A woman with long dark hair, wearing a white tank top and a gold chain necklace, stands in a field with her arms raised in a gesture of joy or freedom. The background is a warm, golden sunset with blurred trees and foliage. The overall mood is positive and celebratory.

2017  
**ANNUAL GENERAL  
MEETING**

 **afterpay**touch



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# STRONG MERGER RATIONALE

VERTICALLY INTEGRATED FROM A TECHNOLOGY  
AND END-END SERVICE DELIVERY PERSPECTIVE

ENABLER FOR CONTINUING ACCELERATED GROWTH  
OF AFTERPAY AND INTERNATIONAL EXPANSION

ABILITY TO **ENHANCE CORE TOUCHCORP**  
RECURRING REVENUE STREAMS

CLEAR SYNERGIES BY WAY OF **COMBINED PLATFORM BENEFITS**  
(TECHNOLOGY DEVELOPMENT, TRANSACTION INTEGRITY, DATA ANALYTICS)

ENHANCED **INTELLECTUAL PROPERTY** PROFILE

STRONG COMBINED **LEADERSHIP TEAM**



# AFTERPAY TOUCH GROUP

## **MERGER BETWEEN AFTERPAY AND TOUCHCORP**

EFFECTIVE ON 28 JUNE 2017

### BOARD

ANTHONY EISEN  
(EXECUTIVE CHAIRMAN)

NICHOLAS MOLNAR

DAVID HANCOCK

MICHAEL JEFFERIES

CLIFFORD ROSENBERG

ELANA RUBIN

## **BOARD AND MANAGEMENT TEAM ENHANCED**

### TO FACILITATE:

Resolute focus on maintaining Afterpay growth and performance

Optimising and enhancing core Touchcorp business lines

Integrating teams and extracting merger synergies

## **DAVID HANCOCK APPOINTED TO THE ROLE OF GROUP HEAD**

### WITH THE KEY RESPONSIBILITIES:

Implement Afterpay Touch Group strategy

Bring teams together and ensure common resources are maximised

Drive performance and synergies



# 1.3 MILLION AFTERPAY CUSTOMERS

REALLY  
REALLY  
CUSTOMER  
CENTRIC

- ALIGNED WITH CORE MILLENNIAL VALUES AND LIFESTYLE PREFERENCES
- STRONG UPTAKE AND ADOPTION
- DEMOGRAPHIC APPEAL BROADENING WITH RETAIL EXPANSION AND FOLLOWER ADOPTION



MORE THAN  
**8.5 MILLION**  
TOTAL TRANSACTIONS  
SINCE INCEPTION  
15 NOV 17





# NOW OVER 10,000 RETAIL PARTNERSHIPS

NOW WORKING WITH THE **BIGGEST AND MOST CUSTOMER CENTRIC BRANDS** IN THE COUNTRY WITH FURTHER OPPORTUNITIES TO GROW

AFTERPAY TODAY ACCOUNTS FOR **>20% OF AUSTRALIAN ONLINE APPAREL COMMERCE AND OVER 5% OF TOTAL AUSTRALIAN ONLINE COMMERCE**

**\$22b** TOTAL AUSTRALIAN ONLINE RETAIL (EXCLUDING TRAVEL)



<b>COTTON:ON</b>	<b>COUNTRY ROAD</b>	<b>SUPERCHEAP AUTO</b>	<b>MYER</b>	<b>SHERIDAN</b>	<b>OPTUS</b>	<b>ToysRUS</b>	<b>booktopia</b>
<b>The Athlete's Foot</b>	<b>LORNA JANE</b>	<b>BCF</b>	<b>THE ICONIC</b>	<b>pillow talk</b> <small>bedroom bathroom living</small>	<b>Beacon LIGHTING</b>		<b>THE NILE</b>
<b>supré</b>	<b>MIMCO</b>	<b>rebel</b>	<b>Best&amp;Less</b>	<b>adairs</b>	<b>Typo</b>		
<b>THE JUST GROUP</b>	<b>PUMA</b>		<b>EZIBUY</b> <i>Your Style</i>				
<b>CUÉ</b>	<b>SEPHORA</b>		<b>Target</b>				



# DELIVERING STRONG INCREMENTAL VALUE TO RETAILERS

“THE ICONIC is Australia’s largest online fashion retailer. As we are true to our customers, Afterpay has been integrated into our service offering, at the customer’s request.

Since launching Afterpay in early 2017 we have seen incredible results, e.g. higher NPS scores for Afterpay customers, higher basket values, etc.

**Afterpay is the fastest growing payment service offered by THE ICONIC.”**

**THE ICONIC**

PATRICK SCHMIDT,  
CEO AT THE ICONIC

“For us, implementing Afterpay in-store was the natural progression after having such strong results online. The appetite for Afterpay from our customers has, even at this early stage, seen 12% of our in-store sales now coming through Afterpay with

**the average order value up almost 60% on other payment options.”**

TONY BIANCO

ADAM BIANCO  
DIRECTOR, TONY BIANCO



# 100% BUSINESS MODEL ALIGNMENT WITH RESPONSIBLE CUSTOMER SPENDING



**AFTERPAY RELIES AND BENEFITS FROM CUSTOMERS NOT GOING INTO DEFAULT, PAYING OFF THEIR ORDERS IN FULL AND ON TIME.**

WE THEREFORE HAVE 100% BUSINESS ALIGNMENT WITH PROMOTING RESPONSIBLE CUSTOMER SPENDING.

Afterpay uses many measures to achieve this:

- Prior to each and every order being approved we employ our proprietary fraud and repayment capability check.
- We apply strict personal order and account limits – it starts low and only increases if repayment history with Afterpay is positive.
- Importantly, Afterpay only approves one order at a time and if a payment is not made on any due date, customers are not able to make any further purchases with Afterpay.
- We communicate with our customers regularly via SMS and email 'in advance' of payments becoming due.

**THIS HAS PROVEN TO BE A SUCCESSFUL STRATEGY**

OUR NET TRANSACTION LOSS DUE TO PAYMENT DIFFICULTIES IS LESS THAN 1% (0.6%) OF UNDERLYING SALES IN FY17. THIS IS SIGNIFICANTLY LOWER THAN THE INDUSTRY STANDARD.



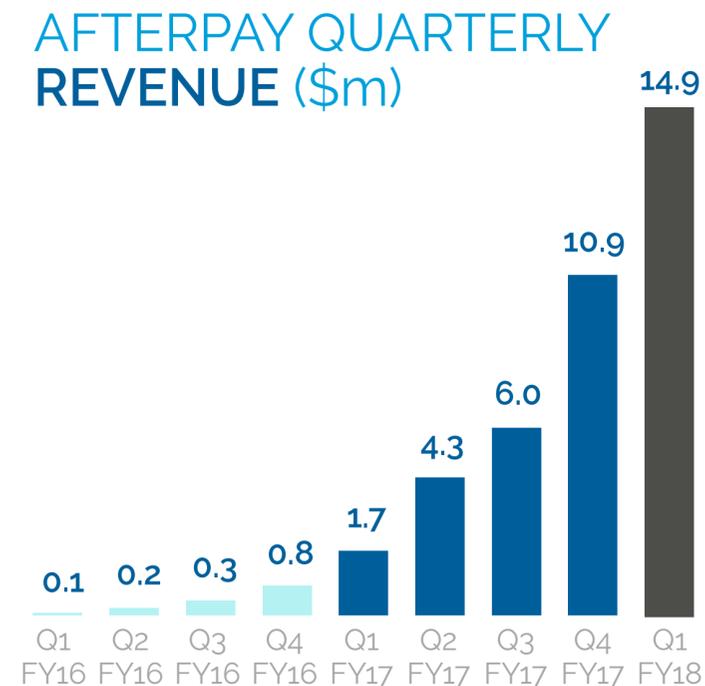
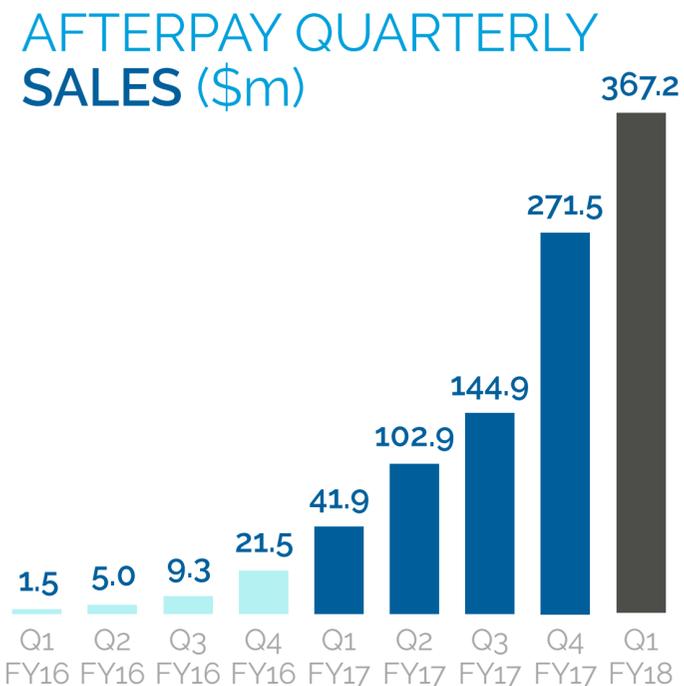
# UNDERLYING SALES AND REVENUE

UNDERLYING ANNUALISED SALES TRENDING ABOVE \$1.7 BILLION BASED ON RECENT MONTHLY PERFORMANCE

FY17  
**\$561m**  
UNDERLYING SALES

FY17  
**\$23m**  
MERCHANT FEE REVENUE

FY17  
**4.1%**  
MERCHANT MARGIN





# FY17 FINANCIAL HIGHLIGHTS

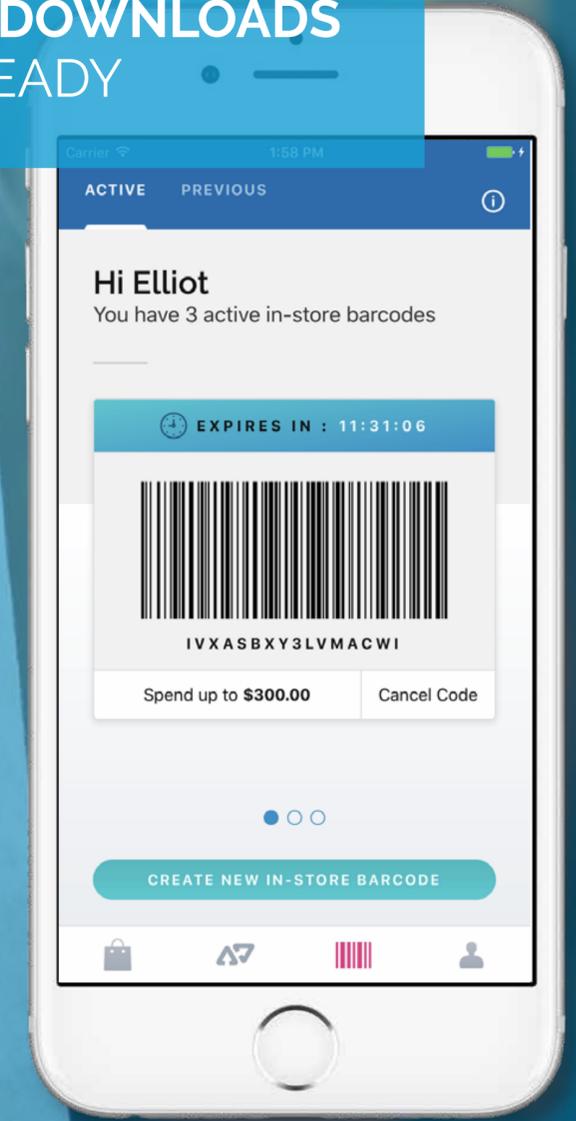
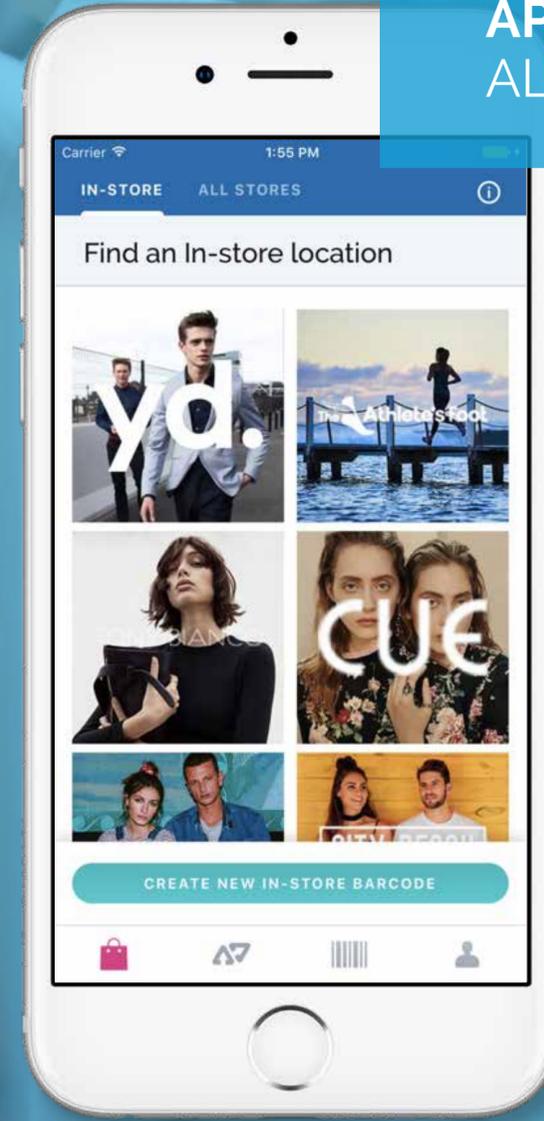
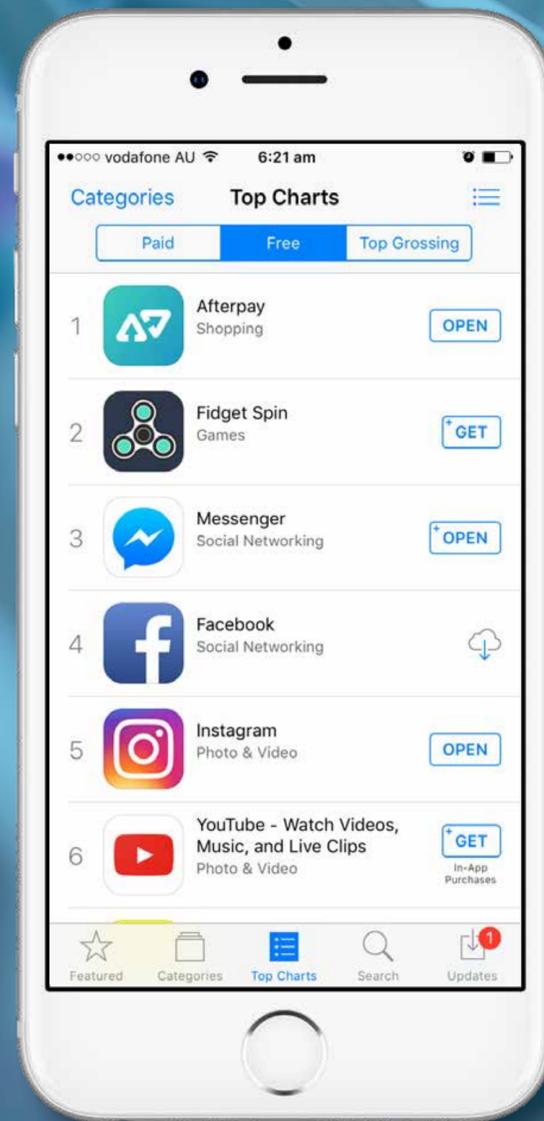
THE AFTERPAY  
BUSINESS GREW  
**RAPIDLY AND  
PROFITABLY**  
DURING FY17

	FY17	FY16	CHANGE %
UNDERLYING SALES	\$561.2M	\$37.3M	1405%
MERCHANT FEES	\$22.9M	\$1.4M	1535%
NET TRANSACTION MARGIN	\$14.1M	\$0.8M	1662%
<b>EBTDA NORMALISED</b> (EXCLUDING SHARE BASED PAYMENTS AND ONE-OFF EXPENSES)	<b>\$5.8M</b>	<b>-\$1.4M</b>	<b>514%</b>
SHARE BASED PAYMENTS	-\$1.8M	-\$0.1M	N/A
ONE-OFF EXPENSES	-\$2.1M	—	N/A
<b>EBTDA</b> (BEFORE ONEROUS TOUCHCORP COSTS)	<b>\$1.9M</b>	<b>-\$1.5M</b>	<b>227%</b>
DEPRECIATION AND AMORTISATION	-\$2.7M	-\$2.2M	-23%
TOUCHCORP ONEROUS CUSTOMER DEVELOPMENT COST	-\$13.6M	—	N/A
EARNINGS BEFORE TAX	-\$14.4M	-\$3.7M	-289%
REPORTED NET PROFIT AFTER TAX	-\$9.6M	-\$3.6M	-167%



# IN-STORE REMAINS A MAJOR FOCUS AND **UNTAPPED OPPORTUNITY**

APPROXIMATELY  
**500,000**  
APP DOWNLOADS  
ALREADY



→ LAUNCH OF AFTERPAY "APP"  
IMPORTANT INITIAL ELEMENT OF  
IN-STORE PRODUCT EVOLUTION

FURTHER RELEASES AND FUNCTIONALITY

LARGE AND INSTANTANEOUS CUSTOMER ADOPTION OF "APP"

SEEKING TO TRIPLE PHYSICAL FOOTPRINT BY CHRISTMAS  
WITH MANY LARGE, EXISTING ONLINE PARTNERS IN THE  
PROCESS OF IN-STORE INTEGRATIONS SUCH AS:



# NEW GEOGRAPHIES

LAUNCHED IN NEW ZEALAND  
IN ASSOCIATION WITH TRADE ME



Several large New Zealand local and Australian based retailers operating in the New Zealand market are now transacting

Trade Me is progressively introducing Afterpay within it's marketplace

→ Trade Me is the largest e-commerce player in New Zealand and has over 4 million registered customers

New Zealand is a 'blue-print' for entering new markets and we are significantly investing in our platform and people to facilitate following our retail partners internationally





# NEW VERTICALS – TRAVEL

- AFTERPAY HAS EXECUTED ON ITS STRATEGY OF ENTERING NEW VERTICALS BY ANNOUNCING A PILOT PARTNERSHIP WITH JETSTAR.
- THE PILOT PROGRAM WILL RUN FOR 6 MONTHS, AND WILL INITIALLY BE OFFERED ON DOMESTIC FLIGHTS BETWEEN \$200 AND \$1000.
- TRAVEL AS A CATEGORY REPRESENTS A STRONG GROWTH CHANNEL FOR THE AFTERPAY BUSINESS AND A NATURAL EXTENSION FROM RETAIL.





# AFTERPAY BUSINESS MOMENTUM CONTINUES INTO FY18

UNDERLYING  
ANNUALISED SALES

MORE THAN  
**\$1.7<sup>b</sup>**

BASED ON RECENT MONTHLY  
PERFORMANCE

OCTOBER >15% INCREASE  
ON SEPTEMBER

APPROX

**1.3<sup>m</sup>**

CUSTOMERS

CONTINUE TO GROW  
>3,000 PER CALENDAR DAY

MORE THAN

**10,000**

RETAILERS  
ONBOARDED

**0.6% - 1.0%**

NTL

EXPECTED RANGE  
(SEASONAL)

REVENUE MARGINS  
AND OTHER  
VARIABLE COSTS  
STABLE

INVESTING IN  
OUR TEAM AND  
INFRASTRUCTURE  
TO CAPTURE  
IDENTIFIED GROWTH  
OPPORTUNITIES



# STRONG BALANCE SHEET AND **GROWTH CAPACITY**





# OPTIMISE AND ENHANCE TOUCH RECURRING REVENUE BUSINESSES

MOBILITY REMAINS A CORE FOCUS AND WE WILL INVEST IN DEVELOPING THE TECHNOLOGY AND SERVICE DELIVERY PLATFORM THAT UNDERPINS THIS BUSINESS

STREAMLINE E-SERVICES BUSINESSES IN AUSTRALIA AND EUROPE

DEVELOP HEALTH BUSINESS OPPORTUNITIES AND LEVERAGE STRONG TECHNICAL AND PLATFORM CREDENTIALS





 **afterpay**touch

THANK YOU