



Afterpay Limited ASX: APT

# ASX Announcement

25 February 2021

## H1 FY21 Results Presentation

Afterpay Limited (**Afterpay**) attaches the H1 FY21 results presentation materials for the briefing to be held via a live audio webcast at 10.00am (AEDT) today.

The webcast will be accessible via this link: [\*\*Afterpay FY21 Results Presentation\*\*](#).

Investors wishing to ask questions at the end of the presentation will be required to also register using the following link: [\*\*Afterpay FY21 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  
Co-CEO & Managing Director

### ENDS

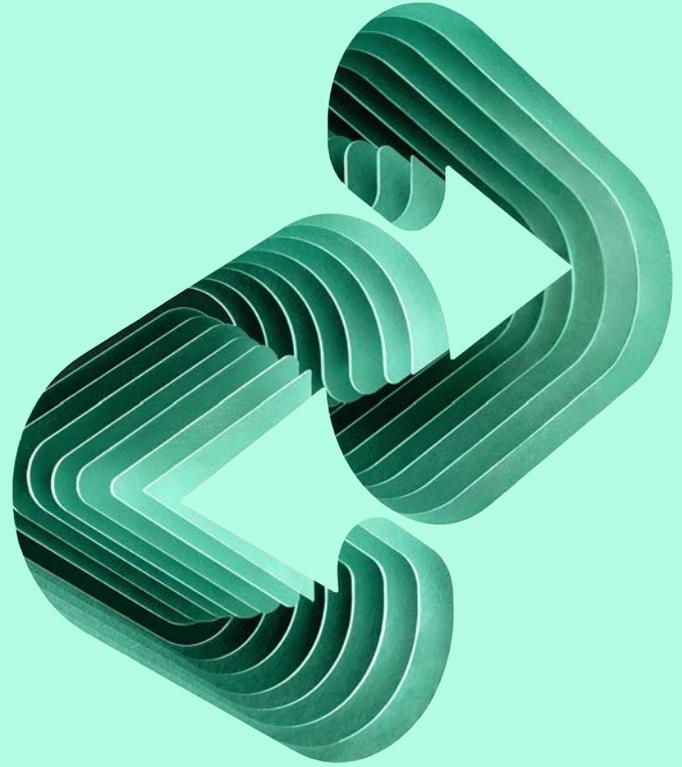
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amplify.

H1 FY21 Results Presentation  
25 February 2021



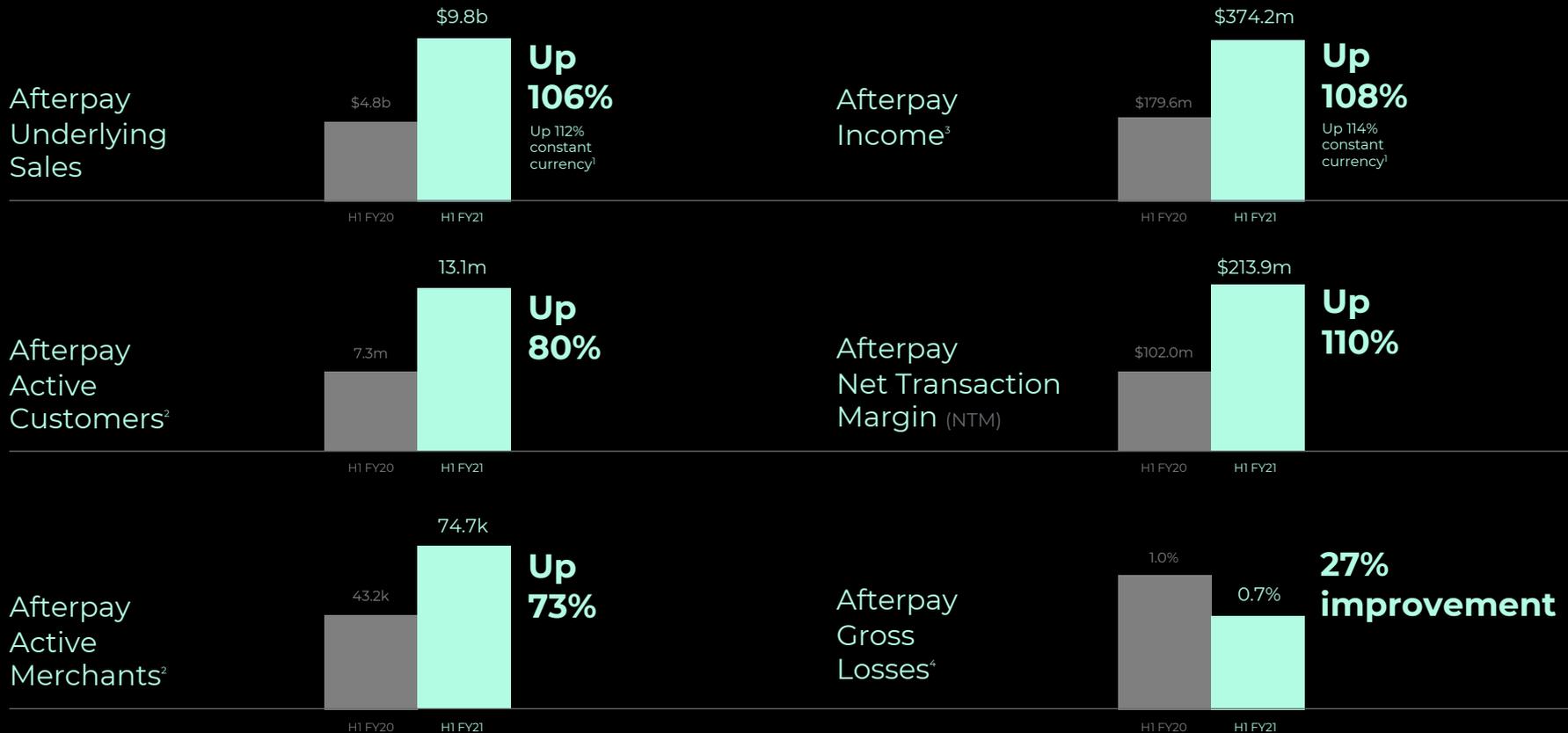
# Disclaimer

The material in this presentation is general background information about Afterpay Limited (APT) and is current at the date of the presentation, 25 February 2021. 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 H1 FY21 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.

# Continued top-line growth matched by margin growth



Note: Change calculations may not equate due to rounding. 1. Constant currency is a non-IFRS measure and has been calculated by translating the results for the half year ended 31 December 2020 at the effective exchange rates for the prior half year ended 31 December 2019. 2. Defined as having transacted at least once in the last 12 months. 3. Afterpay income excludes revenue from Pay Now and Late Fees. 4. Gross Losses are defined as Receivable Impairment Expense as a percentage of Underlying Sales.



# HY FY21 key highlights

**Underlying sales growth** **106%** **+\$2B of sales** for both November and December 2020

On a constant currency basis<sup>1</sup>  
Underlying sales are up **112%** Afterpay Income<sup>2</sup> **Up 114%**

**Both online and instore building momentum**  
**+23k** Customers acquired globally per day during H1 FY21

**Growing power of network** Increasing customer **frequency** in all markets with 91% of H1 FY21 underlying sales from repeat customers

**~70%** active customers<sup>2</sup> who **shop instore** started with Afterpay online

**Globally in H1 FY21** Average number of **lead referrals** from Afterpay platform per month **~27.0m**

**Active customers<sup>3</sup>** gained momentum in Q2 FY21 **NA<sup>4</sup> up 20%** and **UK up 23%** compared to Q1 FY21

**13.1m** active customers<sup>3</sup> choose Afterpay, up **80%** on pcp

**Global expansion** **Over \$1b pipeline** of global merchants in the process of contracting for the EU

**Active merchants<sup>2</sup>** growing strongly across all regions **~75k** **Up 73%** COMPARED TO H1 FY20

Percentage increase in active merchants<sup>2</sup> by region year on year **ANZ up 51%** **UK up 812%** **NA up 141%**

Notes: 1. Constant currency is a non-IFRS measure and has been calculated by translating the results for the half year ended 31 December 2020 at the effective exchange rates for the prior half year ended 31 December 2019. 2. Afterpay income excludes revenue from Pay Now and Late Fees. 3. Defined as having transacted at least once in the last 12 months. 4. North America, encompassing United States of America and Canada

# ANZ key highlights

Underlying sales **+53%** ON PCP

Average 12-month frequency across all active customers<sup>1</sup> **>15x** 30% higher than prior year

ANZ instore sales up **40%** ON H1 FY20

Reacceleration reflecting post COVID-19 recovery

Earliest customer cohorts now transacting **~29x** PER YEAR

Active merchants **+51%** focus continues to be on expanding into new verticals

Notes: 1. Defined as having transacted at least once in the last 12 months. 2. H1 FY21 reflects Afterpay Asia Pacific EBITDA as reported in the financial statements segment. Afterpay ANZ EBITDA does not include Corporate or Pay Now related costs.



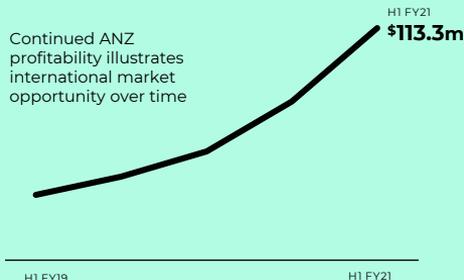
## ANZ UNDERLYING SALES AND FREQUENCY

AVERAGE PURCHASE FREQUENCY, 12 MONTHS



## AFTERPAY ANZ EBITDA<sup>2</sup>

EXCLUDING SIGNIFICANT ITEMS



Continued ANZ profitability illustrates international market opportunity over time

## NEW MERCHANTS

CONTRACTED OR INTEGRATED



## PARTNERSHIPS



Secured naming rights sponsorship for Australian Fashion Week in support of Australian retailers and designers and their success locally and abroad.

# North America key highlights



Underlying sales grew significantly **+195%** ON PCP

North America the largest contributor to Group underlying sales during **Q2**

MORE THAN **8m** active customers<sup>1</sup> **127%** INCREASE ON PCP

More than 16m customers now signed up to Afterpay

**141%** increase in active merchants<sup>1</sup> by region UP ON PCP

Run rate **\$8.4b** H1 FY21 AND **\$10.4b** implied by seasonally strong Q2 FY21 trading

**Canada** continuing to ramp up with new merchants joining the platform

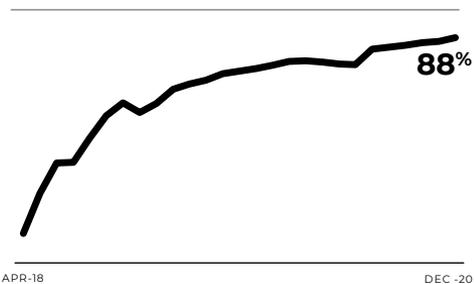
**Instore** continues to build momentum despite impacts of COVID-19

US instore sales over November to January imply a **current run rate of ~\$180m**

New merchants

- |         |       |            |              |                |            |           |
|---------|-------|------------|--------------|----------------|------------|-----------|
| ONLINE  | houzz | JackRabbit | SHOES.COM    | Marmot         | EX-OFFICIO | Dillard's |
| INSTORE | UGG   | carhartt   | STEVE MADDEN | ASHLEY STEWART | chubbies   |           |

GROWING CONTRIBUTION FROM RETURNING US CUSTOMERS  
RETURNING CUSTOMER, MONTHLY ORDERS



US CONTRIBUTION TO GROUP UNDERLYING SALES GROWING



Notes: 1. Active is defined as having transacted at least once in the last 12 months.

# UK key highlights



Clearpay **continues to build momentum** with increased merchant and consumer adoption

BRITISH FASHION COUNCIL **Partnership launched February 2021**

Underlying sales contribution of \$0.8b **up 288%** ON PCP

Total number of active merchants<sup>1</sup> **up 190%** SINCE JUNE 2020

Active customers<sup>1</sup> increased by **161%** ON PCP

Number of orders up **234%** ON PCP AOV also up **16%** ON PCP

Clearpay App Monthly Active User growth more than **double the nearest competitor**

Total downloads of Clearpay App reached **+1m** devices IN JAN 2021

New merchants

Superdry®

BLK BOX

OLIVE & Sage

facethefuture

LE LABO®

FOREO

TOPSHOP

Miss Selfridge

TOPMAN

DOROTHY PERKINS

REVOLUTION BEAUTY LONDON

wollis

FACE GYM.

The Fragrance Shop

H.SAMUEL

PANDORA

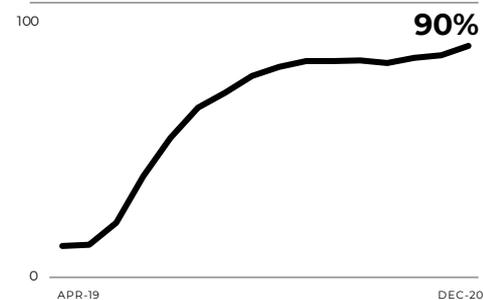
RIXO

goop

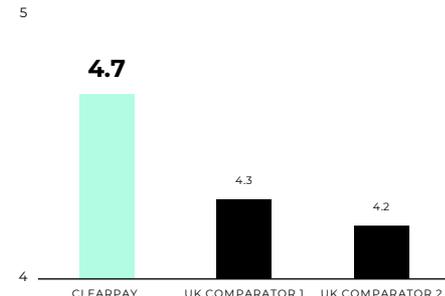
LOUNGE

ERNEST JONES

**GROWING CONTRIBUTION FROM RETURNING UK CUSTOMERS**  
RETURNING CUSTOMER, MONTHLY ORDERS



**MOST LIKED**  
UK TRUST PILOT RATING<sup>2</sup>



Notes: 1. Active is defined as having transacted at least once in the last 12 months. 2. uk.trustpilot.com

# Do the right thing

## People

Continuing to prioritise the health and wellbeing of our team during Covid-19 with the majority of our people still working remotely.

To support global expansion and to continue to scale its offering, Afterpay grew its total number of team members to more than 1,000 employees globally at the end of January 2021. New hires during H1 FY21 were predominantly in the sales, tech and product departments.

With the commencement of Chief People Officer, Meahan Callaghan in Q2 FY21 we are accelerating a “people first” strategy that is focused on driving the attraction and retention of high performing world class talent, prioritising the health and well being of our people and evolving a culture that embraces diversity and inclusion. This is critical to our success as we continue to rapidly grow our employee base in a sector that competes heavily for talent.

## Communities

Our Support Small Campaign continues to provide ways for small business to connect to millions of customers. Recently we went to Orange in Regional NSW as part of the two-day Support Small Sale event.

We have increased our support to our partner Thread Together with a commitment to contribute \$200k in FY22 to assist with the expansion of their operations. Our partnership with Thread Together, which is focused on driving social and environmental change in fashion, aligns with our values and those of our customers and retailers.

## Governance

We introduced our first Modern Slavery Statement (December 2020) which sets out processes for proactively building employee and supplier awareness of this global issue and mitigating risk.

We have successfully launched our comprehensive new Corporate website to provide enhanced access to investor and governance information.



# Regulation update

Continuing to engage across regions and regulatory frameworks...

## Australia

### **BNPL Code of Practice**

APT along with AFIA and the broader BNPL sector have agreed best practice standards with many of the commitments under the Voluntary Code already implemented. The Code will apply from 1 March 2021.

### **Farrell Review of the Australian Payments system**

Afterpay made a submission to the Review of the Australian Payments System being led by Scott Farrell for the Government.

### **Reserve Bank of Australia Review**

As part of its current review of retail payments, the RBA Governor made comments that the Payments System Board will not be introducing new policy in relation to surcharging and BNPL arrangements and would discuss the issue with the Government for direction (Dec 2020).

### **Senate Select Committee on Financial Technology and Regulatory Technology**

Afterpay welcomed recent positive engagement with members of the Australian Senate Select Committee on Financial Technology and Regulatory Technology regarding how best to cultivate global FinTech leadership in Australia.

### **ASIC**

The ASIC Review of Buy Now Pay Later (BNPL) was released publicly on 16 Nov 2020. The Review acknowledged the importance of consumer choice, protection and that there is a significant role for industry to play in self regulation to achieve best outcomes for consumers.

## United Kingdom

### **Woolard Review and FCA Oversight**

Woolard Review (early Feb 2021) acknowledged diversity of the BNPL industry and recognized that regulations should be proportionate.

Afterpay/Clearpay will continue to be an active participant in the development of an appropriate regulatory framework that protects the consumer and builds financial fairness.

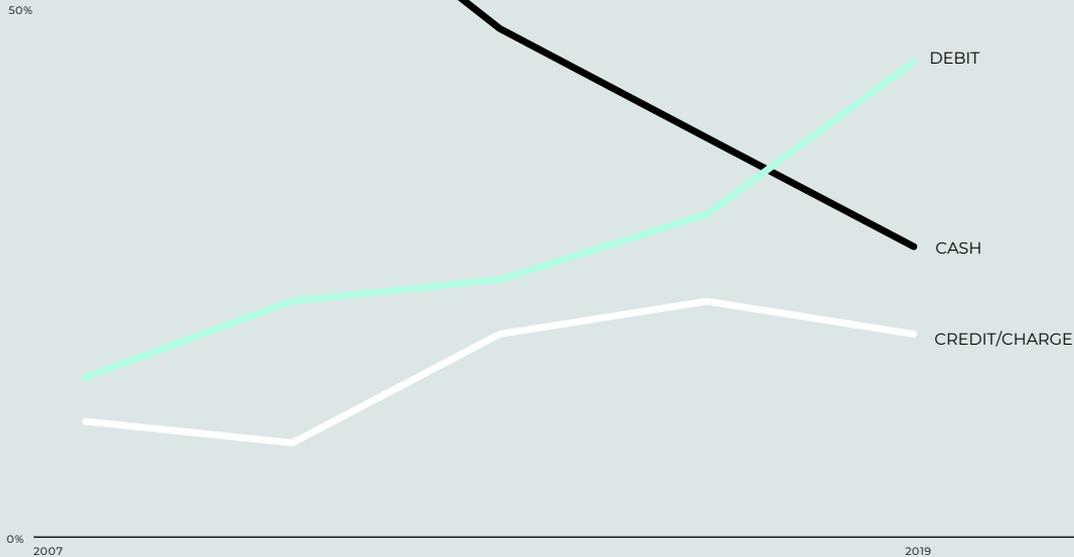
**amplifying  
the global  
opportunity.**

# Context

Growing shift away globally from traditional credit products by generations with increasing purchasing power

## Post-Global Financial Crisis Shift from Traditional Credit

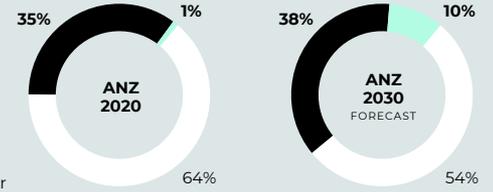
AUSTRALIA  
PAYMENT TYPE SHARE OF VALUE<sup>1</sup>



### RETAIL SPEND ANZ<sup>2</sup>

BY GENERATION, PERCENT, FORECAST

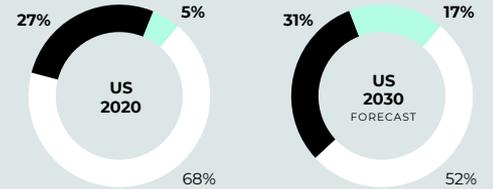
- Gen Z
- Millennials
- Gen X and older



### RETAIL SPEND US<sup>3</sup>

BY GENERATION, PERCENT, FORECAST

- Gen Z
- Millennials
- Gen X and older



### RETAIL SPEND UK<sup>4</sup>

BY GENERATION, PERCENT, FORECAST

- Gen Z
- Millennials
- Gen X and older



Source: 1. Reserve Bank of Australia. 2. Forecasts based on the ABS Household Expenditure Survey 2015-2016, HILDA Waves 6-18. 3. Source: Forecasts based on the University of Michigan Panel Study of Income Dynamic 2005-2017, Bureau of Labor Statistics CE Generation Tables, Census Bureau Population projections for United States. 4. Forecasts based on the Living Costs and Food Survey 2015-2019, analysis by AlphaBeta as part of Accenture. Note: Retail expenditure includes clothing and footwear, personal care, household goods and services and medicines, prescriptions and healthcare products.

# Afterpay was built for this generation - founded on trust and transparency

Our vision, mission and values are aligned to the core values of Millennials and Gen Z

## Our vision

**Fairness and  
financial freedom  
for all**

## Our mission

**To power an  
economy in which  
everyone wins**

## Our strategy

-  **Brand**
-  **Grow**
-  **Innovate**
-  **Perform**
-  **Do the Right Thing**

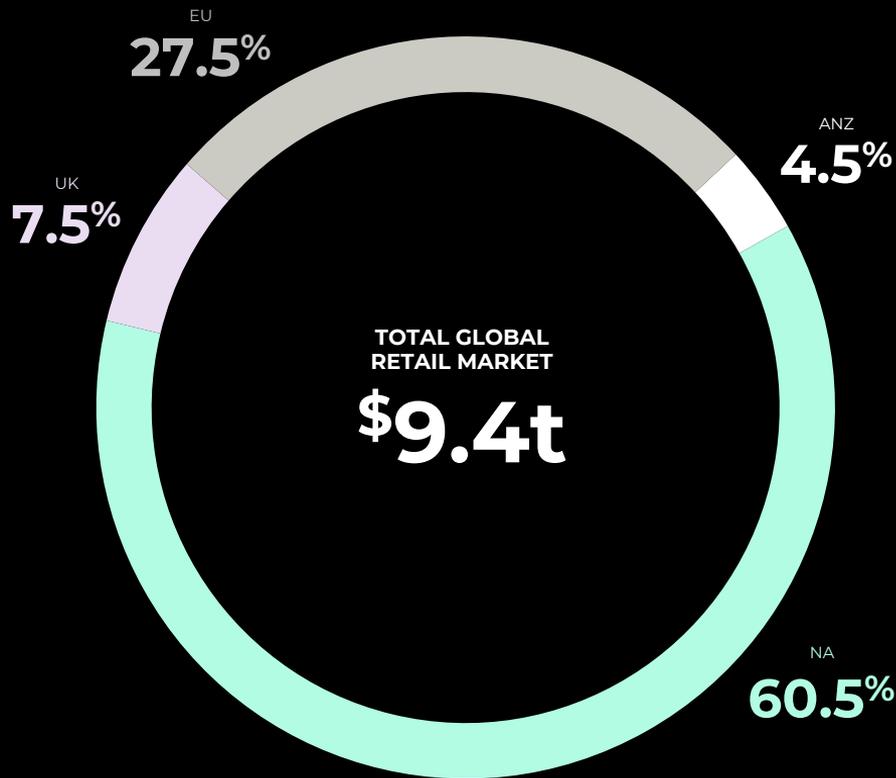
## Our values



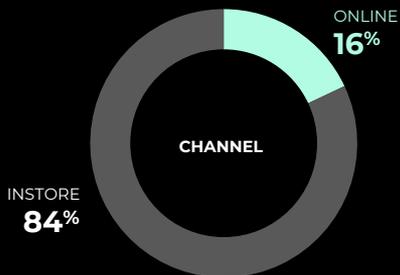
# Success to date has resulted in new entrants creating new products and labeling themselves BNPL

Despite its fast-growing popularity, BNPL is an emerging participant in the global retail economy. This creates significant opportunity.

TOTAL ADDRESSABLE MARKET BY GEOGRAPHY



TOTAL ADDRESSABLE MARKET BY CHANNEL

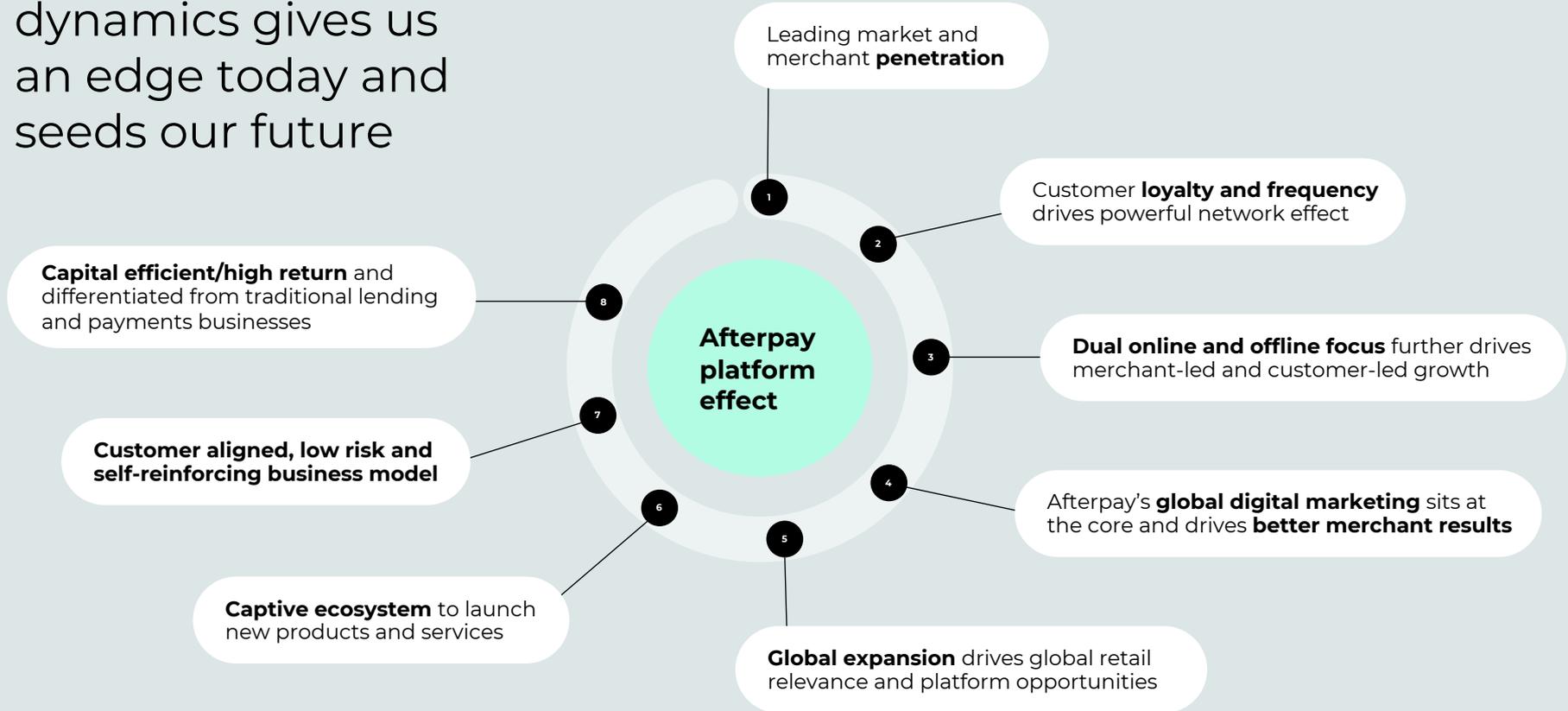


# Afterpay's differentiation is the power of its platform.

The Afterpay Platform is much more than a transaction engine

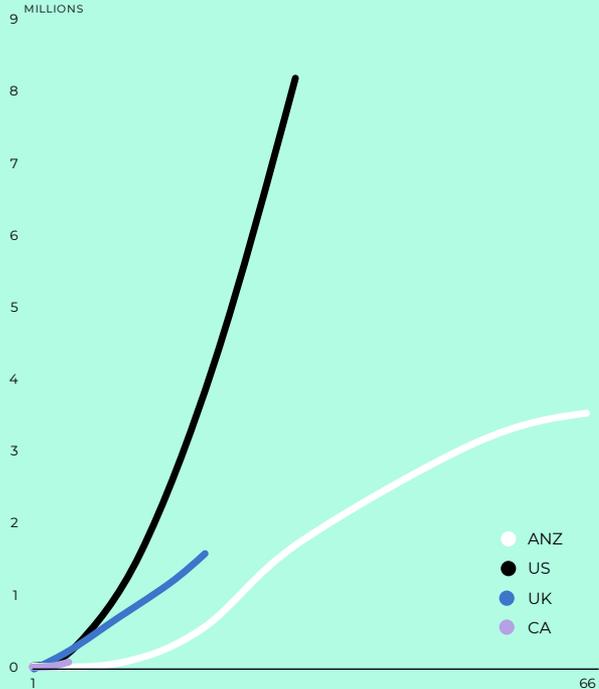
**it drives a retail economy.**

# Power of platform dynamics gives us an edge today and seeds our future

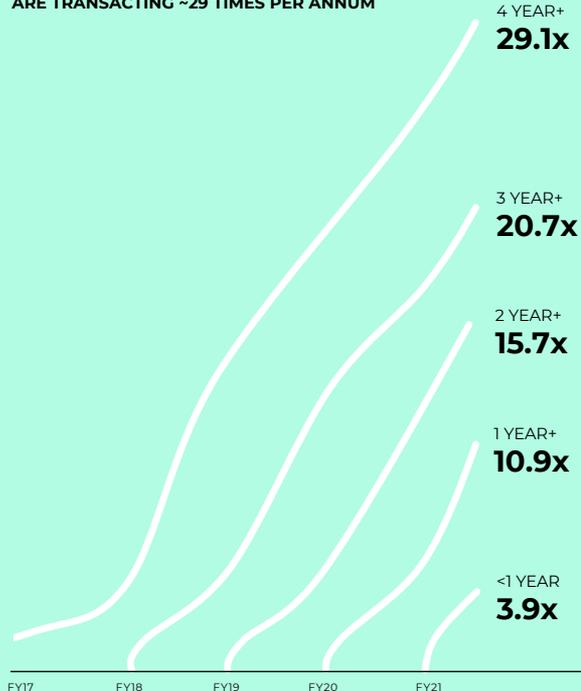


# Leading market and merchant penetration drives active customers and frequency over time, being replicated globally

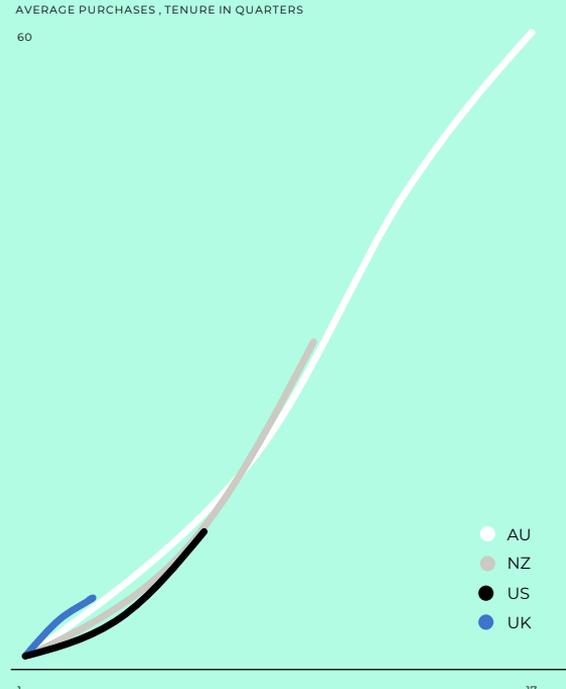
## ACTIVE CUSTOMERS<sup>1</sup>



## THE EARLIEST ANZ CUSTOMER COHORTS ARE TRANSACTING ~29 TIMES PER ANNUM



## CUSTOMER LIFETIME FREQUENCY



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



# Customer loyalty and frequency drives powerful network effect, securing the lifetime value of a customer

ANZ

Top 10% of customers<sup>1</sup> use Afterpay **60** TIMES PER YEAR **across 10 verticals and 27 merchants**

NA

Top 10% of customers<sup>1</sup> use Afterpay **21** TIMES PER YEAR **across 5 verticals and 10 merchants**

UK

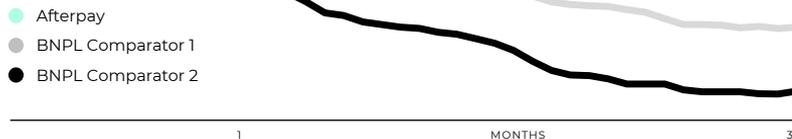
Top 10% of customers<sup>1</sup> use Afterpay **26** TIMES PER YEAR **across 3 verticals and 7 merchants**

GLOBALLY

Top 10% of customers<sup>1</sup> use Afterpay **31** TIMES PER YEAR **across 6 verticals and 14 merchants**

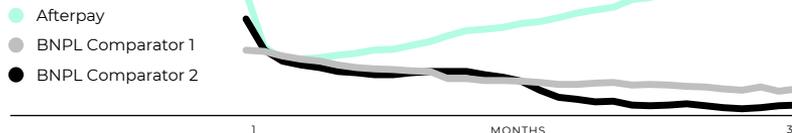
PERCENTAGE OF USERS THAT CONTINUE TO TRANSACT ON PLATFORM OVER TIME

US USER RETENTION, MONTHS SINCE FIRST PURCHASE



PERCENTAGE OF CUSTOMER SPEND IN SUBSEQUENT MONTHS COMPARED TO FIRST PURCHASE

US DOLLAR RETENTION, MONTHS SINCE FIRST PURCHASE



Note: 1. Top 10% of customers measured by value of Underlying Sales contribution over rolling 12-month period to 31 December 2020.

Source: Second Measure

# Online and offline focus further drives merchant-led and customer-led growth

## Customers acquired by a Top 10 ANZ Omni-Channel retailer and how they spend across the platform

UNDERLYING SALES BY QUARTER

- Network merchants (excl acquiring merchant)
- Acquiring merchant

**Once a merchant acquires a customer, they continue to spend with them as well as others**



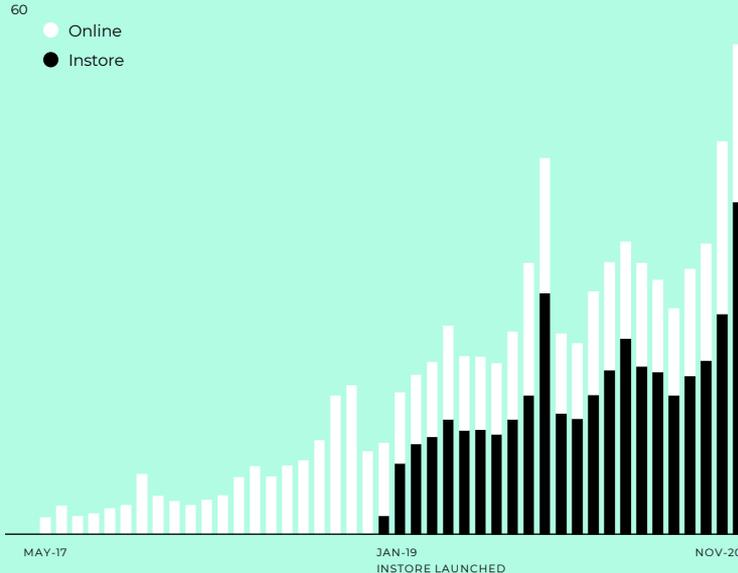
Q4 FY17

Q2 FY21

## Merchant lifetime value of a top 10 ANZ retailer expands as it moves into new channels

MONTHLY SALES

- Online
- Instore



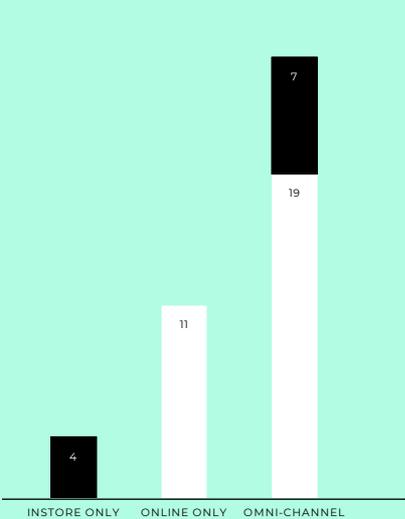
MAY-17

JAN-19  
INSTORE LAUNCHED

NOV-20

## Omni-channel customers spend more in both online and instore than single channel customers

FREQUENCY, 12 MONTHS TO 31 DEC 2020



INSTORE ONLY

ONLINE ONLY

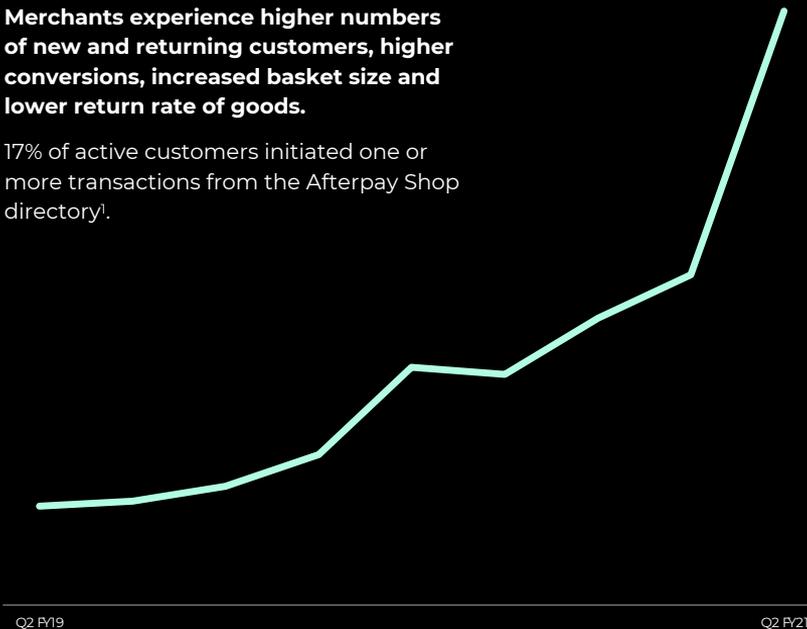
OMNI-CHANNEL

# Afterpay's global digital marketing sits at the core and drives better merchant results

## Growth in merchant lead referrals

Merchants experience higher numbers of new and returning customers, higher conversions, increased basket size and lower return rate of goods.

17% of active customers initiated one or more transactions from the Afterpay Shop directory<sup>1</sup>.



**~27m**

Average number of lead referrals from Afterpay platform per month during H1 FY21

**~35m**

Q2 FY21 run rate for lead referrals from Afterpay platform

**~41m**

Lead referrals from Afterpay platform during December 2020

Q2 FY19

Q2 FY21

Note: 1. Active customers initiated one or more transactions from the Afterpay Shop Directory during February 2021.



# Enhancing digital marketing benefits by investing in customer experience and cultivating partnerships

**Redesigned the Afterpay app** and added new features to enhance customer loyalty and general utility.

**Refer a Friend** program launched in all key markets. Significantly increased referral rates, sign ups and engagement generating incremental underlying sales at a significantly lower cost of customer acquisition.

**Favourites** means customers can save retailers and products enhancing personalized curation. This has driven higher conversion and incremental underlying sales since roll-out in mid Jan 2021.

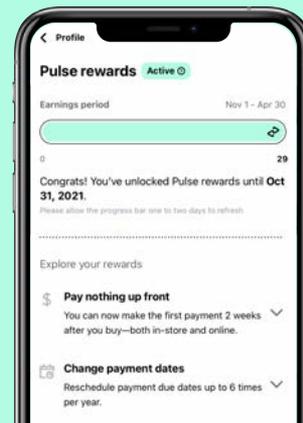
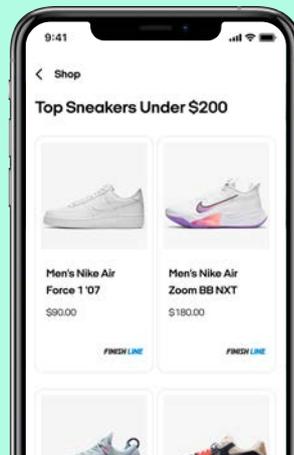
## New channel partners



Stripe merchants in US and ANZ can now integrate directly with APT. UK and Canada coming soon. Stripe is extending this to top e-commerce platforms with the service now available to Squarespace US and ANZ customers with Canada coming soon.

Merchants can now upload **product feeds** to Afterpay, enabling customers to shop trending and seasonal product recommendations.

**Pulse Rewards Hub** redesign now tracks repayments, rewards status, and takes advantage of their benefits right from the mobile app.



# Global expansion drives global retail relevance and platform opportunities

New merchants Canada

URBAN OUTFITTERS

SMITH

RAINS

Triarchy

BN3TH

GYMSHARK

CLARINS

SHEIN

Baro

## North America ongoing expansion

- ANZ leadership position extended to US
- Canada ramping – in-country + cross-border
- Canada Underlying Sales run rate ~\$90m<sup>1</sup>
- A number of major retailers are contracted or integrating in Canada

## UK developing strong foundation

- Rapid growth since launch with more opportunity ahead

## Imminent launch into Europe

- Acquisition is on track to complete during Q3 FY21 following formal approval from Bank of Spain
- Work has commenced to build the tech stack
- Will be launched into 4 countries
- Over \$1b pipeline of global merchants in the process of contracting for the EU

## Asian base established

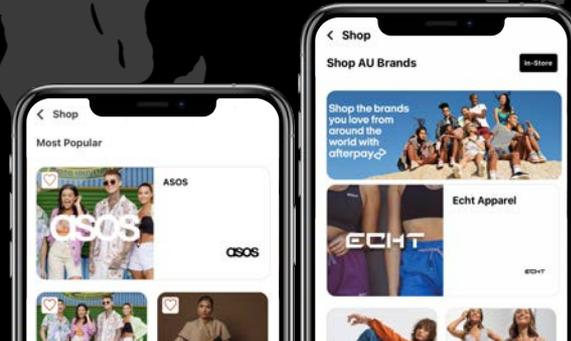
- Early-stage investment
- Established a base in Singapore to drive development of South East Asian market

## Sustaining leading ANZ market position

- Continue to expand into new verticals
- Develop new platform features and offerings

## Cross Border Trade (XBT)

- Thousands of merchants across the UK, US, Canada and ANZ now have storefronts open to millions globally
- More than 50% of Afterpay transactions come from buyers outside Canada
- Canadian consumers purchased from more than 1,000 US merchants since XBT was introduced in November 2020



# Captive eco-system to launch new products, services and revenue streams

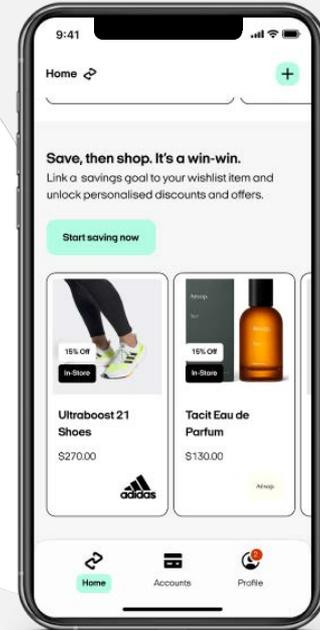
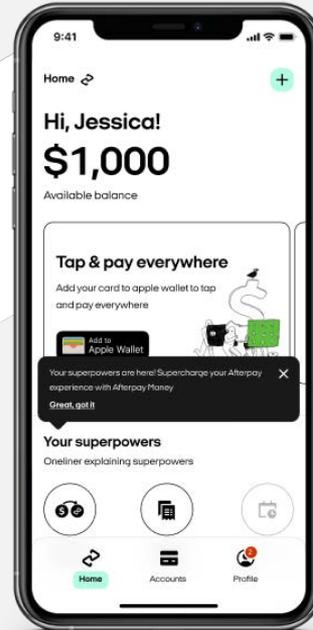
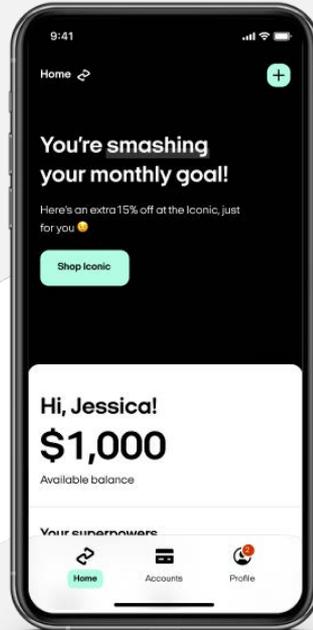
## Meet Afterpay Money v1.0

Built with Millennials and Gen Z in mind, Afterpay Money will help Australians manage their money.

The customer experience will mirror the simplicity and transparency of the existing Afterpay app.

Customers will be able to visualise up to 15 savings goals—large or small—and feel rewarded when they hit each milestone.

**Launching in Australia during 2021.**



# Afterpay Money

Maximise your pay and play. A mobile app that empowers you to #Afterpaymylife



## Mobile Banking

Manage all payments and savings with budgeting insights and goal setting tools



## Linked Afterpay Account

All of your payment, savings and Afterpay BNPL account information in one spot

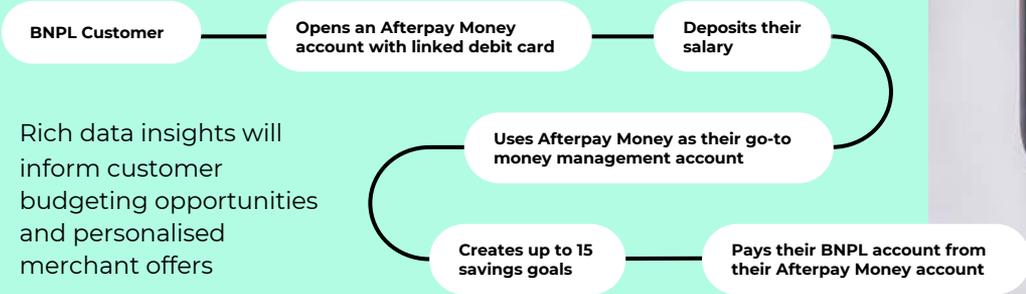


## Afterpay Pulse

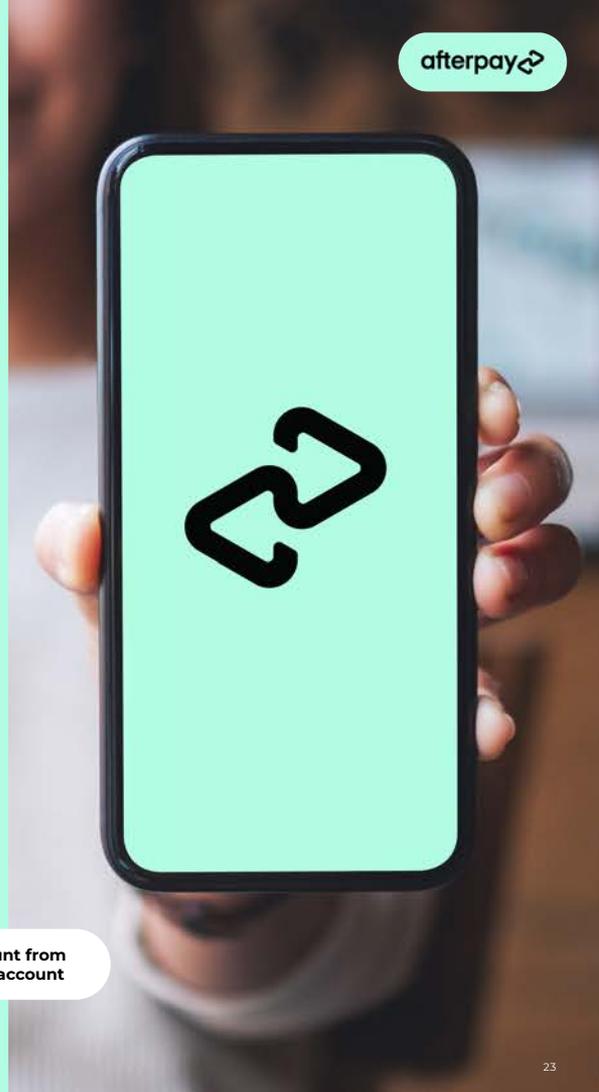
Access to Afterpay loyalty program that includes premium merchant offers and no payment up front

## Customer journey to one-stop money management

It starts with simple payments and quickly moves into everyday lifestyle events

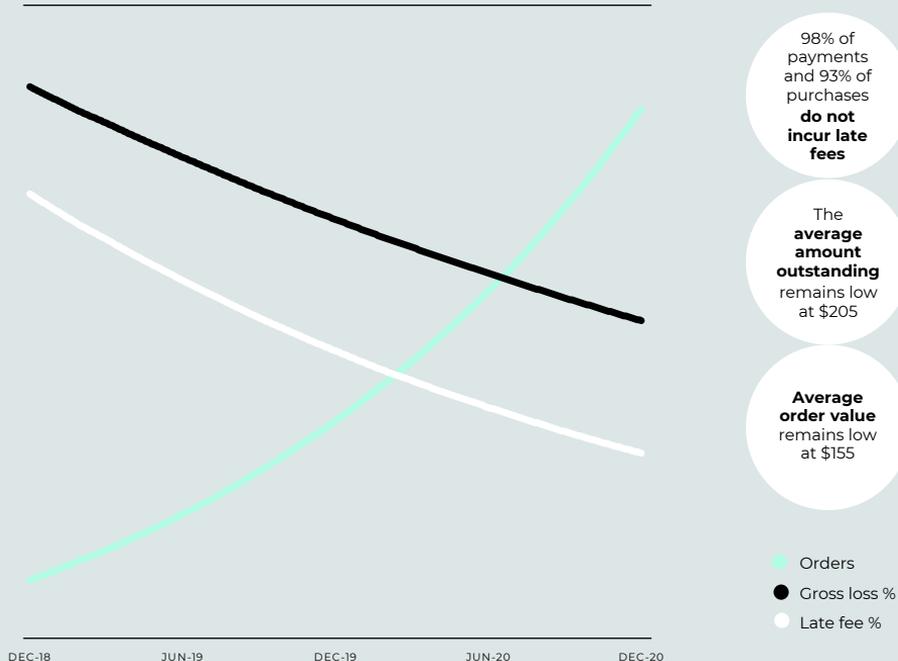


Rich data insights will inform customer budgeting opportunities and personalised merchant offers



# Customer aligned, low risk and self-reinforcing business model

## Trends over time<sup>1</sup>



Note: 1. Measured from inception until 31 December 2020.

## Core principles

Repayments made over **4 fortnightly payments**

**Accounts are paused** as soon as a repayment is missed

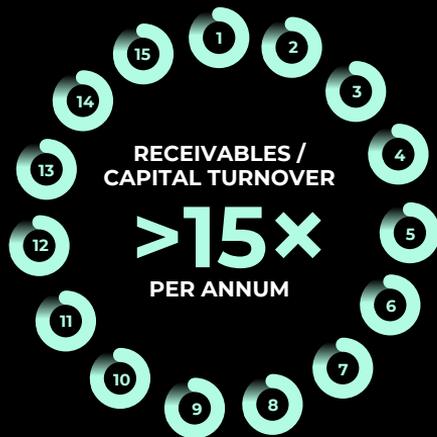
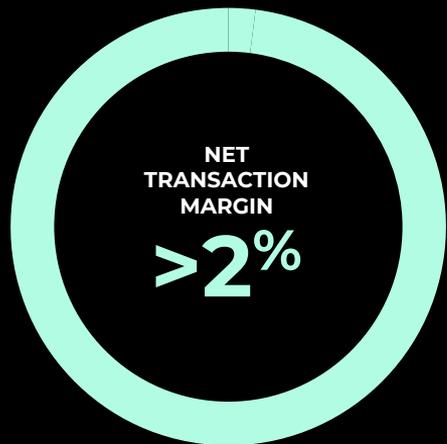
We do not provide a line of credit and **do not allow customers to “revolve” in debt**

Customers always start on **low limits** that increase slowly

Our **late fees are low** and capped

We **never enforce debts** and never report adverse information about customers to credit bureaus

# Capital efficient, high return non-traditional lending business model



Afterpay has consistently maintained a receivables profile that is:

- low value
- low risk
- shorter duration
- widely distributed, and
- higher return on capital employed

**financial  
performance  
supporting the  
global opportunity.**

# Group financial snapshot

\$ million	H1 FY21	H1 FY20	CHANGE %
<b>Group total income</b>	<b>417.2</b>	<b>220.3</b>	<b>89%</b>
Afterpay income <sup>1</sup>	374.2	179.6	108%
Pay Now revenue	7.8	8.1	(3)%
Other income <sup>1</sup>	35.1	32.6	8%
<b>Group net margin<sup>2</sup></b>	<b>219.2</b>	<b>107.0</b>	<b>105%</b>
Afterpay net transaction margin	213.9	102.0	110%
Pay Now margin	5.3	5.0	5%
<b>EBITDA (excluding significant items)<sup>3</sup></b>	<b>47.9</b>	<b>7.7</b>	<b>521%</b>
<b>Loss after tax</b>	<b>(79.2)</b>	<b>(31.6)</b>	<b>(151)%</b>

## Commentary

The Group's Statutory Loss after Tax has been impacted by the net loss on financial liabilities at fair value of \$64.8 million as a result of an increase in the valuation of Afterpay's UK operations (Clearpay).

# Afterpay key metrics

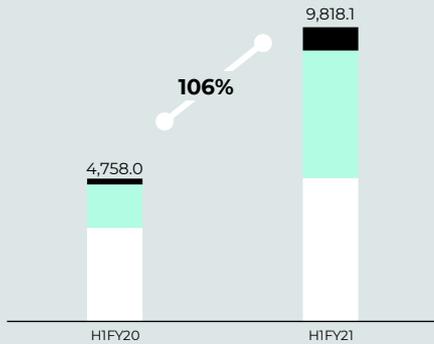
\$ million	H1 FY21	H1 FY20	CHANGE %
<b>Underlying Sales<sup>4</sup></b>	<b>9,818.1</b>	<b>4,758.0</b>	<b>106%</b>
<b>Afterpay income</b>	<b>374.2</b>	<b>179.6</b>	<b>108%</b>
% of Underlying Sales	3.8%	3.8%	0.0pp <sup>10</sup>
<b>Other income (Late fees)<sup>5</sup></b>	<b>35.1</b>	<b>32.6</b>	<b>8%</b>
% of Underlying Sales	0.4%	0.7%	-0.3pp
<b>Afterpay Total income</b>	<b>409.4</b>	<b>212.2</b>	<b>93%</b>
<b>Gross loss<sup>6</sup></b>	<b>(72.1)</b>	<b>(47.8)</b>	<b>(51)%</b>
% of Underlying Sales	(0.7)%	(1.0)%	0.3pp
<b>Net transaction loss (NTL)<sup>7</sup></b>	<b>(46.8)</b>	<b>(21.8)</b>	<b>(115)%</b>
% of Underlying Sales	(0.5)%	(0.5)%	-0.0pp
Other variable transaction cost (incl. Finance costs <sup>8</sup> )	<b>(113.5)</b>	<b>(55.9)</b>	<b>(103)%</b>
% of Underlying Sales	(1.2)%	(1.2)%	0.0pp
<b>Net transaction margin (NTM)<sup>9</sup></b>	<b>213.9</b>	<b>102.0</b>	<b>110%</b>
% of Underlying Sales	2.2%	2.1%	0.0pp

Note: Change calculations may not equate due to rounding. 1. Afterpay income reflects income from merchants. Other income relates to Late fees. 2. Group net margin is equal to Afterpay net transaction margin and Pay Now margin. 3. EBITDA (excluding significant items) excludes foreign currency (FX) gains/losses on foreign denominated balances. H1 FY20 EBITDA (excluding significant items) has been restated to exclude an \$1.0 million FX loss. H1 FY21 EBITDA (excluding significant items) excludes a \$1.5 million FX loss. 4. Unaudited. 5. Other income relates to Late fees and is included in the calculation of NTL by management. 6. Gross loss is shown as Receivables impairment expense in the Consolidated Statement of Comprehensive Income. Gross loss is included in the calculation of NTL. 7. NTL calculation comprises Gross loss, Chargebacks, Debt recovery costs, net of Late fees. 8. Finance costs associated with external receivables funding. Reported within Finance costs and included in NTM. 9. 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. 10. 'pp' represents percentage points, calculated as the difference between H1 FY21 and H1 FY20.

# Maintaining merchant margins as underlying sales doubled

## Growth in Underlying Sales

\$MILLION



Underlying Sales growth achieved in all regions.

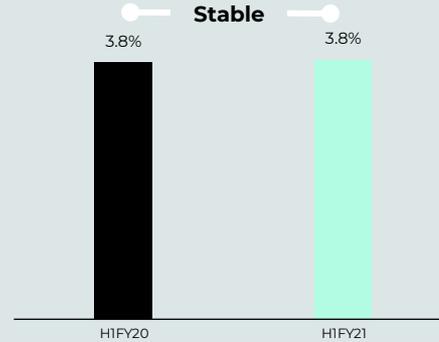
Higher contribution from international markets.

North America became Afterpay's largest contributor to Underlying Sales in Q2.

- UK
- North America
- ANZ

## Afterpay Income Margin

PERCENTAGE OF UNDERLYING SALES



Income margins stable across all regions, with the merchant portfolio continuing to broaden in all regions.

## Underlying Sales contribution by region

PERCENTAGE OF UNDERLYING SALES

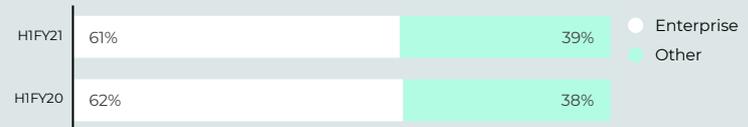
+17pp<sup>1</sup>



- ANZ
- International

## Group Merchant Tier mix

PERCENTAGE OF UNDERLYING SALES



- Enterprise
- Other

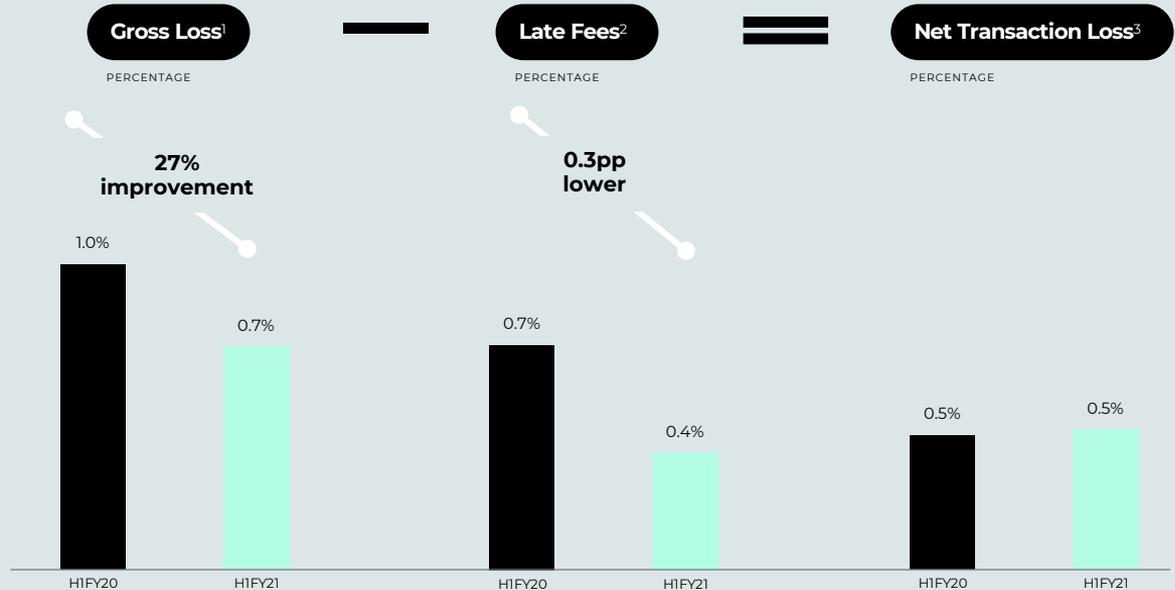
Note: Change calculations may not equate due to rounding. 1. 'pp' represents percentage points, calculated as the difference between H1 FY21 and H1 FY20.

# Continuing historically low loss rates

Loss performance continues to improve, reflecting benefits of Afterpay's proprietary risk management approach and repeat transactions from longer-tenured customers.

Overall Net transaction loss (NTL) remained stable at 0.5% of Underlying Sales, with the improvement in Gross Loss offset by a reduction in Late Fees.

**Net transaction loss ratio maintained at 0.5%, despite a significant reduction in late fees**



	H1 FY21	H1 FY20
Late fees as percentage of Underlying Sales	0.4%	0.7%
Late fees as percentage of Afterpay Total income <sup>4</sup>	8.6%	15.3%

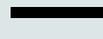
Note: Change calculations may not equate due to rounding. 1. Gross Loss percentage is defined as Receivables Impairment Expense as a percentage of Underlying Sales. 2. Gross Loss, Late Fees, and Net Transaction Loss (NTL) are shown as a % of Underlying Sales. 3. The NTL calculation includes other adjustments not shown on this page (chargebacks and debt recovery costs which were 0.2% in H1 FY21 and 0.2% in H1 FY20). 4. Afterpay Total Income includes Afterpay Income and Other Income (Late Fees).

# Afterpay Net Transaction Margin sustained at over 2% of Underlying Sales notwithstanding higher contribution from international

**Afterpay Net Transaction Margin**



**Afterpay Income**



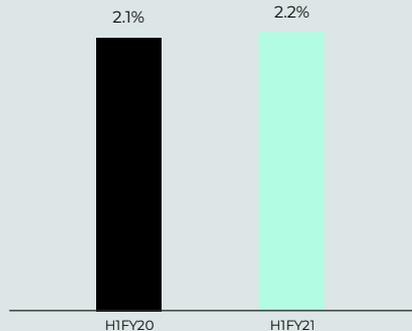
**Net Transaction Loss**



**Other Variable Transaction Costs<sup>1</sup>**

## Afterpay Net Transaction Margin

PERCENTAGE OF UNDERLYING SALES



Afterpay Net transaction margin (NTM) remained strong at 2.2%, with:

- all key NTM components remaining stable compared to the prior period; and
- positive and growing Afterpay NTM % achieved in all regions.

The NTM result was achieved notwithstanding increasing contribution from international regions. Benefits achieved from global payments partnerships have offset the impact of a mix shift towards the North America region where transaction costs are typically higher cost.

Afterpay will continue to explore opportunities to strengthen partnerships as the business continues to pursue growth in international markets.

# Balance sheet to support accelerated growth

Positive operating cash flow included the increased investment to expand the Afterpay platform globally.

Balance sheet able to support \$26 billion<sup>1</sup> in Underlying Sales above current annualised Underlying Sales run-rate of \$23 billion (Q2 FY21).

Net Cash	\$ million	31 DEC 20	30 JUN 20	CHANGE
	Cash		458.8	606.0
Restricted cash <sup>2</sup>		1.7	1.5	0.1
<b>Total Cash<sup>3</sup></b>		<b>460.5</b>	<b>607.6</b>	<b>(147.1)</b>
Debt <sup>4</sup>		(122.1)	(469.0)	346.9
<b>Net Cash</b>		<b>338.3</b>	<b>138.5</b>	<b>199.8</b>

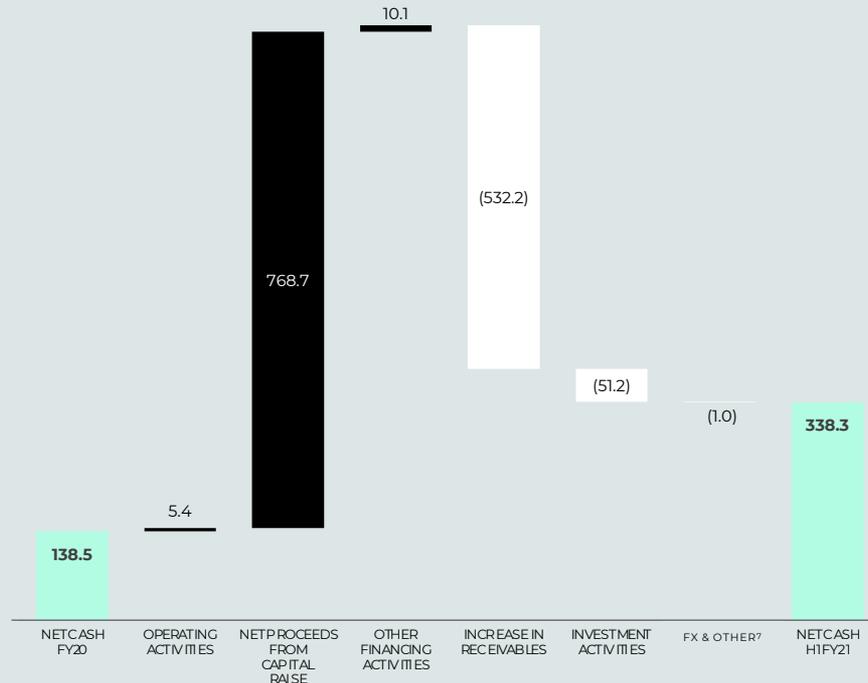
Liquidity	\$ million	31 DEC 20	30 JUN 20	CHANGE
	Cash		458.8	606.0
Undrawn warehouse capacity <sup>5</sup>		892.4	122.4	770.1
<b>Liquidity</b>		<b>1,351.2</b>	<b>728.4</b>	<b>622.8</b>
Growth capacity		54.2	541.8	(487.6)
<b>Total Liquidity &amp; Growth capacity</b>		<b>1,405.4</b>	<b>1,270.2</b>	<b>135.2</b>

Pro Forma	\$ million	31 DEC 20	30 JUN 20	CHANGE
	UK - Undrawn warehouse capacity <sup>6</sup>		86.9	-
<b>Pro Forma Liquidity</b>		<b>1,438.2</b>	<b>728.4</b>	<b>709.8</b>
UK - Growth capacity <sup>6</sup>		223.0	-	223.0
<b>Pro Forma Liquidity &amp; Growth capacity</b>		<b>1,715.4</b>	<b>1,270.2</b>	<b>445.2</b>

## Net Cash Reconciliation

\$ MILLION

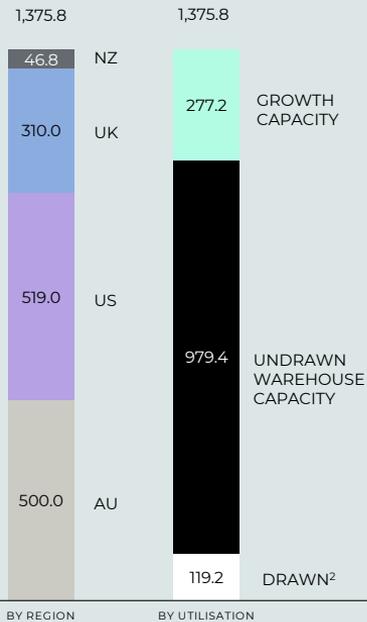


Note: 1. Estimated calculation based on the terms of Afterpay's existing warehouse funding facilities and historical performance of receivables. 2. Restricted cash relates to cash assets held with banks as collateral for daily cash settlements with merchants and payments to funding providers. 3. Total Cash includes Cash and Restricted cash. 4. 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, accrued interest and lease liability and will not be comparable to cashflow movement. 5. Undrawn warehouse capacity refers to the borrowing capacity in the debt facilities. Growth capacity reflects the difference between the facility limit and the drawn and undrawn warehouse capacity of each facility. Further detail next page. 6. Includes new UK facilities completed in Q3 FY21. 7. Includes FX on cash balance (as reported in the Consolidated statement of cash flows) and non-cash movements in Interest bearing loans and borrowings (as reported in the Consolidated statement of financial position), specifically amortisation related to capitalised borrowing costs, accrued interest and lease liability.

# Well diversified debt facility portfolio by source and maturity

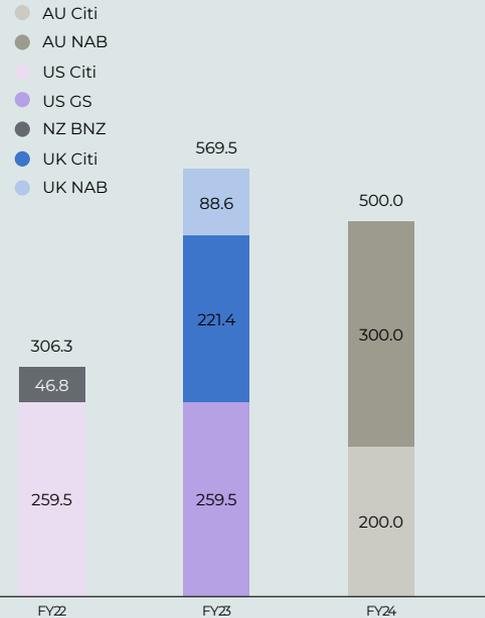
## Total Warehouse Facilities<sup>1</sup>

\$MILLION



## Funding Facility Maturity Profile<sup>1</sup>

\$MILLION



## Commentary

Capacity<sup>1</sup> to fund additional growth:

- \$979.4m of undrawn warehouse capacity
- \$277.2m of warehouse facility headroom to fund underlying growth in receivables

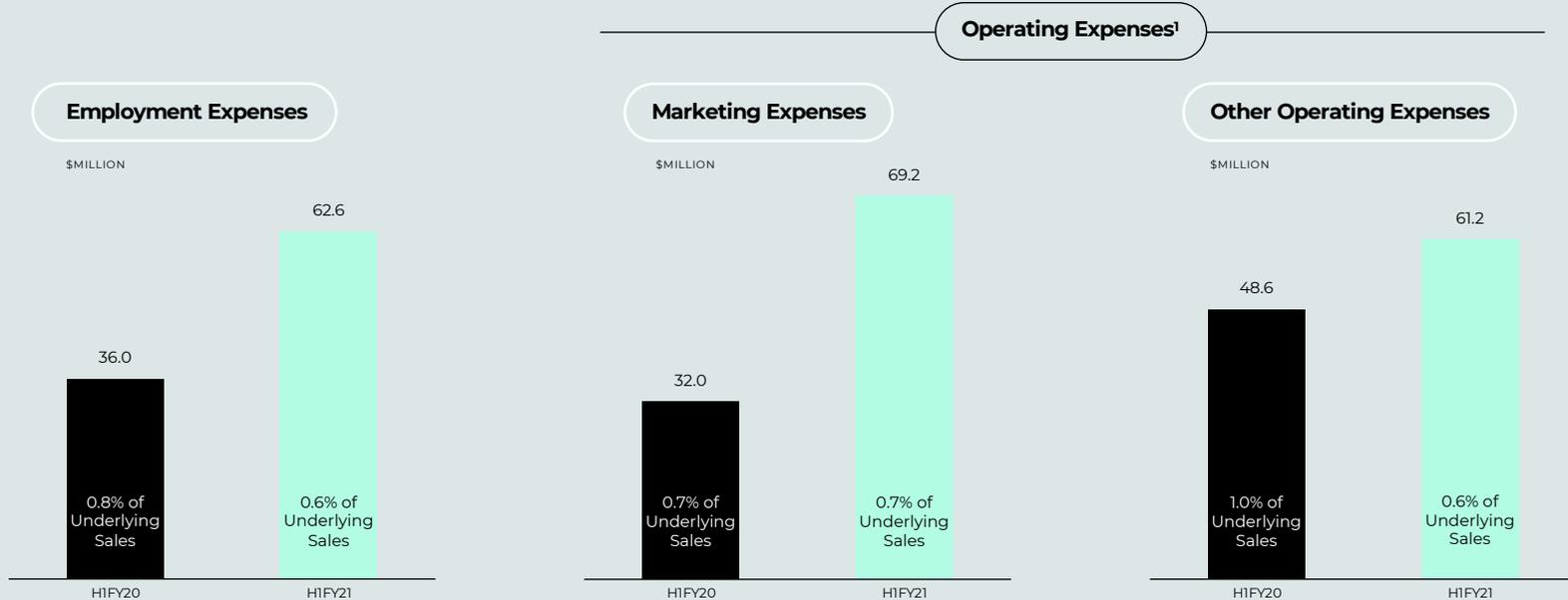
Receivables warehouse funding facilities established and extended:

- Established £125m UK facility with Citi and a £50m UK facility with NAB to FY23 maturity
- Extended US GS facility to FY23 maturity
- Extended AU facilities to FY24 maturity

Weighted average life of debt facilities of 2.1 years.

Note: 1. Proforma, inclusive of UK facilities completed in Q3 FY21 2. Actual drawn debt under the receivables warehouse facilities is \$119.2m. This is reported in the Financial Statements (Note 7) as "Interest Bearing Loans and Borrowings" of \$122.1m, reflecting actual drawn warehouse debt of \$119.2m adjusted for capitalised borrowing costs, accrued interest, Matrix convertible note and lease liabilities of \$2.9m.

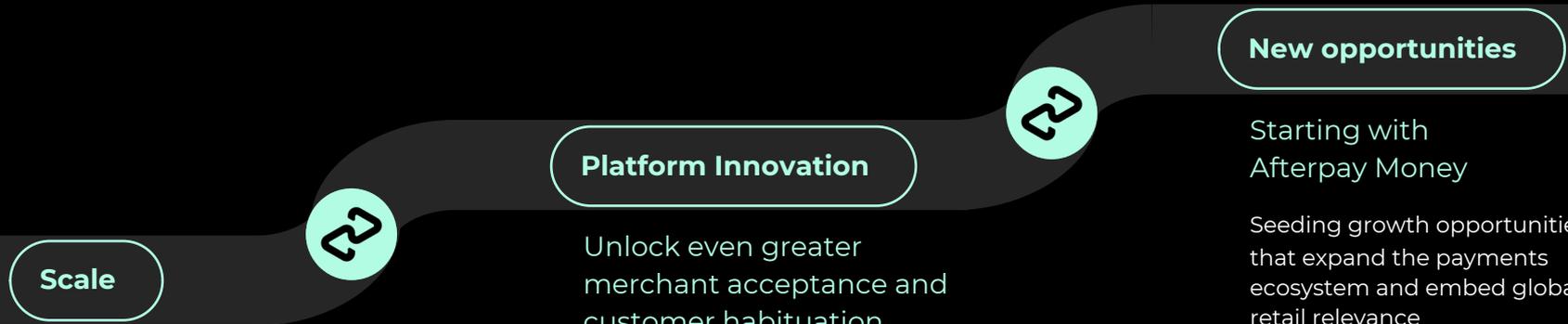
# Continued investment to enhance the Afterpay platform and expand globally



Investment will continue to grow in H2 FY21 to support building our people and talent, merchant and customer relationships, and the Afterpay product and technology platform globally.

# Investing in our momentum and evolution

Our investment in people and marketing over the next 12-18 months will increase as we focus on securing our position as the global leader in interest free instalments.



## Scale

Our existing regions  
Our global footprint

- People
- Platform
- Product
- New merchants
- Leveraging the Brand
- Infrastructure
- Establishing new markets

## Platform Innovation

Unlock even greater merchant acceptance and customer habituation

- Build investment + New verticals
- Instore
- Product and Tech
- Loyalty
- Channel partnerships
- XBT

## New opportunities

Starting with Afterpay Money

- Seeding growth opportunities that expand the payments ecosystem and embed global retail relevance
- New products
- New services
- New revenue streams

questions.

**additional  
information.**

# Statutory profit and loss

\$ million	H1 FY21	H1 FY20
Afterpay income	374.2	179.6
Pay Now revenue	7.8	8.1
Other income	35.1	32.6
<b>Total income</b>	<b>417.2</b>	<b>220.3</b>
Cost of sales	(110.3)	(55.4)
<b>Gross profit</b>	<b>306.9</b>	<b>164.9</b>
Depreciation and amortisation	(17.7)	(13.8)
Employment expenses	(62.6)	(36.0)
Share based payments	(25.5)	(13.6)
Receivables impairment expense	(72.1)	(47.8)
Net loss on financial liabilities at fair value	(64.8)	(0.9)
Operating expenses	(130.4)	(80.6)
<b>Operating loss</b>	<b>(66.3)</b>	<b>(27.9)</b>
Share of loss of associate	(0.6)	-
Finance income	0.6	0.7
Finance cost	(9.9)	(8.6)
<b>Loss before tax</b>	<b>(76.2)</b>	<b>(35.8)</b>
Income tax (expense)/benefit	(3.0)	4.2
<b>Loss after tax</b>	<b>(79.2)</b>	<b>(31.6)</b>

## Commentary

Total income was up 89% on the prior year, driven by growth in Underlying Sales across all regions and stable Afterpay income margins. Gross profit was up 86% on the prior year, broadly following growth in Total income.

Employment expenses and Operating expenses were \$62.6m and \$130.4m respectively. Expenses include significant items related to one-off costs of \$4.5m and a foreign currency loss of \$1.5m.

The Group recorded a Statutory loss after tax of \$79.2m. The Group's Loss after tax has been significantly impacted by non-cash and one-off items.

**Most significantly, the net loss on financial liabilities at fair value of \$64.8m is as a result of an increase in the valuation of Afterpay's UK operations (Clearpay) due to better-than-expected results for the period ended 31 December 2020, improvements to Clearpay's forecast future cash flows and increases in broader market valuations for similar businesses.**

## Reconciliation to Statutory Accounts

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

# Balance sheet

## Balance Sheet

\$ million	31 DEC 20	30 JUN 20
Cash	458.8	606.0
Restricted cash <sup>1</sup>	1.7	1.5
Receivables	1,314.1	781.9
Other current and non-current assets	362.0	219.1
<b>Total assets</b>	<b>2,136.6</b>	<b>1,608.5</b>
Payables	204.0	180.7
Debt <sup>2</sup>	122.1	469.0
Other liabilities	84.8	12.4
<b>Total liabilities</b>	<b>410.9</b>	<b>662.2</b>
<b>Equity</b>	<b>1,725.6</b>	<b>946.4</b>

## Key Balance Sheet Metrics

\$ million	31 DEC 20	30 JUN 20
Net cash / (debt)	338.3	138.5
Liquidity <sup>3</sup>	1,351.2	728.4
Warehouse debt, % of receivables <sup>3,4</sup>	9.1%	59.5%
% drawn of warehouse funding facilities <sup>3</sup>	11.2%	41.2%
Undrawn committed facilities <sup>3,5</sup>	946.6	664.1

## Commentary

A significant increase in receivables to \$1,314.1m at 31 December 2020 reflected the continued growth in Afterpay Underlying Sales in all regions. The growth in current and non-current assets primarily relates to an increase in Deferred Tax Assets.

The Group had net cash of \$338.3m at 31 December 2020, \$199.8m higher than 30 June 2020. The increase in net cash was primarily due to proceeds from the July capital raising being partially offset by funding of growth in receivables.

Proceeds from the capital raising were also used to pay down the warehouse facilities during the period. The proportion of warehouse facilities drawn at 31 December 2020 was 11.2% with the proportion of receivables funded by warehouse debt declining to 9.1%. The Group has \$946.6m of facility headroom to fund further growth in receivables via debt<sup>5</sup>.

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, accrued interest and lease liabilities, therefore will not be comparable to cashflow movement. 3. Excludes pro forma from completion of UK facilities in Q3 FY21. 4. Calculated as drawn warehouse debt divided by total Receivables as reported in the Financial Statements. 5. Equal to facility limit less drawn debt. Comprised of undrawn warehouse capacity and additional growth capacity.

# Cash flow statement

\$ million	H1 FY21	H1 FY20
Receipts from customers	8,443.8	4,117.5
Payments to merchants and suppliers	(8,905.6)	(4,415.3)
Payments to employees and other	(65.0)	(44.3)
<b>Operating cash flow</b>	<b>(526.8)</b>	<b>(342.1)</b>
Increase in receivables	532.2	308.3
<b>Operating cash flow - adjusted</b>	<b>5.4</b>	<b>(33.8)</b>
Payments for intangibles and PPE	(30.0)	(19.3)
Contribution to associates	(15.0)	-
Other	(6.2)	0.7
<b>Investing cash flow</b>	<b>(51.2)</b>	<b>(18.6)</b>
Net (repayment of)/proceeds from borrowings	(346.3)	362.6
Proceeds from exercise of share options	18.9	4.4
Proceeds from issue of shares, net	786.2	200.0
Capital raising expenses	(17.4)	(4.6)
Interest & bank fees paid	(5.9)	(7.6)
Payment of lease liabilities	(2.8)	(2.4)
Increase in restricted cash	(0.1)	(22.6)
<b>Financing cash flow</b>	<b>432.5</b>	<b>529.8</b>
Net increase / (decrease) in cash	(145.4)	169.1
FX on cash balance <sup>1</sup>	(1.8)	1.9
Starting cash	606.0	231.5
<b>Ending cash</b>	<b>458.8</b>	<b>402.5</b>

## Commentary

Operating Cash Flow declined during the period primarily due to funding of receivables, which was driven by growth in Underlying Sales. Operating Cash Flow adjusted to exclude the growth in receivables would have been positive at \$5.4m.

Cash decreased during the period to \$458.8m with \$532.2m used to fund receivables growth and \$346.3m used for debt repayment following the \$786.2m capital raise completed in the period.

## Change in Cash



Note: Amounts may not sum due to rounding.

1. FX on cash balance reflects unrealised foreign currency gain/loss, which is a non-cash item.

# Statutory to management profit and loss reconciliation

## Statutory Profit & Loss

\$ million	H1 FY21	H1 FY20
Afterpay income	374.2	179.6
Afterpay other income	35.1	32.6
Other revenue	7.8	8.1
<b>Total income</b>	<b>417.2</b>	<b>220.3</b>
Cost of sales	(110.3)	(55.4)
<b>Gross profit</b>	<b>306.9</b>	<b>164.9</b>
Depreciation and amortisation	(17.7)	(13.8)
Employment expenses	(62.6)	(36.0)
Share based payments	(25.5)	(13.6)
Receivables impairment expense	(72.1)	(47.8)
Net loss on financial liabilities at fair value	(64.8)	(0.9)
Operating expenses	(130.4)	(80.6)
<b>Operating loss</b>	<b>(66.3)</b>	<b>(27.9)</b>
Share of loss of associate	(0.6)	-
Finance income	0.6	0.7
Finance cost	(9.9)	(8.6)
<b>Loss before tax</b>	<b>(76.2)</b>	<b>(35.8)</b>
Income tax (expense)/benefit	(3.0)	4.2
<b>Loss after tax</b>	<b>(79.2)</b>	<b>(31.6)</b>

## Management Profit & Loss — EBITDA Reconciliation

\$ million	H1 FY21	H1 FY20
<b>Afterpay income</b>	<b>374.2</b>	<b>179.6</b>
Other income (late fees)	35.1	32.6
Receivables impairment expenses	(72.1)	(47.8)
Chargebacks & debt recovery costs	(9.8)	(6.5)
<b>Net transaction loss (NTL)</b>	<b>(46.8)</b>	<b>(21.8)</b>
Other variable transaction costs	(107.8)	(52.4)
NTM Finance costs	(5.7)	(3.5)
<b>Other variable transaction costs (incl. finance costs)</b>	<b>(113.5)</b>	<b>(55.9)</b>
Afterpay net transaction margin (NTM)	213.9	102.0
Pay Now margin	5.3	5.0
<b>Group net margin</b>	<b>219.2</b>	<b>107.0</b>
Add: Chargebacks & debt recovery costs	9.8	6.5
Add: Finance costs	5.7	3.5
Employment expenses	(62.6)	(36.0)
Operating expenses	(130.4)	(80.6)
Add back: One-off costs	4.5	6.3
Add back: Foreign currency losses	1.5	1.0
<b>EBITDA (excl. Significant Items)</b>	<b>47.9</b>	<b>7.7</b>

Cross reference to Statutory Profit and Loss

A

B

C

D

E

F

G

A

B

E

Included within F

Included within C<sup>1</sup>

Included within G<sup>2</sup>

Pay Now Revenue less Pay Now Cost of Sales

Included within F

Included within G

D

F

Included within F

Included within F

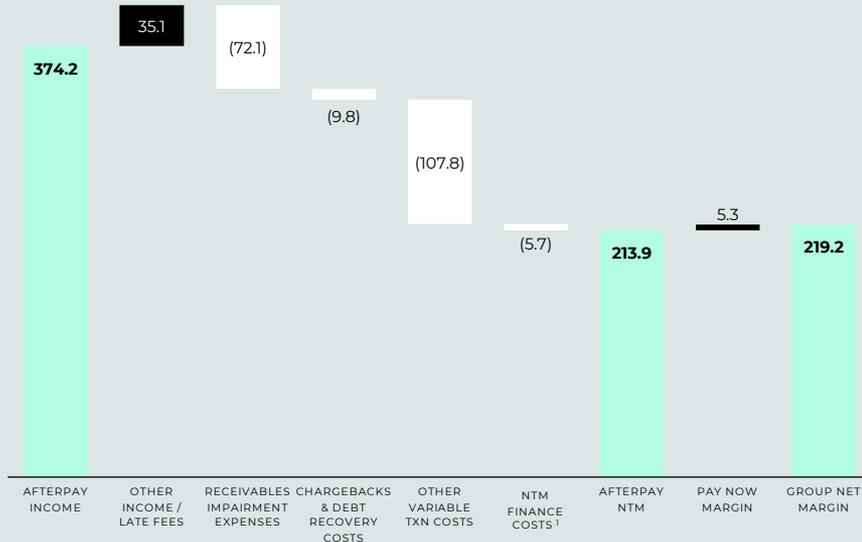
Note: Change calculations may not equate due to rounding. 1. Equal to statutory cost of sales \$110.3 million less cost of sales associated with Pay Now of \$2.5 million. 2. Finance cost associated with external receivables funding; reported in finance cost but included in NTM. Excludes amortisation of capitalised borrowing costs, corporate bond interest, lease expense and interest income. Methodology consistent with prior periods.

# Afterpay 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

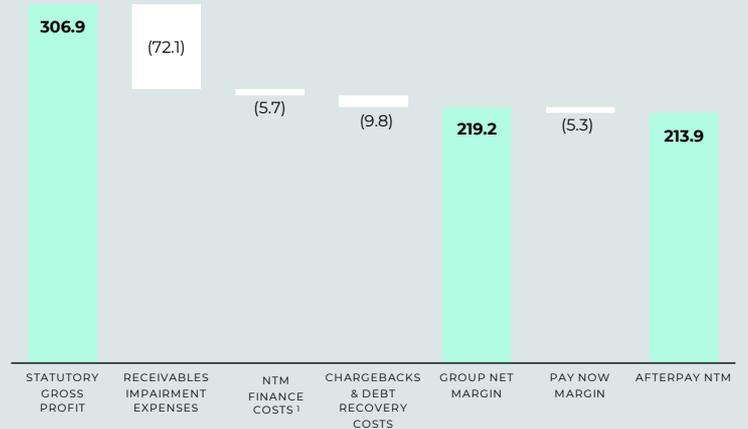
## Management P&L - Afterpay Income to Group Net Margin

\$MILLION



## Statutory Reconciliation - Statutory Gross Profit to NTM

\$MILLION



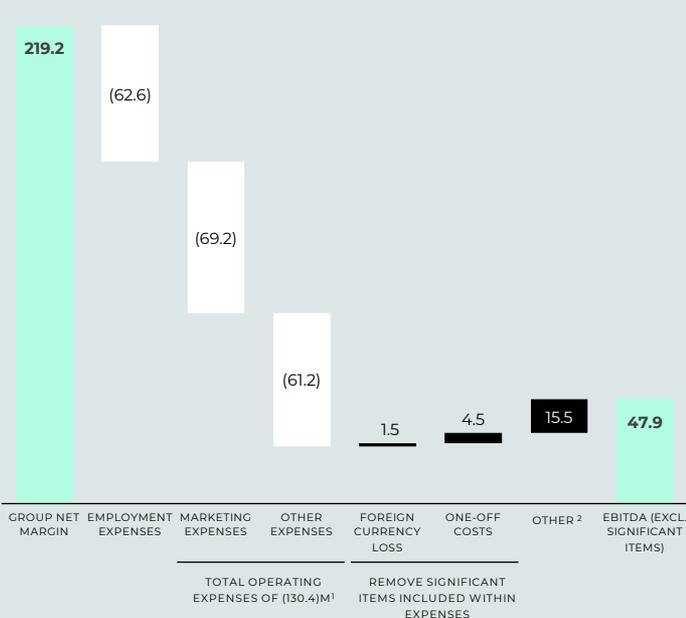
Note: Change calculations may not equate due to rounding. 1. Finance cost associated with external receivables funding; reported in finance costs but included in NTM. Excludes amortisation of capitalised borrowing costs, corporate bond interest, lease expense and interest income. Methodology consistent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

# EBITDA reconciliation

Afterpay's key OPEX items between Group Net Margin and EBITDA (excluding significant items) are employment, marketing and other operating expenses

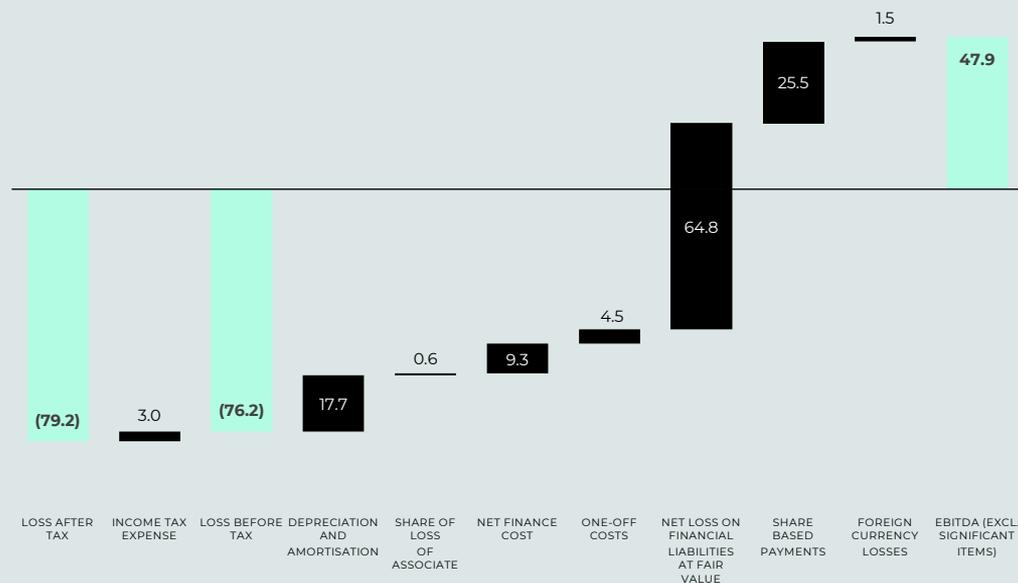
## Management P&L – Group Net Margin to EBITDA (excluding significant items)

\$MILLION



## EBITDA Reconciliation – Statutory Loss to EBITDA

\$MILLION



Note: Change calculations may not equate due to rounding. 1. Expenses as reported in the Financial Statements include one-off items of \$4.5 million and foreign currency losses of \$1.5 million, which are not included in the calculation of EBITDA (excluding significant items). 2. 'Other' includes: \$9.8 million of chargebacks and debt recovery costs (transaction costs reported in operating expenses but included in NTM) and \$5.7 million of finance costs associated with external receivables funding included in NTM but not EBITDA.

# Net transaction loss reconciliation

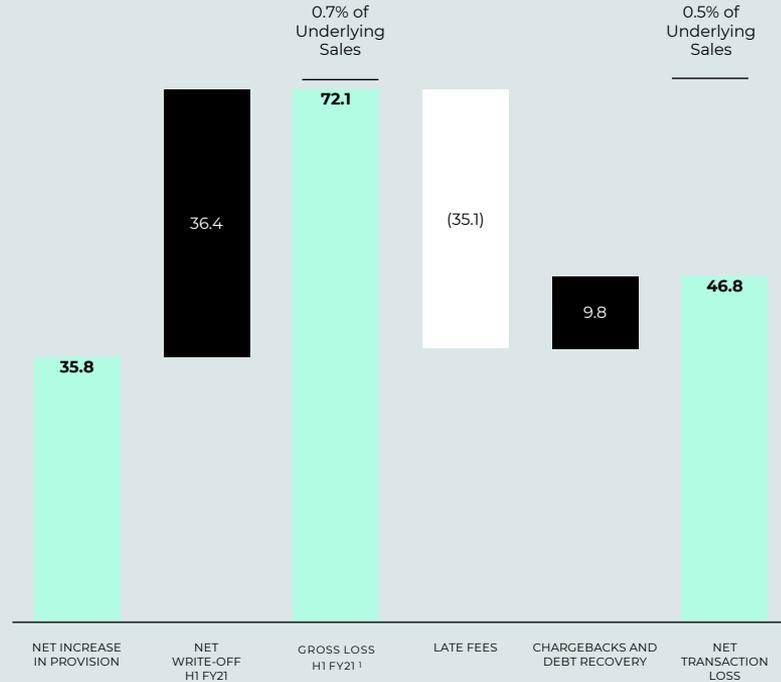
## Balance Sheet

PROVISION FOR DOUBTFUL DEBTS  
\$MILLION



## Income Statement

PROFIT AND LOSS NTL BRIDGE  
\$MILLION



	H1 FY21	H1 FY20
Late fees as percentage of Underlying Sales	0.4%	0.7%
Late Fees as percentage of Afterpay total income <sup>2</sup>	8.6%	15.3%

Note: 1. Gross loss is referred to as the Receivables impairment expense in the Financial Statements 2. Afterpay total income is comprised of Afterpay income and Other income (Late fees).

# Significant items and depreciation and amortisation

## One-off costs

\$ million	H1 FY21	H1 FY20
International expansion	(4.1)	(2.9)
Goodwill impairment	(2.4)	-
Gain on dilution of shareholding in associate	1.9	-
Business combination and other		(0.4)
AUSTRAC related costs	-	(3.0)
<b>Total</b>	<b>(4.5)</b>	<b>(6.3)</b>

International expansion costs include costs relating to expansion in Europe and Asia. Goodwill impairment relates to Pay Now.

## Net loss on financial liabilities at fair value

\$ million	H1 FY21	H1 FY20
Clearpay put option	(64.8)	(0.9)
<b>Total</b>	<b>(64.8)</b>	<b>(0.9)</b>

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).

## Share based payments

\$ million	H1 FY21	H1 FY20
Share based payments	(25.5)	(13.6)
<b>Total</b>	<b>(25.5)</b>	<b>(13.6)</b>

SBP increased due to material increase in Afterpay's share price and investment in eligible employees across the Group who were issued share-based equity in line with the Group's remuneration framework.

## Depreciation and amortisation

\$ million	H1 FY21	H1 FY20
Depreciation <sup>1</sup>	(4.9)	(3.5)
Amortisation <sup>1</sup>	(12.8)	(10.2)
<b>Total</b>	<b>(17.7)</b>	<b>(13.8)</b>

Depreciation and amortisation relates primarily to amortisation of internally generated technology (\$11.3m), amortisation of acquired intangibles (\$1.5m), depreciation of PP&E (\$1.2m) and the depreciation of the Lease's right-of-use asset (\$3.7m).

# Pay Now segment

\$ million	H1 FY21	H1 FY20	CHANGE %
<b>Revenue</b>			
Mobility	5.2	5.3	(3)%
E-Services	0.4	1.1	(62)%
Health	2.2	1.7	33%
<b>Total income</b>	<b>7.8</b>	<b>8.1</b>	<b>(3)%</b>
Cost of sales	(2.5)	(3.1)	17%
<b>Gross margin</b>	<b>5.3</b>	<b>5.0</b>	<b>5%</b>
Other expenses	(0.4)	(2.3)	81%
<b>EBITDA contribution</b>	<b>4.9</b>	<b>2.8</b>	<b>78%</b>

## Commentary

Gross margin improved in H1 FY21 due to the mix of revenue to higher margin services following the wind down of the e-Services business.

Other expenses improved due to lower employment expenses.

# Key metrics

## Contribution by geography

\$ million	H1 FY21	H1 FY20	CHANGE %
<b>Underlying sales<sup>1</sup></b>	<b>9,818.1</b>	<b>4,758.0</b>	<b>106%</b>
ANZ	4,786.3	3,118.5	53%
NA	4,246.7	1,437.4	195%
UK	785.1	202.1	288%
<b>Active customers<sup>2</sup></b>	<b>13.1m</b>	<b>7.3m</b>	<b>80%</b>
ANZ	3.4m	3.1m	10%
NA	8.1m	3.6m	127%
UK	1.6m	0.6m	161%
<b>Active merchants<sup>2</sup></b>	<b>74.7k</b>	<b>43.2k</b>	<b>73%</b>
ANZ	53.6k	35.5k	51%
NA	17.9k	7.4k	141%
UK	3.3k	0.4k	812%

## Underlying sales break-down

	H1 FY21	H1 FY20
<b>Underlying sales (%)</b>	<b>100%</b>	<b>100%</b>
ANZ	49%	66%
NA	43%	30%
UK	8%	4%
<b>ANZ Underlying sales (%)</b>	<b>100%</b>	<b>100%</b>
In-store	22%	24%
Online	78%	76%
<b>Underlying sales (%)</b>	<b>100%</b>	<b>100%</b>
Enterprise	61%	62%
Other	39%	38%

## Afterpay financial metrics

\$ million	H1 FY21	H1 FY20	CHANGE %
<b>Afterpay income<sup>3</sup></b>	<b>374.2</b>	<b>179.6</b>	<b>108%</b>
% of Underlying sales	3.8%	3.8%	0.0pp <sup>10</sup>
<b>Other income<sup>4</sup></b>	<b>35.1</b>	<b>32.6</b>	<b>8%</b>
% of Underlying sales	0.4%	0.7%	-0.3pp
<b>Afterpay total income</b>	<b>409.4</b>	<b>212.2</b>	<b>93%</b>
<b>Gross loss<sup>5</sup></b>	<b>(72.1)</b>	<b>(47.8)</b>	<b>(51)%</b>
% of Underlying sales	(0.7%)	(1.0%)	0.3pp
<b>Net transaction loss (NTL)<sup>6</sup></b>	<b>(46.8)</b>	<b>(21.8)</b>	<b>(115)%</b>
% of Underlying sales	(0.5%)	(0.5%)	0.0pp
Other variable transaction costs (incl. Finance costs <sup>7</sup> )	(113.5)	(55.9)	(103)%
% of Underlying sales	(1.2%)	(1.2%)	0.0pp
<b>Afterpay net transaction margin (NTM)</b>	<b>213.9</b>	<b>102.0</b>	<b>110%</b>
% of Underlying sales	2.2%	2.1%	0.0pp
<b>EBITDA<sup>8</sup> (excl Significant Items)</b>	<b>47.9</b>	<b>7.7</b>	<b>521%</b>
Afterpay Asia Pacific	113.3	67.7	67%
Afterpay North America	(45.2)	(30.7)	(47)%
Afterpay UK	6.5	(10.9)	nm
Pay Now	4.9	2.8	75%
Corporate	(31.6)	(21.2)	(49)%

## Group financial metrics

\$ million	H1 FY21	H1 FY20	CHANGE %
<b>Total income</b>	<b>417.2</b>	<b>220.3</b>	<b>89%</b>
Afterpay income <sup>3</sup>	374.2	179.6	108%
Pay Now	7.8	8.1	(3)%
Other income <sup>4</sup>	35.1	32.6	8%
<b>Other income</b>			
% of Underlying sales	0.4%	0.7%	-0.3pp
% of Afterpay total income	8.6%	15.3%	-6.8pp
<b>Group net margin</b>	<b>219.2</b>	<b>107.0</b>	<b>105%</b>
Afterpay NTM	213.9	102.0	110%
Pay Now margin	5.3	5.0	5%
Employment expenses	(62.6)	(36.0)	(74)%
Operating expenses	(130.4)	(80.6)	(62)%
Add: Foreign currency losses	1.5	1.0	62%
Add: One-off items	4.5	6.3	(28)%
Add: Chargebacks & Debt recovery costs	9.8	6.6	49%
Add: NTM Finance costs	5.7	3.5	62%
<b>EBITDA<sup>8</sup> (excl Significant Items)</b>	<b>47.9</b>	<b>7.7</b>	<b>521%</b>
<b>Loss after tax</b>	<b>(79.2)</b>	<b>(31.6)</b>	<b>(151)%</b>

## Balance sheet metrics

\$ million	31 DEC 20	30 JUN 20
Cash	458.8	606.0
Restricted cash	1.7	1.5
<b>Total cash</b>	<b>460.5</b>	<b>607.6</b>
Debt	122.1	469.0
<b>Net cash</b>	<b>338.3</b>	<b>138.5</b>
Cash	458.8	606.0
Liquidity	1,351.2	728.4
Liquidity + Growth capacity	1,405.4	1,270.2
Pro forma Liquidity	1,438.2	1,498.2
Pro forma Liquidity + Growth capacity	1,715.4	2,039.9
Pro forma Incremental Underlying sales capacity <sup>9</sup>	\$26b+	\$30b+
Receivables	1,314.1	781.9

## Customer data

OTHER CUSTOMER DATA	H1 FY21	H1 FY20
Average order value (\$)	155	151
Average outstanding balance (\$)	205	211

Note: Change or sum calculations may not equate due to rounding. 1. Unaudited, as at 31 December. 2. Active is defined as having transacted at least once in the last 12 months. 3. Afterpay Income reflects income from merchants. Other Income relates to Late Fees. 4. Afterpay Other Income relates to Late Fees and is included in the calculation of NTL by management. 5. Gross Loss is shown as Receivables Impairment Expense in the Consolidated Statement of Comprehensive Income. Gross Loss is included in the calculation of NTL. 6. NTL calculation comprises Gross Loss, Chargebacks, Debt Recovery Costs, net of Late Fees. 7. Finance costs associated with external receivables funding. Reported within Finance Costs and included in NTM. 8. EBITDA (excluding significant items) excludes foreign currency (FX) gains/losses on foreign denominated balances. H1 FY20 EBITDA (excluding significant items) has been restated to exclude an \$1.0 million FX loss. H1 FY21 EBITDA (excluding significant items) excludes a \$1.5 million FX loss. 9. Estimated calculation based on the terms of Afterpay's existing warehouse funding facilities and historical performance of receivables over-and-above the Q2 Underlying sales annualized run-rate. 10. 'pp' represents percentage points, calculated as the difference between H1 FY21 and H1 FY20.