



RESULTS PRESENTATION
H1FY18





STRONG RESULTS

- H1FY18 highlights and financial results
- Segment performance
- Balance sheet and funding
- Merger progress

CHANGING THE WAY PEOPLE SHOP

We get:

- Millennials
- Retail
- Community
- Responsibility

FUTURE GROWTH

- Afterpay everywhere retail – online and in-store
- New verticals
- New geographies
- New partnerships
- Major new retailers onboarding and migrating instore



Strong results

H1FY18 Highlights



MERGER WITH TOUCHCORP COMPLETED

- **NEW LEADERSHIP TEAM** IN PLACE AND WORKING WELL
- **VERTICAL INTEGRATION** COMPLETE
- **PLATFORM SYNERGIES** PROGRESSING

AFTERPAY **STRONG GROWTH MOMENTUM** CONTINUES

- **>1.5 MILLION CUSTOMERS**
- **NOW >12,000 MERCHANTS** ON-BOARDED
- **IN-STORE GROWTH**, 5,000+ SHOPFRONTS, >1 MILLION APP DOWNLOADS
- MAJOR **NEW RETAILERS** ON-BOARDING
- **VERTICAL EXPANSION**

AFTERPAY **GEOGRAPHIC EXPANSION**

- **NEW ZEALAND** LAUNCHED
- **U.S. PARTNERSHIP** ESTABLISHED WITH MATRIX
- STRONG RETAILER ENGAGEMENT

STRONG FINANCIAL PERFORMANCE

- **STRONG FINANCIAL PERFORMANCE** \$12.1M EBTDA (EXCL SIGNIFICANT ITEMS)
- PROFITABLE AND SCALABLE AFTERPAY CONTRIBUTION
- **LOW AFTERPAY LOSS RATES AND STRONG MARGINS** MAINTAINED
- STABLE TOUCHCORP BUSINESS CONTRIBUTION

STRONG BALANCE SHEET

- **INCREASED DEBT FACILITIES** FROM NAB AND ASB
- **STRONG UNDERLYING OPERATING CASH FLOW**/EQUITY CAPITAL INTACT
- **EQUITY PLACEMENT** TO MATRIX

INVESTING AND PARTNERING FOR GROWTH

- **GLOBAL PLATFORM** EXPANSION
- **DATA DRIVEN** CAPABILITIES
- **INNOVATION**
- STRONG TEAM AND **CULTURE**



H1FY18 FINANCIAL ACCOUNTS

important information

- Afterpay Touch Group Limited was incorporated on 30 March 2017 for the purpose of the **merger between Afterpay Holdings Limited and Touchcorp Limited** (each separately listed entities prior to the merger)
- H1FY18 is the **first financial period that reflects the performance and cashflows** of the whole Afterpay Touch Group post merger
- Prior year financial performance comparatives only represent the performance of Afterpay and its subsidiaries while the Balance Sheet as at 30 June 2017 reflects the Group's combined financial position post merger
- Non-statutory metrics and commentary has been provided to give financial context to the current period results, but this information has not been audited



H1FY18 FINANCIAL Highlights

CONSOLIDATED PERFORMANCE



\$M (UNLESS OTHERWISE STATED)	AFTERPAY TOUCH H1FY18	AFTERPAY H1FY17	CHANGE %
REVENUE FROM ORDINARY ACTIVITIES	49.9	6.0	732%
REVENUE FROM AFTERPAY	37.1	6.0	518%
REVENUE FROM TOUCH	12.8	-	N/A
GROSS PROFIT	36.9	4.8	669%
OTHER INCOME (AFTERPAY)	10.8	1.2	800%
EBTDA (EXCL SIGNIFICANT ITEMS)	12.1	0.6	1917%
SHARE-BASED PAYMENTS (NON-CASH)	-5.3	-0.5	960%
ONE-OFF COSTS	-1.3	-0.6	117%
EBTDA	5.5	-0.5	1200%
DEPRECIATION & AMORTISATION	-4.8	-1.4	243%
NET PROFIT/(LOSS) BEFORE TAX	0.7	-1.9	137%

NOTE: EBTDA REFERS TO EARNINGS BEFORE TAX, DEPRECIATION AND AMORTISATION (BUT AFTER INTEREST REVENUE AND EXPENSES)

COMMENTS

- PERFORMANCE NOW INCLUDES BOTH AFTERPAY AND TOUCH BUSINESSES
- GROWTH IN REVENUE PRIMARILY REFLECTS THE STRONG GROWTH IN THE AFTERPAY BUSINESS
- ONE-OFF COSTS INCLUDE:
 - MERGER RELATED COSTS (SUCH AS TAX AND LEGAL EXPENSES, RESTRUCTURING COSTS)
 - INTERNATIONAL EXPANSION COSTS (NEW ZEALAND AND PRELIMINARY WORK IN USA)
 - DEBT FACILITY ESTABLISHMENT (ASB FACILITY AND INCREASE IN NAB FACILITY)
- SHARE-BASED PAYMENTS ARE NON-CASH AND ARE EXPLAINED ON PAGE 8



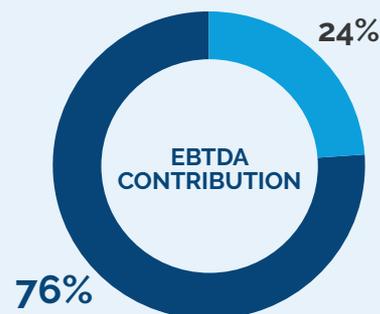
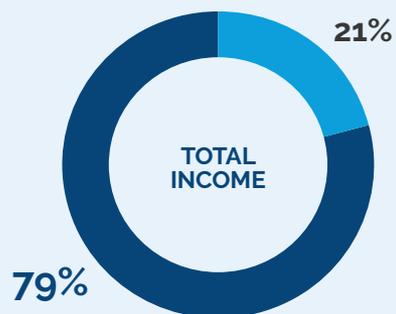
H1FY18 FINANCIAL *Highlights*

SEGMENT CONTRIBUTION

\$M (UNLESS OTHERWISE STATED)	AFTERPAY	TOUCH	CONSOLIDATED AFTERPAY TOUCH
REVENUE AND OTHER INCOME	47.9	12.8	60.7
EBTDA CONTRIBUTION	14.7	4.6	-
CORPORATE COSTS			7.2
EBTDA (EXCL SIGNIFICANT ITEMS)			12.1
SHARE-BASED PAYMENTS (NON-CASH)			5.3
ONE-OFF COSTS			1.3
EBTDA			5.5

AFTERPAY BUSINESS
CONTRIBUTED
**NEARLY 80% OF
TOTAL INCOME**

- AFTERPAY
- TOUCH



STATUTORY RESULTS *analysis*



\$M (UNLESS OTHERWISE STATED)	AFTERPAY TOUCH H1FY18	AFTERPAY H1FY17
REVENUE FROM PAY LATER	37.1	6.0
REVENUE FROM PAY NOW	12.8	-
REVENUE	49.9	6.0
COST OF SALES	-13.0	-1.2
GROSS PROFIT	36.9	4.8
OTHER INCOME	10.8	1.2
DEPRECIATION AND AMORTISATION EXPENSES	-4.8	-1.4
EMPLOYMENT EXPENSES	-14.5	-2.4
RECEIVABLES IMPAIRMENT EXPENSES	-15.1	-1.9
OPERATING EXPENSES	-10.4	-2.1
OPERATING PROFIT/(LOSS)	2.9	-1.8
FINANCE INCOME	0.2	0.2
FINANCE COST	-2.4	-0.3
PROFIT/(LOSS) BEFORE TAX	0.7	-1.9
INCOME TAX (EXPENSE)/BENEFIT	-1.4	0.5
PROFIT/(LOSS) FOR THE YEAR	-0.7	-1.4

COMMENTS

- PERFORMANCE DRIVEN BY STRONG GROWTH IN AFTERPAY BUSINESS
- GROWTH IN COST BASE REFLECTS INCLUSION OF TOUCH BUSINESS WITHIN THE GROUP
- PROFITABILITY WAS AFFECTED BY SHARE-BASED PAYMENT EXPENSES (NON-CASH) AND ONE-OFF COSTS
- \$14.5M EMPLOYMENT EXPENSES INCLUDES **\$5.3M SHARE-BASED PAYMENT COSTS (NON-CASH)** FOR KEY EMPLOYEES INCLUDING THE GROUP HEAD.
 - THE GROUP HEAD WAS APPOINTED IN AUGUST 2017.
 - SHARES ISSUED UNDER THE CONTRACT REQUIRE SHAREHOLDER APPROVAL.
 - AN ESTIMATE OF THE VALUE OF THE SHARE ISSUE HAS BEEN PROVIDED IN THE ACCOUNTS PENDING SHAREHOLDER APPROVAL.
- OTHER INCOME REFLECTS LATE FEES FROM AFTERPAY

Afterpay KEY FINANCIAL METRICS

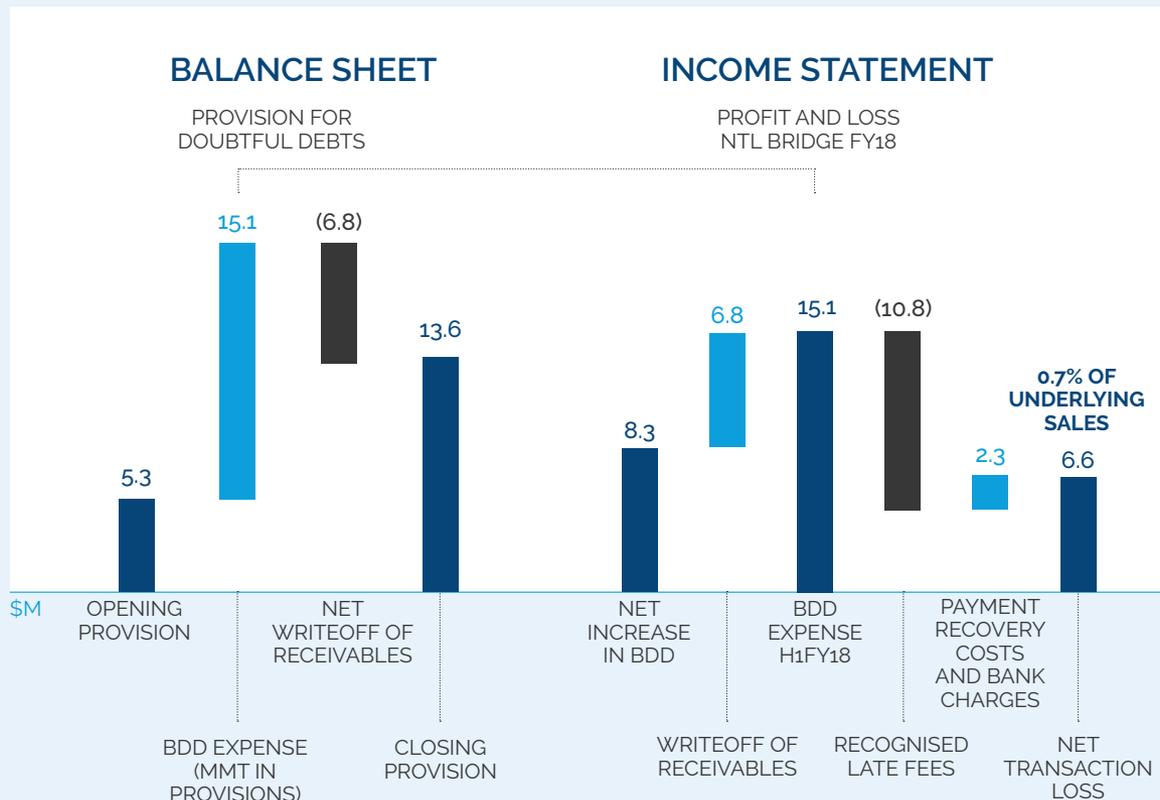


\$M (UNLESS OTHERWISE STATED)	AFTERPAY		CHANGE
	H1FY18	H1FY17	%
UNDERLYING MERCHANT SALES	918.3	144.8	534%
AFTERPAY MERCHANT REVENUE	37.1	6.0	518%
% OF UNDERLYING MERCHANT SALES	4.0%	4.2%	N/A
NET TRANSACTION LOSS	-6.6	-0.9	N/A
% OF UNDERLYING MERCHANT SALES	-0.7%	-0.7%	N/A
OTHER VARIABLE TRANSACTION COSTS	-9.2	-1.2	N/A
% OF UNDERLYING MERCHANT SALES	-1.0%	-0.8%	N/A
NET TRANSACTION MARGIN	21.3	3.9	446%
% OF UNDERLYING MERCHANT SALES	2.3%	2.7%	N/A
NET TRANSACTION MARGIN	21.3		
OTHER EXPENSES	-6.7		
EBTDA CONTRIBUTION (EXCL SIGNIFICANT ITEMS)	14.7		

COMMENTS

- AVERAGE MERCHANT MARGIN STABLE (MIX VARIANCES BETWEEN PERIODS)
- NET TRANSACTION MARGIN AFFECTED BY DEBT FUNDING COSTS (NOT MATERIAL IN H1FY17)

Afterpay NET TRANSACTION LOSS ANALYSIS



COMMENTS

- H1FY18 UNDERLYING NET TRANSACTION LOSS OF \$6.6M OR **0.7% OF UNDERLYING SALES**
- MARGINAL INCREASE IN NTL FROM FY17 IS A PLEASING RESULT GIVEN:
 - TRANSACTION VOLUMES INCREASED BY 534% FROM H1FY17 TO H1FY18
 - GROWTH IN THE IN-STORE ROLL OUT WITH >300% INCREASE IN STORE FRONTS SINCE JULY 17
 - NEW VERTICAL EXPANSION

STABLE LATE FEES AS PERCENTAGE OF UNDERLYING SALES

	H1FY18	FY17
PERCENTAGE OF UNDERLYING SALES	1.2%	1.1%

Touch KEY FINANCIAL METRICS

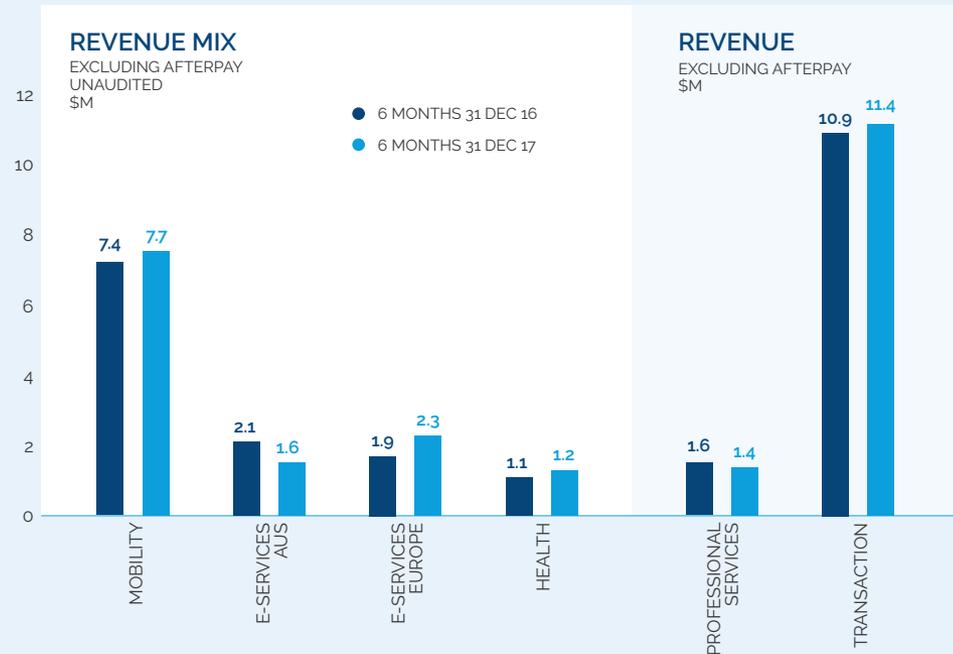


\$M (UNLESS OTHERWISE STATED)	TOUCH	
	H1FY18	H1FY17
REVENUE		
MOBILITY (EX AFTERPAY)	7.7	7.4
E-SERVICES	3.9	4.0
HEALTH	1.2	1.1
TOTAL REVENUE	12.8	12.5
COST OF SALES	6.2	5.4
GROSS MARGIN	6.7	7.1
GROSS MARGIN	6.7	
OTHER EXPENSES	2.2	
EBTDA CONTRIBUTION (EXCL SIGNIFICANT ITEMS)	4.5	

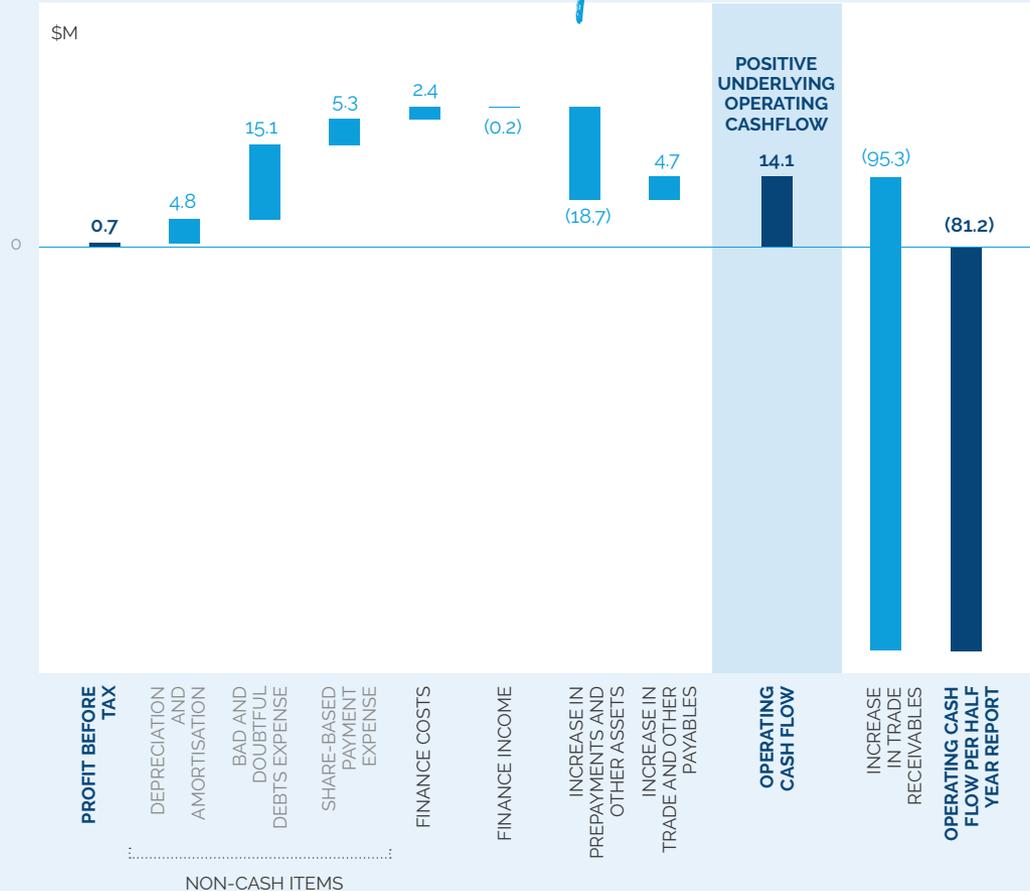
STABLE

UNDERLYING TRANSACTION VOLUMES AND RECURRING REVENUES IN THE KEY TOUCHCORP BUSINESS LINES

GROSS MARGIN REDUCTION DUE TO REVENUE MIX AND INCREASES IN PROCESSING COSTS



CASHFLOW *analysis*



\$M (UNLESS OTHERWISE STATED)	CONSOLIDATED AFTERPAY TOUCH	
	H1FY18	AFTERPAY H1FY17
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS FROM CUSTOMERS (INC OF GST)	928.0	102.2
PAYMENTS TO EMPLOYEES (INC ON-COSTS)	-8.3	-1.5
PAYMENTS TO MERCHANTS AND SUPPLIERS (INC OF GST)	-1,000.9	-131.7
NET CASH FLOWS USED IN OPERATING ACTIVITIES	-81.2	-31.1
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST RECEIVED	0.2	0.3
PAYMENTS FOR INTANGIBLES	-5.1	0.2
PURCHASE OF PLANT AND EQUIPMENT	-0.7	-0.1
NET CASH FLOWS USED IN INVESTING ACTIVITIES	-5.6	0.0
CASH FLOWS FROM FINANCING ACTIVITIES		
PROCEEDS FROM BORROWINGS	89.7	8.1
PROCEEDS FROM EQUITY TRANSACTIONS	1.6	36.0
CAPITAL RAISING EXPENSES	-	-1.6
INTEREST AND BANK FEES PAID	-2.2	-0.3
INCREASE IN OTHER FINANCIAL ASSET	-6.9	-3.3
TRUST'S ADMINISTRATION FEES	-0.1	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	82.1	39.0
NET INCREASE IN CASH AND CASH EQUIVALENTS	-4.6	8.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	29.6	19.7
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25.0	27.7

Balance SHEET



\$M (UNLESS OTHERWISE STATED)	CONSOLIDATED AFTERPAY TOUCH		
	31 DECEMBER 2017	30 JUNE 2017	% CHANGE
ASSETS			
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	25.0	29.6	16%
OTHER FINANCIAL ASSET	15.8	8.9	78%
TRADE RECEIVABLES	185.3	98.4	88%
OTHER CURRENT ASSETS	24.1	11.9	102%
TOTAL CURRENT ASSETS	250.2	148.8	68%
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	4.1	4.5	8%
INTANGIBLE ASSETS	70.0	68.7	2%
OTHER NON-CURRENT ASSETS	19.6	18.3	7%
TOTAL NON-CURRENT ASSETS	93.7	91.5	2%
TOTAL ASSETS	343.9	240.3	43%
LIABILITIES			
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	36.7	24.0	53%
ONEROUS CONTRACT PROVISION	3.6	6.2	41%
EMPLOYEE AND OTHER PROVISIONS	1.6	1.4	9%
TOTAL CURRENT LIABILITIES	41.9	31.6	32%
NON-CURRENT LIABILITIES			
EMPLOYEE AND OTHER PROVISIONS	0.5	0.4	60%
ONEROUS CONTRACT PROVISION	-	1.5	100%
INTEREST-BEARING BORROWINGS	136.5	46.7	192%
TOTAL NON-CURRENT LIABILITIES	137.0	48.6	182%
TOTAL LIABILITIES	178.9	80.2	123%
NET ASSETS	165.0	160.1	3%
EQUITY			
ISSUED CAPITAL	173.3	171.4	1%
ACCUMULATED LOSSES	-14.0	-13.2	6%
RESERVES	5.7	1.9	200%
TOTAL EQUITY	165.0	160.1	3%

COMMENTS

- INCREASE IN CURRENT RECEIVABLES DUE TO THE CONTINUED GROWTH IN AFTERPAY UNDERLYING SALES
- INCREASE IN INTEREST BEARING DEBT REFLECTS THE GROWTH IN DRAWN NAB FACILITY TO SUPPORT AFTERPAY UNDERLYING SALES GROWTH
- INCREASE IN PAYABLES REFLECTS THE GROWTH IN MERCHANT PAYMENTS BETWEEN JUNE AND DECEMBER (AGAIN, RELATED TO GROWTH IN AFTERPAY UNDERLYING SALES)

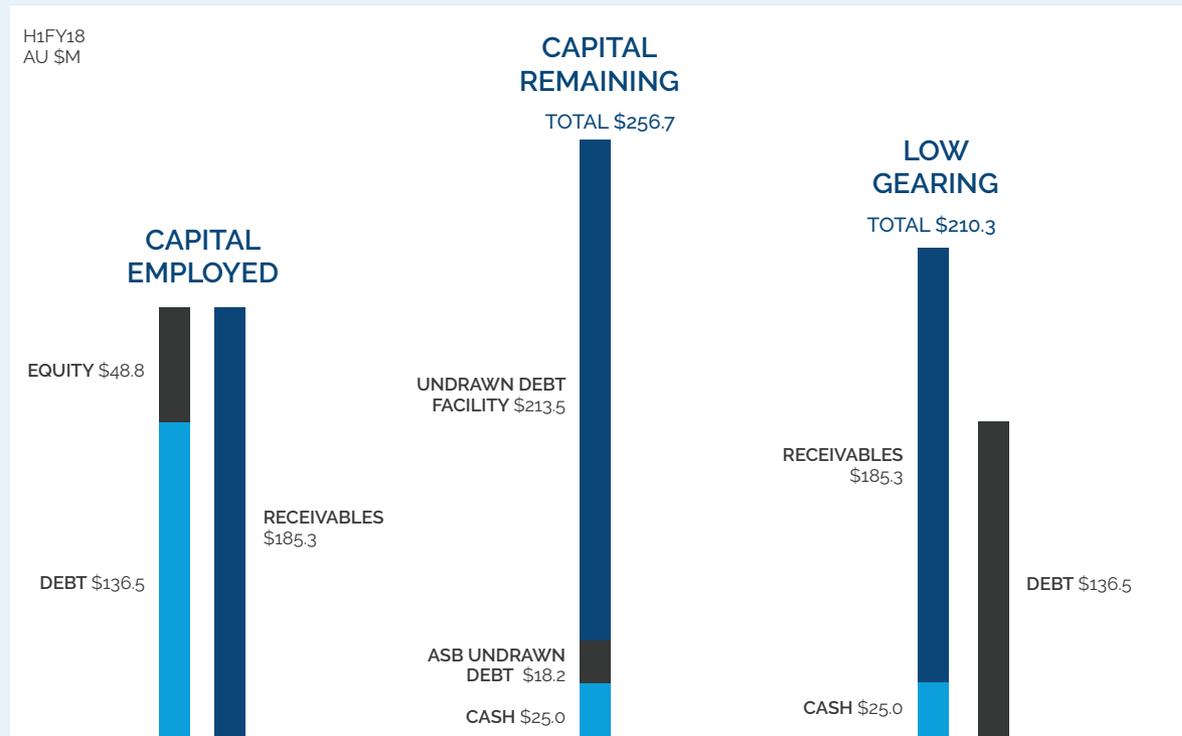
AFTERPAY AND PAY NOW RECEIVABLES \$(M)





Afterpay RECEIVABLES FUNDING FACILITY AND CAPACITY

SALES GROWTH CAPACITY



COMMENTS

- FACILITY WITH NAB NOW AT \$350M AND NZ \$20M WITH ASB
- DEBT WAREHOUSE CONTINUES TO BE THE FOCUS FOR FUNDING RECEIVABLES GROWTH BUT CAPITAL MANAGEMENT ACTIVITIES WILL BE EMPLOYED TO OPTIMISE COSTS
- **CASH 31 DEC 17 (\$25M) EXCLUDES CASH PROCEEDS FROM MATRIX TRANSACTION (A\$18.9M) WHICH OCCURRED IN JANUARY 2018**



SIGNIFICANT POST BALANCE DATE ITEM

SHARE AND CONVERTIBLE NOTE PLACEMENT TO **MATRIX PARTNERS**

AFTERPAY TEAM INVESTIGATING OPPORTUNITIES TO ENTER THE UNITED STATES MARKET

In January 2018, Afterpay Touch entered into a strategic relationship and new share issuance transaction with US based Matrix Partners, a long-established, technology-focused venture capital firm

Matrix invested approximately A\$18.9m in Afterpay Touch – via a new share issuance at A\$6.51 per share and US\$100,000 via convertible note issuance from Afterpay US, Inc.

Afterpay US, Inc. incorporated as a 100% owned subsidiary of Afterpay Touch

Mr. Dana Stalder, a General Partner of Matrix, also joined the Afterpay Touch Board





CHANGING
THE WAY

people shop



AFTERPAY IS *resonating*



OVER

12.5

MILLION

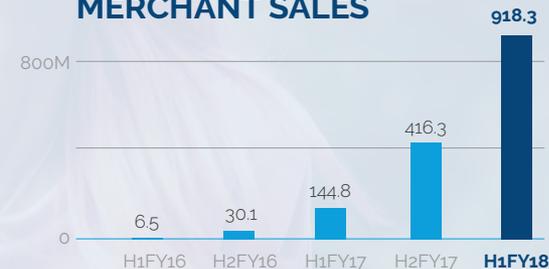
TRANSACTIONS

TO DATE

INTEGRATED RETAIL MERCHANTS



UNDERLYING MERCHANT SALES



OVER
\$

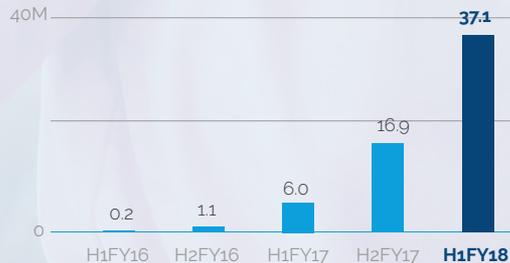
2

BILLION

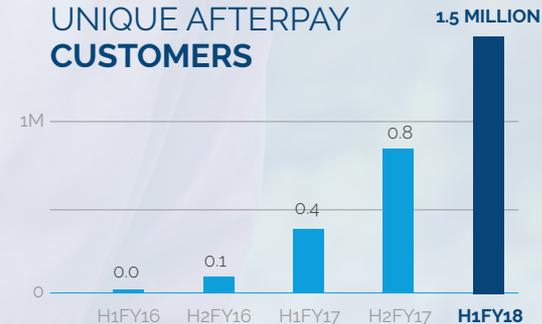
UNDERLYING SALES RUN RATE

(BASED ON RECENT
QUARTERLY PERFORMANCE)

MERCHANT FEES



UNIQUE AFTERPAY CUSTOMERS





Customers at the core OF EVERYTHING WE DO

BEING
**REALLY
REALLY**
CUSTOMER
CENTRIC

IS NOT JUST A
STATEMENT BUT
A WAY OF LIFE
PRACTICED BY
OUR TEAM AND
**UNDERPINNED BY
OUR VALUES AND
BUSINESS MODEL**



OUR APPROACH IS FUNDAMENTALLY DIFFERENT:

WE FOCUS ON
RETAIL INNOVATION –
NOT FINANCE

WE PARTNER WITH
RETAIL **FOR THE
BENEFIT OF RETAIL**

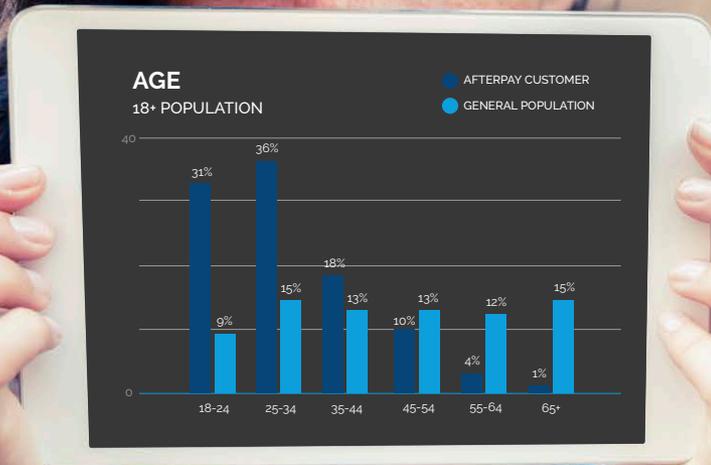
WE GENUINELY AIM TO
**PROVIDE CUSTOMERS
WITH A FREE SERVICE**

WE FOCUS ON
**LIFETIME CUSTOMER
VALUE**

WE USE INDUSTRY
LEADING TECHNOLOGY TO
**PROMOTE RESPONSIBLE
CUSTOMER BEHAVIOUR**

AFTERPAY IS “SOCIAL”,
POWERED BY OUR
**DATA INSIGHTS AND
APPLICATION**

WE GET *millennials*



SOURCE: ABS, ALPHABETA ANALYSIS, MACQUARIE BANK RESEARCH

TAKE NOTICE! MILLENNIALS ARE ALREADY THE LARGEST CONSUMER DEMOGRAPHIC ON THE PLANET AND THEY LIKE TO DO THINGS DIFFERENTLY

- TECH SAVVY
- DON'T GO FOR GIMMICKS
- DISFAVOUR CREDIT AND WARY OF GETTING INTO DEBT
- VALUE TRANSPARENCY AND BRAND AUTHENTICITY
- VALUE LIFESTYLE AND FLEXIBILITY

AUSTRALIA'S **LARGEST** DEMOGRAPHIC

6.0 MILLION PEOPLE | **24%** OF THE POPULATION

BY 2030 MILLENNIALS WILL BE **30-50** YEARS OLD

AND WILL EARN **2** OUT OF **3** DOLLARS IN AUSTRALIA

MACQUARIE BELIEVES **ONLINE RETAIL** PENETRATION WILL REACH

17.5%

OF TOTAL ONLINE RETAIL IN AUSTRALIA BY 2030 CURRENTLY ONLY 5%

OMNI CHANNEL IS HERE

80%

OF MILLENNIALS LOOK UP PRODUCTS ONLINE **ON THEIR PHONE WHILE IN STORE**

WE GET LIFESTYLE AND *community*

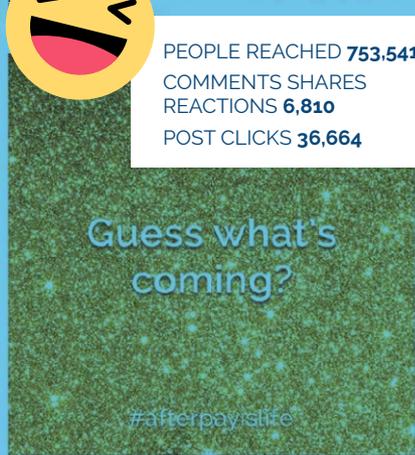
Yesterday at 9:37 am Like Reply 21

Afterpay
Published by Annie
We have lift off! Book now, pay later!
Jetstar now officially offer Afterpay on domestic flights booked 8 weeks in advance! Hello Australia, hello holidays!



PEOPLE REACHED **870,095**
COMMENTS SHARES
REACTIONS **19,780**
POST CLICKS **35,697**

Afterpay
Later (1) 24 August at 19:00
to be revealed on Sunday! Can you guess what it



PEOPLE REACHED **753,541**
COMMENTS SHARES
REACTIONS **6,810**
POST CLICKS **36,664**

You and 3.3k others

Libby
Admin · 2 hrs
Afterpay growing so quickly & taking over Australia, what store do you wish offered Afterpay?
I would be more indoor & outdoor furniture stores, Adidas & H&M.

Afterpay
Published by Later (1) 28 August at 20:00
Ladies... hold the phone!
We're excited to announce that Afterpay is now available exclusively online at Sportsgirl. Hello new wardrobe... Wear now, pay later.
<http://www.sportsgirl.com.au>
#sportsgirlstyle #afterpayit



PEOPLE REACHED **344,614**
COMMENTS SHARES
REACTIONS **1,563**
POST CLICKS **4,549**

Steph
You're going to pay off...
Hannah
Afterpay has to be the smartest thing anyone has ever thought of!
Shannan
Anthony
This is the best thing ever!!!!
Thank God for Afterpay!!
James
20 hrs · Gladstone, QLD
Well ladies...do your thing I guess lol

Lauren
9 April
Which stores do you wish had afterpay?
45
785 Comments

Tracy
21 September at 21:00
We ❤️ afterpay Australia!
Just booked my QLD holiday for my daughter and I with afterpay! Flights are \$65 from Melb to QLD and return in Jan 2018. I'm pretty sure they have \$39 to TAS as well.



FAN CLUBS

Kayno
New member · 6 mins
Hi guys... are there any wedding dress stores that accept afterpay at all?

PRODUCT FINDING

Kimberley
Admin · 11 September at 22:16
Firstly I personally would just like to take a moment to thank everyone getting involved in this charity event we have set up, given the opportunity we would love to be able to help each and everyone, sadly we just simply can not save the world (we will surely give it a go though) but being that it is RUOK? day on the 14th of September and it is also suicide prevention/awareness month we thought this was a good idea. So let us get into it, myself and the other admin have put up a post. Continue reading

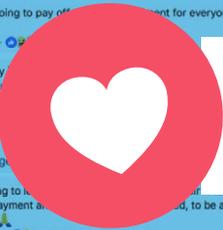
STORE SEARCH



Help R U OKAY - Afterpay Obsession make a difference
We at Afterpay Obsession, one of the fastest growing groups on facebook have come together as a team to create this page because we want to make a difference, this cause is something very close to our hearts and if we can...

Lisa
7 hrs
Yep its definitely official
m.ebay.com
Target Australia
Active now

Hello Lisa,
After much antic confirm we will
Afterpay will be on our website later today so you keep an eye
Have a wonderful
All feedback is gold
<https://goo.gl/IV...>
simple question our service!
Kristin @ Target
Interaction ID: 1
Target Australia's
Centre

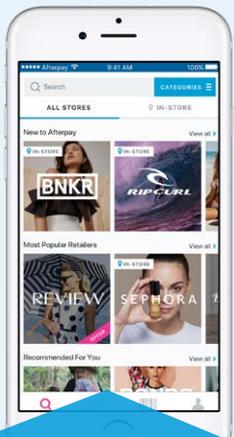




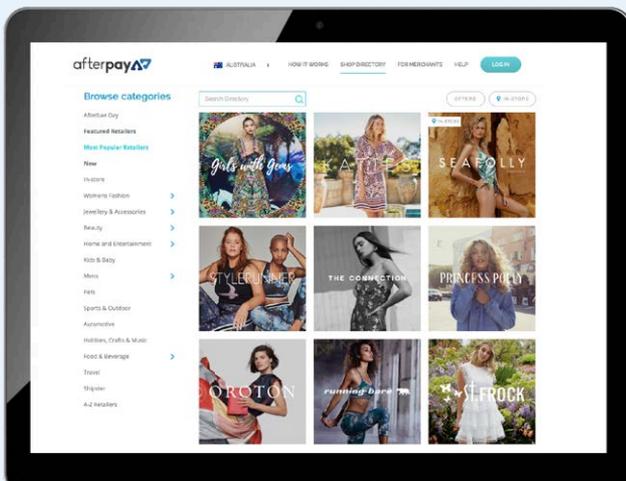
WE GET retail

AFTERPAY IS NOW ONE OF THE **LARGEST RETAIL AFFILIATE PROGRAMMES** IN AUSTRALIA

AFTERPAY APP



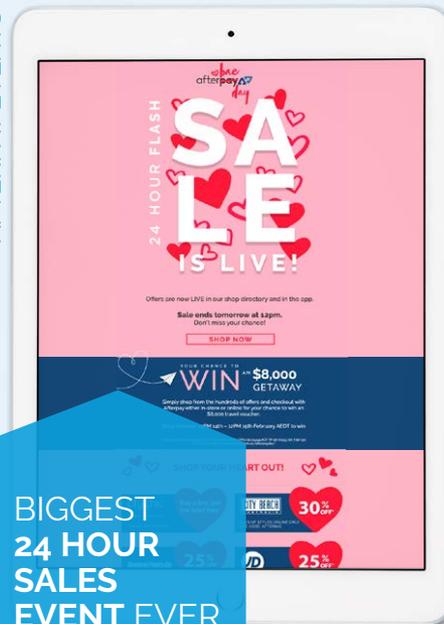
AFTERPAY WEB



AFTERPAY PROMOTION



AFTERPAY EVENTS



OVER **1** MILLION APP DOWNLOADS

MILLIONS OF MONTHLY RETAILER REFERRALS

BIGGEST 24 HOUR SALES EVENT EVER
14/15 FEBRUARY 2018



OUR CONTRIBUTION TO RETAIL IS *incremental*

A CUSTOMER CENTRIC APPROACH IS GOOD FOR BUSINESS... **AND OUR RETAIL PARTNERS GET IT.**

- ✓ NO CREDIT
- ✓ NO EXTENDED PAYMENTS
- ✓ NO SUBSEQUENT FINANCE PRODUCT "HOOK"

I have been amazed at how quickly our customers have embraced Afterpay; so much so, that it is now the single most popular payment method for our website.

KATE MORRIS,
FOUNDER & CEO,
ADORE BEAUTY

Afterpay is the fastest growing payment choice for Booktopia customers. Australians are seeking out retailers that offer Afterpay which means it generates sales as well as offering a manageable payment plan.

TONY NASH,
CEO,
BOOKTOPIA

We love how passionate our customers are about Afterpay. We can see Afterpay customers converting 10% higher than non-Afterpay customers, which is great for our business.

MARK BAARTSE,
CHIEF MARKETING OFFICER,
SHOWPO

Since launching Afterpay on our online channel in 2016 we have seen consistent growth and conversion over the time, this has been such a success that we have since launched it in store after the high performance and customer demand for this service.

LAUREN WILLIAMS,
GLOBAL ONLINE MANAGER,
LORNA JANE

Afterpay is a perfect match for the MAC brand and our customers. Close to half of our customers are using Afterpay and spending 14% more on their purchases as well. We've been delighted with the results.

KATHERINE MAMONTOFF,
ONLINE GENERAL MANAGER,
ESTEE LAUDER COMPANIES

 **DRIVING INCREASED CONVERSIONS, AVERAGE ORDER VALUES AND REPEAT PURCHASES**

LARGEST
PRESENCE
WITH THE
major brands

AFTERPAY + BRANDS > CUSTOMER EXPERIENCE

WE ARE PRIVILEGED TO BE PARTNERING
WITH THE LEADING CORE RETAIL AND
MILLENNIAL BRANDS

A	ADORE BEAUTY	BONDS	ANACONA
B	BIG W	COUNTRY ROAD	BRAS N THINGS
C	CUE	DOTTI	CULTURE KINGS
D	DAVID JONES	ESTHER BOUTIQUE	DUSK
E	EZIBUY	FSHN BNKR	E- MURA
F	FANTASTIC FURNITURE	GLUE STORE	FRENCH CONNECTION
G	GENERAL PANTS	HONEY BIRDETTE	GLASSONS
H	HYPE DC	ILABB	HARRIS SCARFE
I	INDUSTRIE CLOTHING	JAY JAYS	ICEONLINE.COM.AU
J	JETSTAR AIRWAYS	KATHMANDU	JUST JEANS
K	KOOKAI	LA SIENNA	KIKKI K
L	LORNA JANE	MIMCO	LACOSTE AUSTRALIA
M	MYER	NONI B GROUP	MICHAEL HILL
N	NUTRITION WAREHOUSE	OROTON	NINE WEST
O	OFFICEWORKS	PLATYPUS SHOES	OVERLAND
P	PRINCESS POLLY	QUIKSILVER	PETER ALEXANDER
Q	QUAY AUSTRALIA	RAY'S	QUEENBEE
R	REBEL	SPOTLIGHT	RM WILLIAMS
S	SUPER CHEAP AUTO	TARGET	SEPHORA
T	THE ICONIC	UNCLE RECO CLOTHING	TRADE ME
U	UNIVERSAL STORE	VANS SHOES	UNIQUE MUSCLE
V	VERONIKA MAINE	WHITE FOX BOUTIQUE	VERGE GIRL
W	WITCHERY	XCELERATOR ONLINE	WITTNER SHOES
X	XENIA BOUTIQUE	YELLOW OCTOPUS	X-POLE AUSTRALIA
Y	YD	ZANUI	YOUR JERSEY
Z	ZALA	ZULU & ZEPHYR	





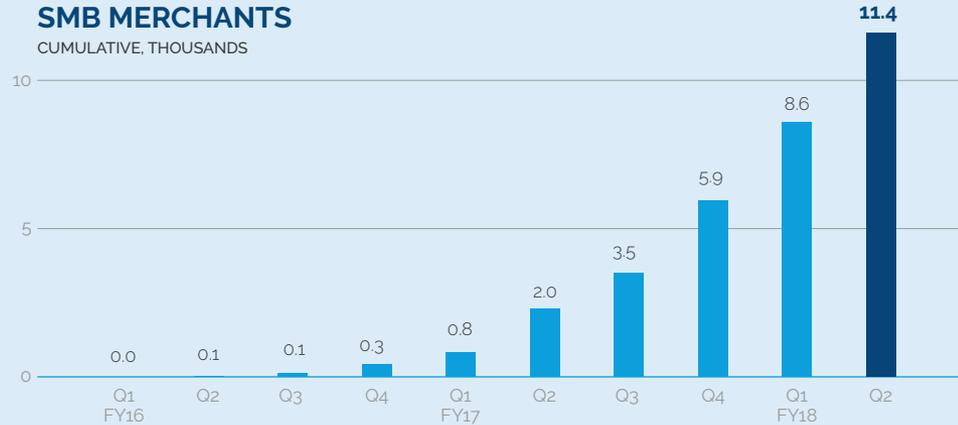
...and SMALL TO MEDIUM BUSINESSES

RAPID UPTAKE FROM ONLINE PLAYERS

NEW STAND-ALONE AFTERPAY POS INTEGRATION IN DEVELOPMENT FOR IMMINEENT IN-STORE RELEASE

SMB MERCHANTS

CUMULATIVE, THOUSANDS





Focus ON LIFETIME CUSTOMER VALUE

STRONG ADOPTION **RETURNING CUSTOMERS**

PERCENTAGE OF MONTHLY TRANSACTIONS MADE BY A PREVIOUS AFTERPAY CUSTOMER



RETURNING
CUSTOMERS HAVE
MADE ON AVERAGE

8

TRANSACTIONS¹
OVER THE PAST
12 MONTHS

¹ TOTAL RETURNING CUSTOMER ORDERS DIVIDED BY TOTAL NUMBER OF RETURNING CUSTOMERS IN CALENDAR 2017. FIGURES NOT ANNUALISED FOR CUSTOMERS THAT JOINED DURING THE COURSE OF THE CALENDAR YEAR.

UNIQUE APPROACH PROMOTES *responsible* CUSTOMER SPENDING



Afterpay is designed around financially healthy customers who can and do use the Afterpay service regularly

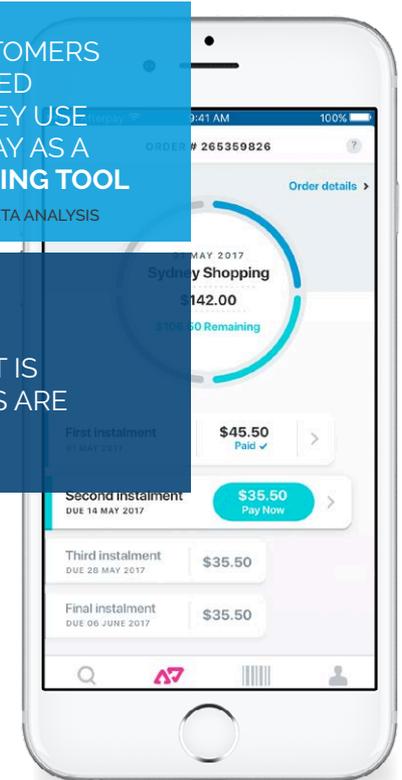
- Life's little extras – not the things you want a loan for
- Low transaction values
- Every transaction evaluated – Afterpay Touch has been a pioneer in the creation of this technology over more than 15 years
- Strict personal order and total expense limits – it starts low and only increases if repayment history with Afterpay is positive
- One order at a time – no default policy; account always has to be up to date
- No extended repayment options – can't "kick the can down the road"
- Communicate 'in advance' of payments becoming due

77%

OF CUSTOMERS SURVEYED SAID THEY USE AFTERPAY AS A **BUDGETING TOOL**

SOURCE: IPSOS SURVEY DATA, ALPHABETA ANALYSIS

THE KEY DIFFERENCE WITH AFTERPAY IS THE CUSTOMER'S ACCOUNT IS DISABLED IF PAYMENTS ARE NOT MADE ON TIME



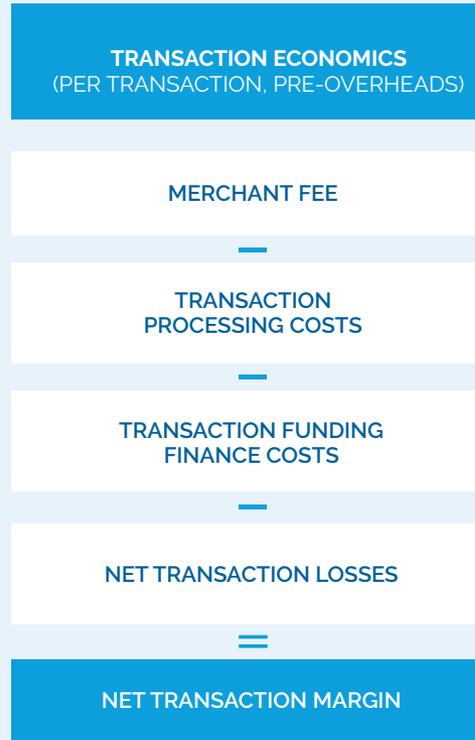
100% *business model* ALIGNMENT WITH PROMOTING RESPONSIBLE CUSTOMER SPENDING



SHIFTED THE ECONOMICS IN THE CUSTOMER'S FAVOUR BY **EARNING OUR REVENUE PRIMARILY FROM THE RETAILER, NOT THE CUSTOMER.**

AFTERPAY PAYS RETAILERS UPFRONT AND ONLY BENEFITS WHEN CUSTOMERS PAY OFF THEIR PURCHASES IN FULL.

CUSTOMERS HAVE RESPONDED TO THIS TRUSTED RELATIONSHIP BY BECOMING ADVOCATES OF THE BRAND.



REVENUE PRIMARILY DERIVED FROM THE RETAILER (NOT THE CUSTOMER)

IMPROVING WITH TRANSACTION HISTORY AND INCREASING RETURNING CUSTOMER MIX

2.3%
IN H1FY18

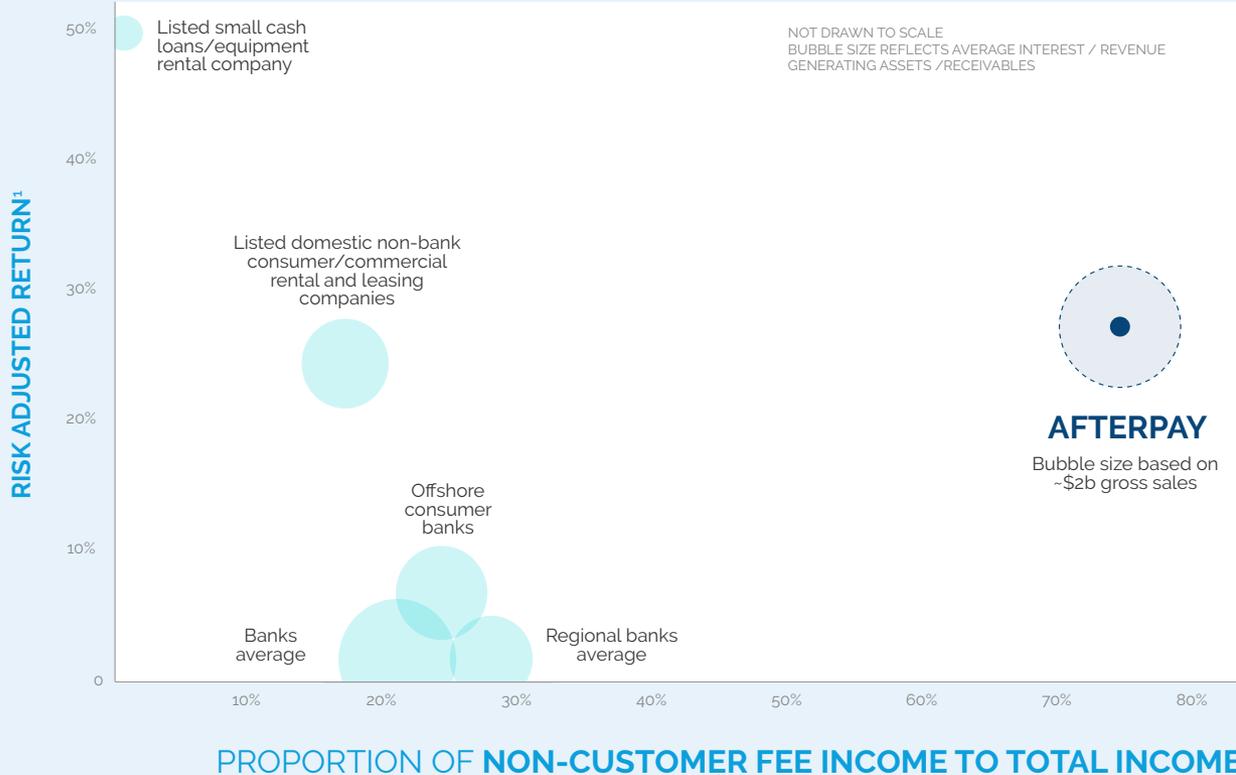
The data SUPPORTING OUR MODEL



SOURCE: AFTERPAY DATA, IPSOS SURVEY DATA, ALPHABETA ANALYSIS



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: COMPANY FILINGS, CALCULATIONS FROM LAST REPORTED METRICS. NOTES: (1) RISK ADJUSTED RETURN CALCULATED AS NET INTEREST INCOME LESS IMPAIRMENT EXPENSES AS % OF AVERAGE LOANS OR RECEIVABLES. APT'S RISK ADJUSTED RETURN IS BASED ON THE NET TRANSACTION MARGIN.

Scalable AND HIGH ROE BUSINESS MODEL



GROWING AND REPEAT CUSTOMER TRANSACTIONS
 POSITIVE MERCHANT AND NET TRANSACTION MARGINS
 EFFICIENT USE OF CAPITAL / MULTIPLE PER ANNUM TRANSACTION CYCLES



SHORT
TENOR OF
RECEIVABLES
< 30 DAYS



HIGH TRANSACTION
VOLUME
~12x
CAPITAL CYCLES
P.A.

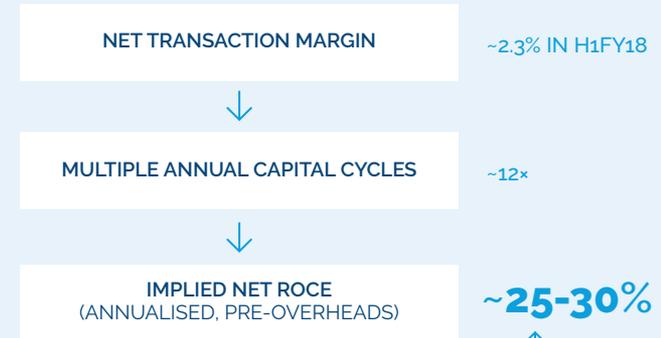


HIGHLY DIVERSIFIED
RECEIVABLES
PORTFOLIO
LOW AVERAGE
ORDER VALUE
(C. \$150)

SHORT TENOR DRIVES:

- CAPITAL EFFICIENCY – ~12X CAPITAL CYCLES P.A.
- **LOW SENSITIVITY TO INTEREST RATE MOVES**
- LOW FUNDING COST PER TRANSACTION
- **RAPID VIEW OF BAD DEBTS/NO MATERIAL “GUESSWORK” REQUIRED**
- NO LONG TAIL RISK

RETURN ON CAPITAL EMPLOYED (ROCE)



ROE SIGNIFICANTLY
HIGHER AS DEBT FUNDING
PROGRESSIVELY UTILISED



Future growth



BUILDING A *great culture*

TO ENABLE SUSTAINED GROWTH

WE ASPIRE TO BE AN EMPLOYER OF CHOICE - TO ATTRACT (AND KEEP) THE BEST TALENT BY:



DEVELOPING AND GROWING OUR PEOPLE



IMPROVING THE WORKPLACE ENVIRONMENT



HEALTH AND WELLBEING ACTIVITIES



DIVERSITY AND INCLUSION INITIATIVES



GIVING BACK TO OUR COMMUNITY



CELEBRATING MILESTONES AND EVENTS

JAN 18

227
EMPLOYEES



IN 4
COUNTRIES



35%
FEMALE



JUL 17

170
EMPLOYEES

IN 2
COUNTRIES

30%
FEMALE

SINCE 1 JULY WE HAVE HIRED KEY TALENT INCLUDING:

CHIEF PRODUCT OFFICER,
CHIEF MARKETING OFFICER,
FRAUD MANAGER, KEY DEVELOPERS...



AFTERPAY *everywhere relevant* TO OUR CUSTOMERS' LIFESTYLE

LEVERAGE EXISTING CUSTOMER BASE AND BRANDED RETAIL PRESENCE TO
GROW AND BECOME MORE RELEVANT TO OUR CUSTOMERS



LARGE MARKET OPPORTUNITY
REMAINS IN AUSTRALIA
AND NEW ZEALAND

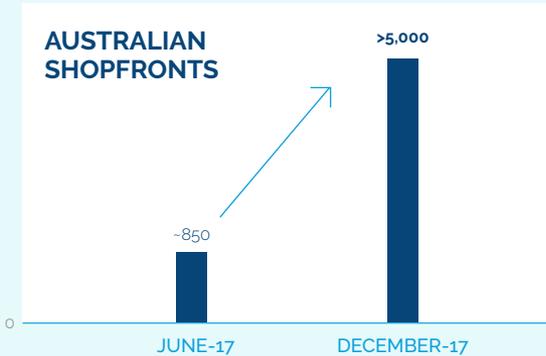


SOURCE: AFTERPAY ESTIMATES BASED ON NAB ONLINE RETAIL SALES INDEX DEC-17, ABS DATA, INTERNAL AFTERPAY DATA AND ESTIMATES. NOTE: TOTAL RETAIL AND TRAVEL INCLUDES ONLINE AND OFFLINE NOTES 1. ABS DATA, TOTAL INCOME COMPRISING THE FOLLOWING CATEGORIES: OTHER STORE-BASED RETAILING, NON-STORE RETAILING AND RETAIL COMMISSION BASED BUYING AND/OR SELLING, ACCOMMODATION, AIR AND SPACE TRANSPORT, PUBLISHING (EXCEPT INTERNET AND MUSIC PUBLISHING), MOTION PICTURE AND SOUND RECORDING ACTIVITIES, INTERNET SERVICE PROVIDERS, WEB SEARCH PORTALS AND DATA PROCESSING SERVICES, ADULT, COMMUNITY AND OTHER EDUCATION (PRIVATE), MEDICAL AND OTHER HEALTH CARE SERVICES (PRIVATE), CREATIVE AND PERFORMING ARTS, SPORTS AND RECREATION ACTIVITIES, PERSONAL AND OTHER SERVICES



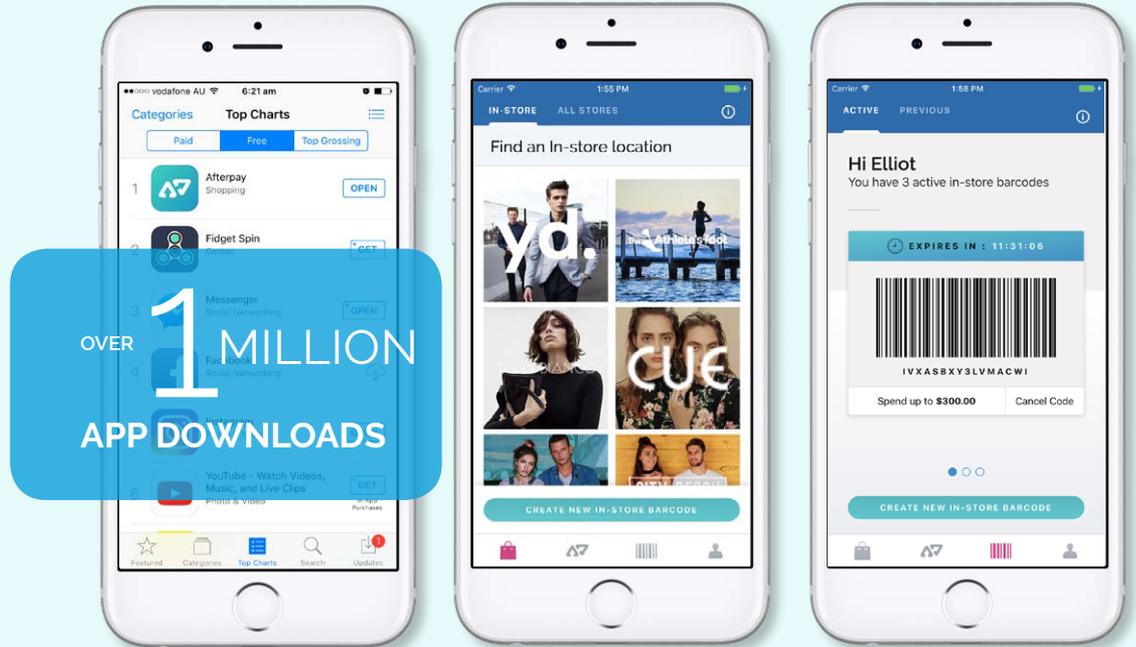
In-store REMAINS A CORE FOCUS AND LARGE OPPORTUNITY

MORE THAN 5,000 EXISTING SHOPFRONTS



ONLINE RETAIL CURRENTLY REPRESENTS ONLY 5% OF TOTAL RETAIL MARKET IN AUSTRALIA

SOURCE: ABS



OVER 1 MILLION APP DOWNLOADS



MAJOR NEW RETAILERS KEEP ONBOARDING

NEW AND COMING SOON **TO ONLINE**



...AND ADOPTING AFTERPAY IN-STORE

NEW AND COMING SOON **TO IN-STORE**

		COTTON:ON	Typo	KOOKAI
	<i>adairs</i>	SEPHORA	<i>Sportsgirl</i>	TOMMY HILFINGER
CALVIN KLEIN		PLATYPUS	SKECHERS	CONVERSE
Timberland	GLASSONS	MAC	R. M. WILLIAMS EST. 1932. AUSTRALIA	
city chic	rebel		AND MORE...	



TOUCHCORP BRINGS *synergies*

STABLE REVENUE STREAMS
AND LARGE COMMERCIAL
PARTNERSHIPS WITH MAJOR
CUSTOMER FACING BRANDS



MOBILITY
REVENUE ASSURANCE,
TRANSACTION INTEGRITY
AND DATA ANALYTICS



HEALTH
TECHNICAL INTEGRATION
AND EXPERTISE, RELEVANT
FOR AFTERPAY

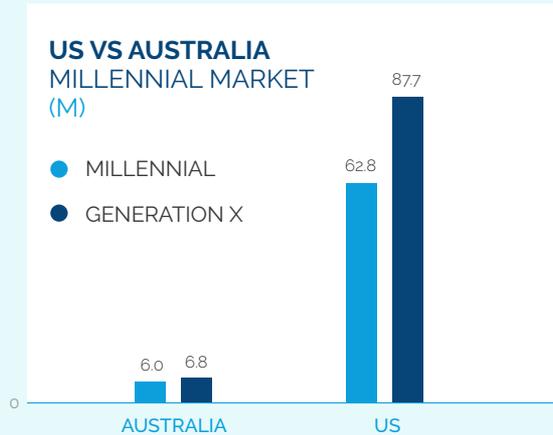


E-SERVICES
RETAIL POS EXPERTISE
- THOUSANDS OF
POINTS OF PRESENCE IN
AUSTRALIA AND EUROPE



REMAIN FOCUSED ON EXPLORING *US opportunities*

MADE PROGRESS IN **DEFINING AND ASSESSING THE MARKET OPPORTUNITY**
HAVE MADE SEVERAL **US BASED HIRES**
STRONG RETAILER ENGAGEMENT



SOURCE: GOLDMAN SACHS, US CENSUS BUREAU, ABS

NEW *collaborations*

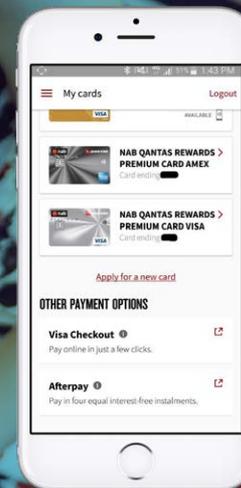


PRODUCT INTEGRATION

LINKING CUSTOMER
ACCOUNT/PAYMENT
APPLICATIONS

ACTIVATION

EXTENDING ACTIVITIES FOR
IN-STORE PROMOTION WITH
WESTFIELD AND OTHER
LARGE SCALE LANDLORDS



A photograph of four young women of diverse backgrounds, smiling and blowing colorful confetti into the air. The scene is festive and celebratory, with a soft, warm light. The confetti consists of small, multi-colored squares and circles. The women are positioned in a row, with their hands held out, releasing the confetti. The background is slightly blurred, suggesting an outdoor setting at night or dusk.

 afterpaytouch

Thank YOU