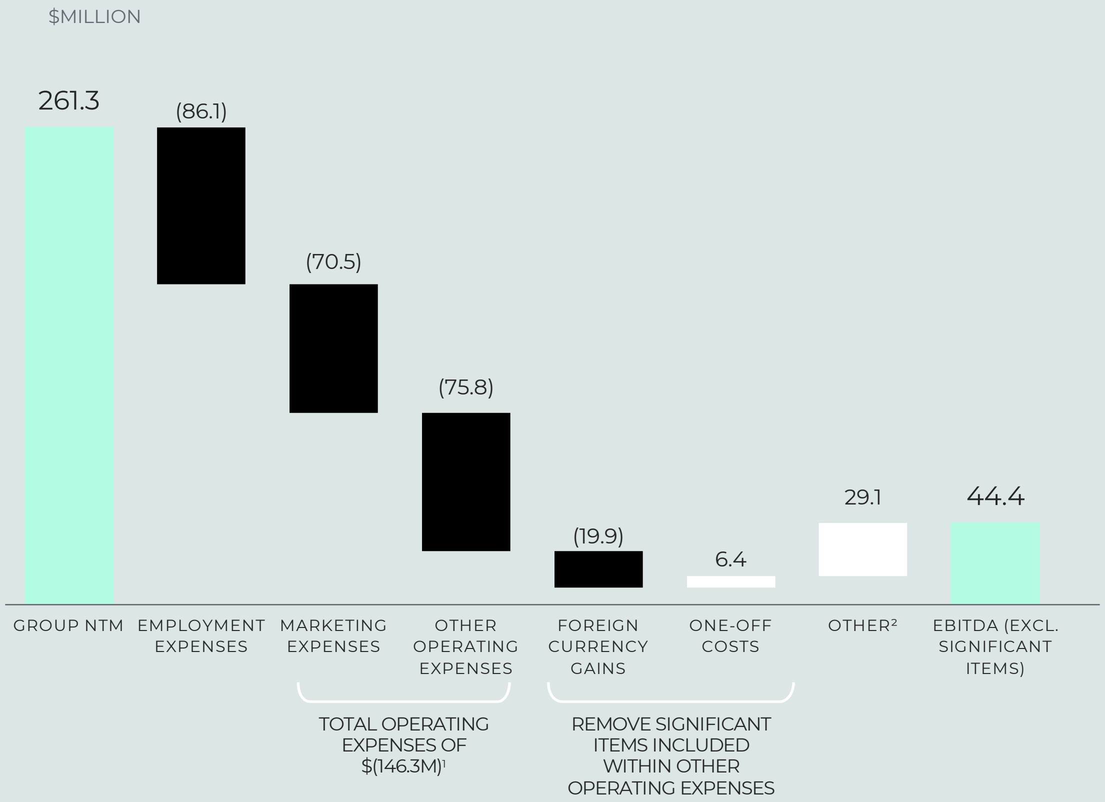


Note: Change calculations may not equate due to rounding. 1. Finance cost associated with external receivables funding: reported in finance costs but included in NTM. Excludes amortisation of capitalised borrowing costs, corporate bond interest, lease expense and interest income methodology consistent with prior periods

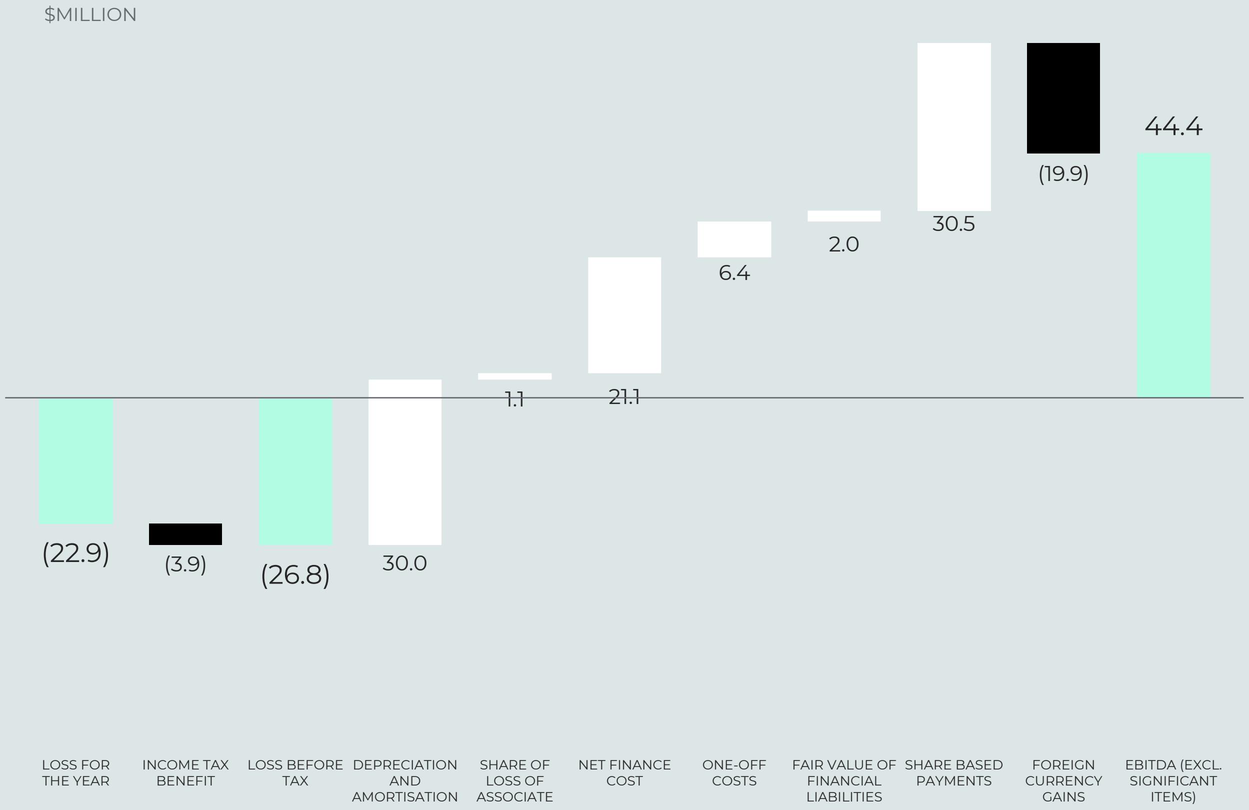
EBITDA reconciliation

Afterpay's key opex items between NTM and EBITDA (excluding significant items) are employment, marketing and other operating expenses

Management P+L – NTM To EBITDA
(excluding significant items)



EBITDA Reconciliation – Statutory Loss to EBITDA



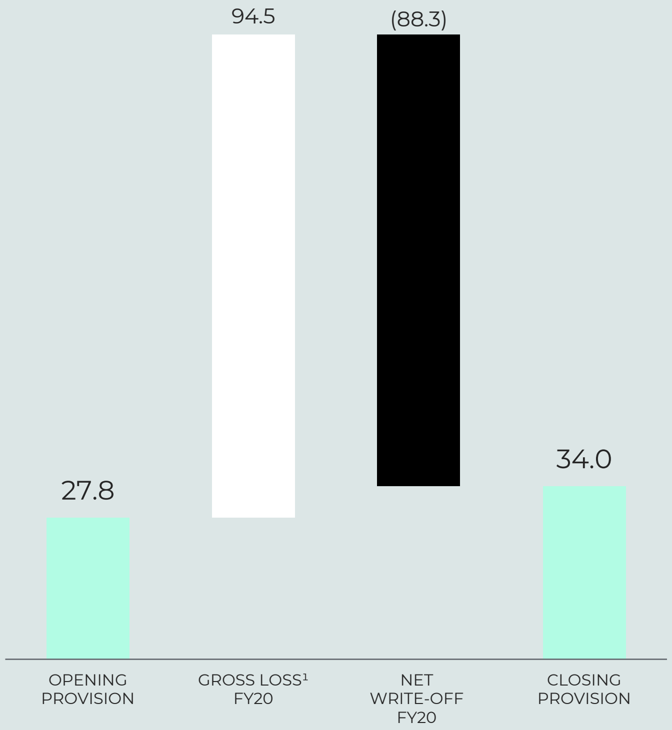
Note: Change calculations may not equate due to rounding. 1. Operating Expenses as reported in the Financial Statements include one-off items of $6.4 million and foreign currency gain of $19.9 million, which are not included in the calculation of EBITDA (excluding significant items). 2. 'Other' includes: $17.1 million of chargebacks and debt recovery costs (transaction costs reported in operating expenses but included in NTM) and $11.9 million finance costs associated with external receivables funding included in NTM but not EBITDA.

afterpay

Net transaction loss reconciliation

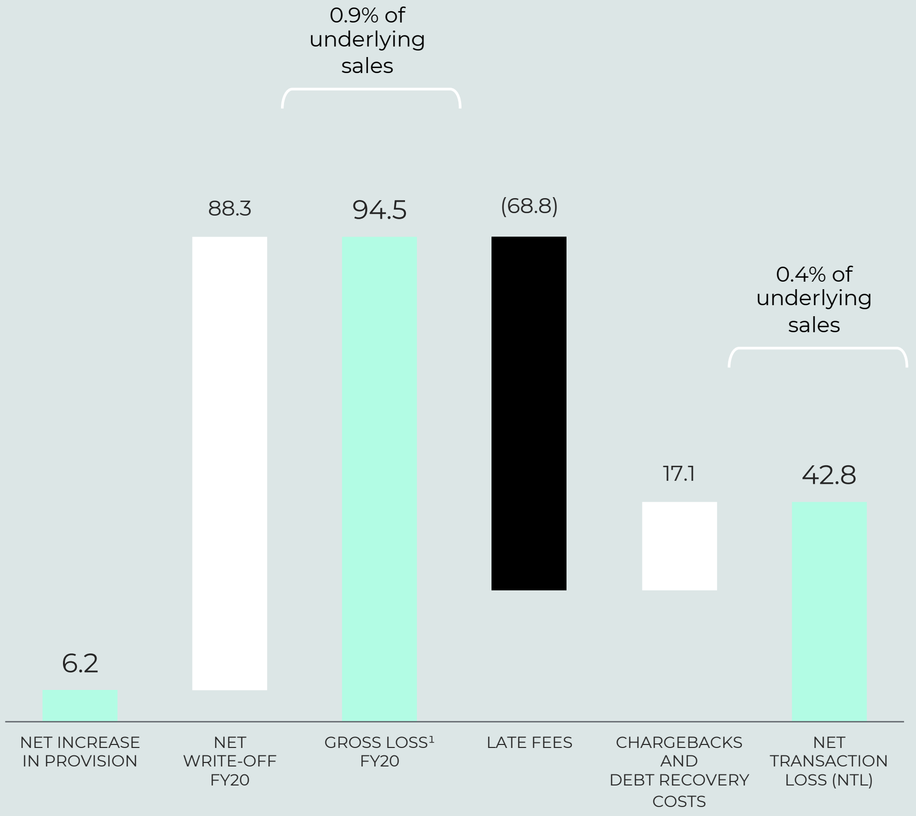
Balance sheet

PROVISION FOR DOUBTFUL DEBTS
$MILLION



Income statement

PROFIT AND LOSS NTL BRIDGE
$MILLION



	FY20	FY19
Late Fees as percentage of underlying sales	0.6%	0.9%
Late Fees as percentage of Afterpay income[2]	13.7%	18.7%

Note: 1. Gross loss is referred to as the 'receivables impairment expense' in the Financial Statements 2. Late fees as a percentage of Afterpay total income

afterpay

Significant items and depreciation and amortisation

One-off costs

$MILLION	FY20	FY19
International expansion	(3.5)	(4.3)
Net gain on sale of business	~	1.3
Business combination & Other	0.8	(3.3)
AUSTRAC related costs	(3.7)	(1.1)
Total	**(6.4)**	**(7.5)**

International expansion costs include one-off consulting spend associated with international expansion activities, assessment of new growth opportunities and one-off organisational changes.

Business combination & Other includes costs related to the establishment of Clearpay in the UK, offset by fee received from related party AP Ventures Limited.

AUSTRAC-related costs includes spend on regulatory responses.

Share based payments

$MILLION	FY20	FY19
Group Head options	(1.2)	(14.3)
Other	(29.3)	(16.2)
Total	**(30.5)**	**(30.5)**

Decline in SBP for the Group Head's options due to the vesting of those securities in the period.

Other SBP increased due to an investment in senior talent across the Group who were issued share-based equity in line with the Group's remuneration framework (see Annual Report).

Net loss on financial liabilities at fair value

$MILLION	FY20	FY19
Thinksmart Put Option	(2.0)	~
Total	**(2.0)**	**~**

Net loss on financial liabilities at fair value relates to the increase in fair value of ThinkSmart's put option to sell the remaining 6.5% of issued shares it holds in Clearpay (10% less 3.5% allocated to Clearpay employees).

Depreciation and amortisation

$MILLION	FY20	FY19
Depreciation	7.6	2.0
Amortisation	22.4	20.4
Total	**30.0**	**22.4**

Depreciation and amortisation relates primarily to amortisation of acquired intangibles ($3.1m), amortisation of internally generated technology ($19.3m), and the adoption of AASB 16 which includes a ($5.4m) depreciation impact of the Lease's right-of-use asset.

afterpay

Pay Now segment

$M	FY20	FY19	CHANGE %
Revenue			
Mobility	10.8	11.2	(3%)
E-Services	2.0	3.0	(34%)
Health	3.7	2.9	26%
Total Revenue	**16.5**	**17.1**	**(4%)**
Cost of sales	(5.4)	(6.7)	(20%)
Gross Margin	**11.1**	**10.4**	**7%**
Other expenses	(4.6)	(5.5)	(16%)
EBITDA contribution	**6.5**	**4.9**	**32%**

Commentary

Decline in revenue largely driven by reduction in e-Services revenue due to the divestment of the European business in FY19.

Gross margin % improved in FY20 due to the mix of revenue to higher margin services.

afterpay

Key metrics

Contribution by geography

AS AT 30 JUNE	FY20	FY19	CHANGE %
Underlying sales ($m)[1]	**11,114.2**	**5,247.2**	**112%**
ANZ	6,566.9	4,314.1	52%
US	3,990.4	927.5	330%
UK	557.0	5.6	na
Active customers[2]	**9.9m**	**4.6m**	**116%**
ANZ	3.3m	2.8m	18%
US	5.6m	1.8m	219%
UK	1.0m	0.0m	na
Active merchants[2]	**55.4k**	**32.3k**	**72%**
ANZ	42.8k	28.4k	51%
US	11.5k	3.8k	202%
UK	1.1k	0.0k	na

Underlying Sales break-down

AS AT 30 JUNE	FY20	FY19
Underlying sales (%)	**100%**	**100%**
ANZ	59%	82%
US	36%	18%
UK	5%	0%
ANZ Underlying sales (%)	**100%**	**100%**
In-store	22%	18%
Online	78%	82%
Underlying sales (%)	**100%**	**100%**
Enterprise	61%	63%
Other	39%	37%

Note: Change or sum calculations may not equate due to rounding.
1. Unaudited, as at 30 June. 2. Active is defined as having transacted at least once in the last 12 months.

Afterpay financial metrics

A$M (UNLESS OTHERWISE STATED)	FY20	FY19	CHANGE %
Afterpay income[1]	**433.8**	**200.9**	**116%**
% of Underlying sales	3.9%	3.8%	0.1pp[8]
Afterpay other income[2]	**68.8**	**46.1**	**49%**
% of Underlying sales	0.6%	0.9%	(0.3pp)
Afterpay total income	**502.7**	**247.0**	**103%**
Gross loss[3]	**(94.5)**	**(58.7)**	**61%**
% of Underlying sales	(0.9%)	(1.1%)	0.3pp
Net transaction loss (NTL)[4]	**(42.8)**	**(22.2)**	**93%**
% of Underlying sales	(0.4%)	(0.4%)	0.0pp
Other variable transaction costs (incl. Finance costs[5])	(140.9)	(59.3)	137%
% of Underlying sales	(1.3%)	(1.1%)	(0.1pp)
Afterpay net transaction margin (NTM)	**250.2**	**119.3**	**110%**
% of Underlying sales	2.3%	2.3%	(0.0pp)
EBITDA[6,7] (excl Significant Items)	**44.4**	**25.7**	**73%**
Afterpay ANZ	142.2	87.9	62%
Afterpay US	(47.0)	(24.6)	91%
Afterpay UK	(12.9)	(4.4)	194%
Pay Now	6.5	4.9	32%
Corporate	(44.4)	(38.1)	16%

Group financial metrics

A$M (UNLESS OTHERWISE STATED)	FY20	FY19	CHANGE %
Total income	**519.2**	**264.1**	**97%**
Afterpay income[1]	433.8	200.9	116%
Pay Now	16.5	17.1	(4)%
Other income[2]	68.8	46.1	49%
Other income			
% of Underlying sales	0.6%	0.9%	
% of Afterpay total income	13.7%	18.7%	
% of Total income	13.3%	17.5%	
Net transaction margin	**261.3**	**129.7**	**101%**
Afterpay	250.2	119.3	110%
Pay Now	11.1	10.4	7%
Employment expenses	(86.1)	(51.4)	67%
Operating expenses (excl significant items)	(159.8)	(68.7)	133%
Add: Chargebacks & Debt Recovery Costs	17.1	9.7	76%
Add: NTM Finance Costs	11.9	6.5	84%
EBITDA [6,7] (excl. Significant Items)	**44.4**	**25.7**	**73%**
Loss for the Year - Statutory	**(22.9)**	**(43.8)**	**48%**

Balance sheet metrics

A$M (UNLESS OTHERWISE STATED)	FY20	FY19
Cash	606.0	231.5
Restricted cash	1.5	2.0
Total cash	607.6	233.5
Debt	(469.0)	(50.2)
Net cash	138.5	183.3
Cash	606.0	231.5
Liquidity	728.4	610.1
Liquidity + growth capacity	1,270.2	1,178.4
Pro forma total cash	1,377.3	233.5
Pro forma net cash	908.3	183.3
Pro forma liquidity	1,498.2	610.1
Pro forma liquidity + growth capacity	2,039.9	1,178.4
Incremental underlying sales capacity	$30b +	$16b +
Receivables	781.9	452.7

Customer Data

Other customer data	FY20	FY19
% of customers using a debit card	~90%	~85%
Average order value	$153	$150
Average outstanding balance	$190	$218

Note: Change or sum calculations may not equate due to rounding. 1. Afterpay Income reflects income from merchants. Other Income relates to Late Fees. 2. Afterpay Other Income relates to Late Fees and is included in the calculation of NTL by management. 3. Gross Loss is shown as Receivables Impairment Expense in the Consolidated Statement of Comprehensive Income. Gross Loss is included in the calculation of NTL. 4. NTL calculation comprises Gross Loss, Chargebacks, Debt Recovery Costs, net of Late Fees. 5. Finance costs associated with external receivables funding. Reported within Finance Costs and included in NTM. 6. EBITDA (excluding significant items) excludes foreign currency (FX) gains/losses on foreign denominated balances. FY19 EBITDA (excluding significant items) has been restated to exclude a favourable $3.0 million FX gain. FY20 EBITDA (excluding significant items) excludes a favourable $19.9 million FX gain. 7. FY19 EBITDA (excluding significant items) has not been restated for the adoption of AASB 16 leases. FY20 EBITDA (excluding significant items) includes a $5.6 million benefit from the adoption of AASB 16. The Group adopted AASB 16 using the modified retrospective method and has not restated comparatives for FY19 as per the specific transitional provisions . 8. 'pp' represents percentage points, calculated as the difference between FY20 and FY19.