



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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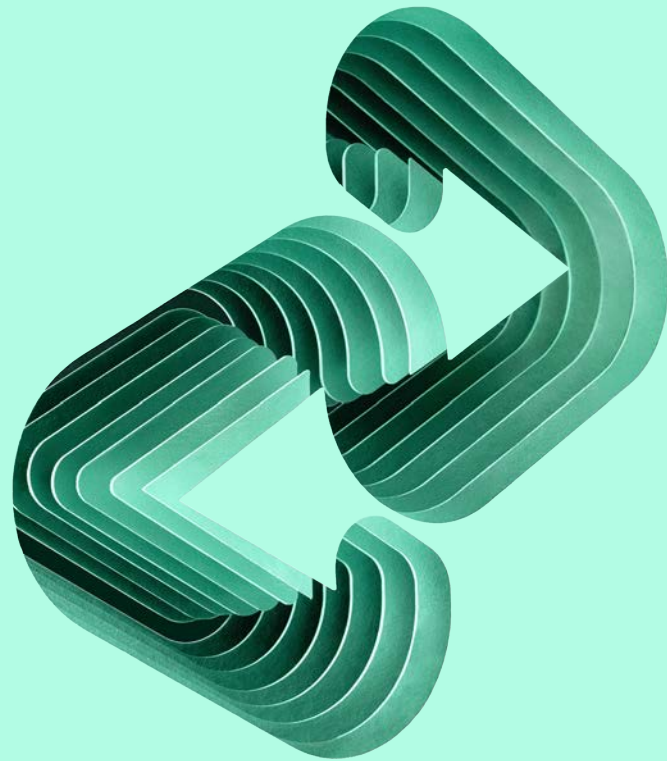
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afterpay↻

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 basis¹
Underlying sales are up **112%** Afterpay Income² **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 customers² who **shop instore** started with Afterpay online

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

Active customers³ gained momentum in Q2 FY21 **NA⁴ up 20%** and **UK up 23%** compared to Q1 FY21

13.1m active customers³ choose Afterpay, up **80%** on pcp

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

Active merchants² growing strongly across all regions **Up 73%** COMPARED TO H1 FY20

Percentage **increase in active merchants²** by region year on year **ANZ up 51%** **UK up 81%** **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 customers¹ **>15x** 30% higher than prior year

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

Reacceleration reflecting post COVID-19 recovery

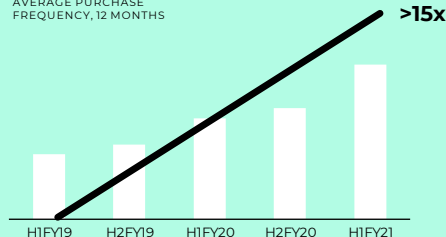
Earliest customer cohorts now transacting **~29x** PER YEAR

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.

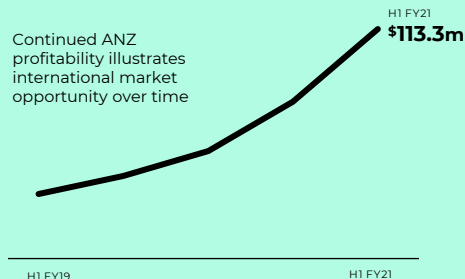
ANZ UNDERLYING SALES AND FREQUENCY

AVERAGE PURCHASE FREQUENCY, 12 MONTHS



AFTERPAY ANZ EBITDA²

EXCLUDING SIGNIFICANT ITEMS



NEW MERCHANTS

CONTRACTED OR INTEGRATED

MITRE 10

THE GAMESMEN

REISS

Strawberrynet

GLASSHOUSE FRAGRANCES

LAUREN SIMPSON
← fitness →

Clear Skincare

BLUEBRIDGE
COOK STRAIT FERRIES

END.

vodafone

PARTNERSHIPS

AFFN afterpay
AUSTRALIAN FASHION WEEK

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 customers¹ **127%** INCREASE ON PCP

More than 16m customers now signed up to Afterpay

141% increase in active merchants¹ 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**

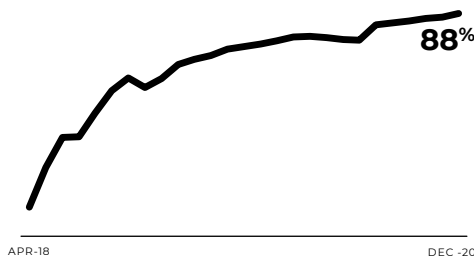
New merchants

ONLINE **houzz** **JackRabbit.** **SHOES.COM** **Marmot** **EX-OFFICIO** **Dillard's**

INSTORE

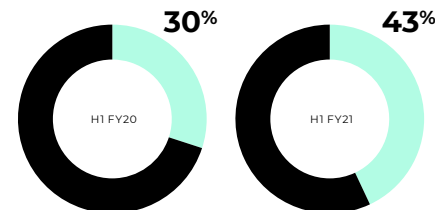
UGG **carhartt** **STEVE MADDEN** **ASHLEY STEWART** **chubbies**

GROWING CONTRIBUTION FROM RETURNING US CUSTOMERS
RETURNING CUSTOMER, MONTHLY ORDERS



US CONTRIBUTION TO GROUP UNDERLYING SALES GROWING

US
OTHER



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**¹ **up 190%** SINCE JUNE 2020

Active customers¹ 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

T O P M A N

DOROTHY PERKINS

REVOLUTION BEAUTY LONDON

wollis

FACE GYM.

The Fragrance Shop

H.SAMUEL

PANDORA

R I X O

goop

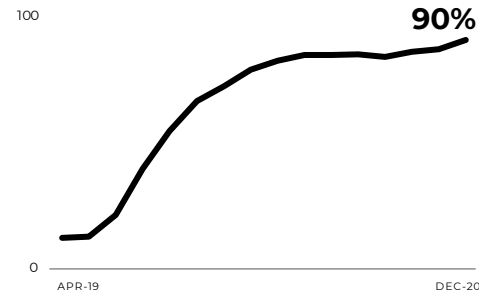
LOUNGE

ERNEST JONES

afterpay

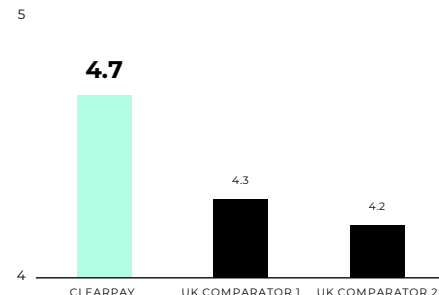
GROWING CONTRIBUTION FROM RETURNING UK CUSTOMERS

RETURNING CUSTOMER, MONTHLY ORDERS



MOST LIKED

UK TRUST PILOT RATING²



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.

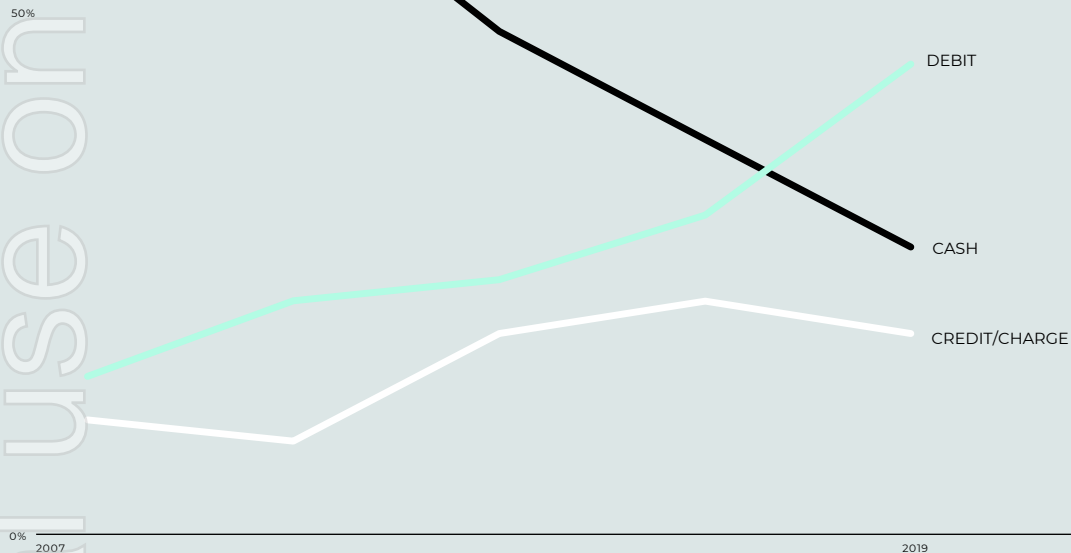
amplifying
the global
opportunity.

Context

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

Post-Global Financial Crisis Shift from Traditional Credit

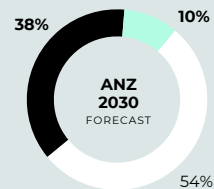
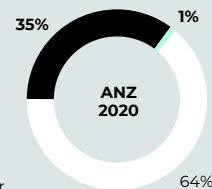
AUSTRALIA PAYMENT TYPE SHARE OF VALUE¹



RETAIL SPEND ANZ²

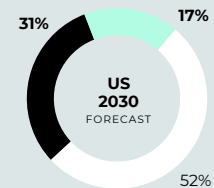
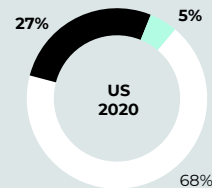
BY GENERATION,
PERCENT, FORECAST

- Gen Z
- Millennials
- Gen X and older



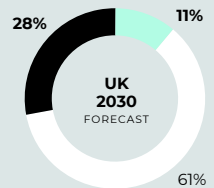
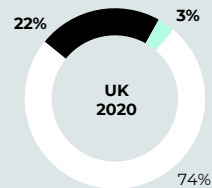
RETAIL SPEND US³

BY GENERATION,
PERCENT, FORECAST



RETAIL SPEND UK⁴

BY GENERATION,
PERCENT, FORECAST



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

**Keep
it Real**

**Be
Brave**

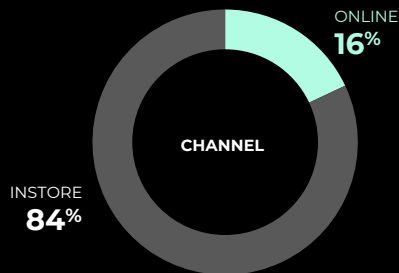
**Do the
Right
Thing**

**Shape
the
Future**

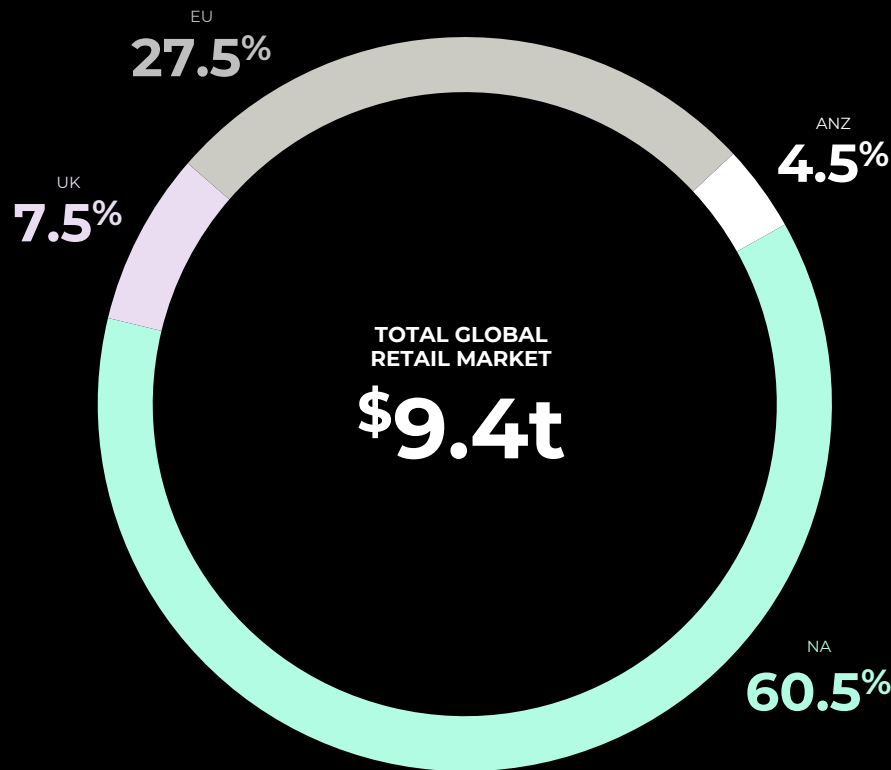
Success to date has resulted in new entrants creating new products and labeling themselves BNPL

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

TOTAL ADDRESSABLE MARKET BY CHANNEL



TOTAL ADDRESSABLE MARKET BY GEOGRAPHY



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

Capital efficient/high return and differentiated from traditional lending and payments businesses

Customer aligned, low risk and self-reinforcing business model

Captive ecosystem to launch new products and services

Leading market and merchant **penetration**

Customer **loyalty and frequency** drives powerful network effect

Dual online and offline focus further drives merchant-led and customer-led growth

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

Global expansion drives global retail relevance and platform opportunities

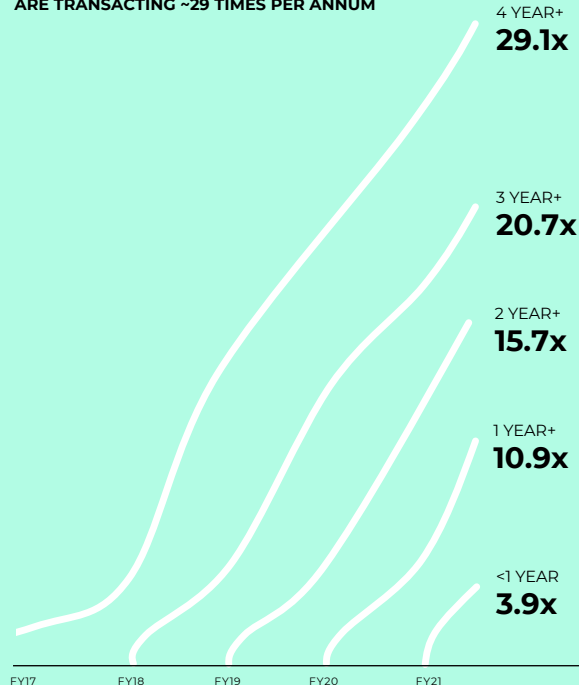
Afterpay platform effect

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

ACTIVE CUSTOMERS¹



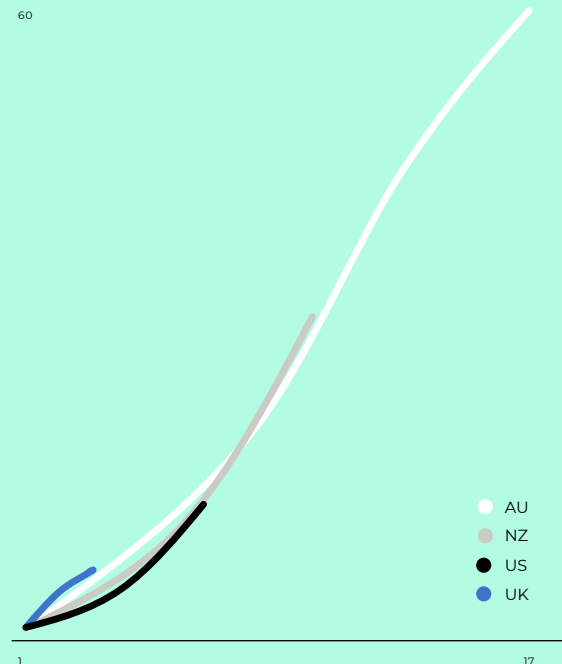
THE EARLIEST ANZ CUSTOMER COHORTS ARE TRANSACTING ~29 TIMES PER ANNUM



CUSTOMER LIFETIME FREQUENCY

AVERAGE PURCHASES, TENURE IN QUARTERS

60



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 customers¹ use Afterpay **60** TIMES PER YEAR **across 10 verticals and 27 merchants**

NA

Top 10% of customers¹ use Afterpay **21** TIMES PER YEAR **across 5 verticals and 10 merchants**

UK

Top 10% of customers¹ use Afterpay **26** TIMES PER YEAR **across 3 verticals and 7 merchants**

GLOBALLY

Top 10% of customers¹ use Afterpay **31** TIMES PER YEAR **across 6 verticals and 14 merchants**

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

PERCENTAGE OF USERS THAT CONTINUE TO TRANSACT ON PLATFORM OVER TIME

US USER RETENTION, MONTHS SINCE FIRST PURCHASE

● Afterpay
● BNPL Comparator 1
● BNPL Comparator 2

1 MONTHS 31 MONTHS

PERCENTAGE OF CUSTOMER SPEND IN SUBSEQUENT MONTHS COMPARED TO FIRST PURCHASE

US DOLLAR RETENTION, MONTHS SINCE FIRST PURCHASE

● Afterpay
● BNPL Comparator 1
● BNPL Comparator 2

1 MONTHS 31 MONTHS

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

60

- 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

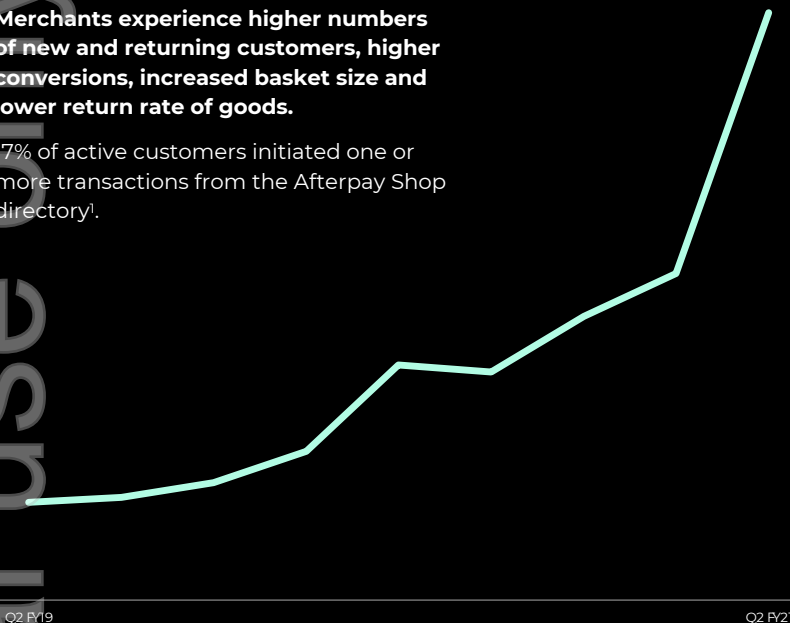
INSTORE ONLY ONLINE ONLY OMNI-CHANNEL

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 directory¹.



~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.

afterpay



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.

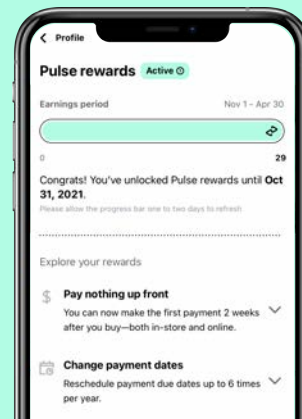
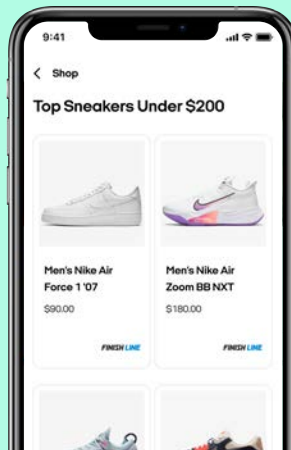
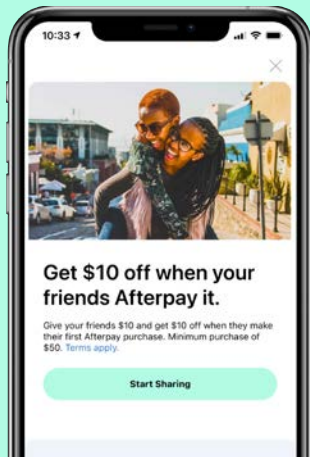
New channel partners



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 ~\$90m¹
- 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

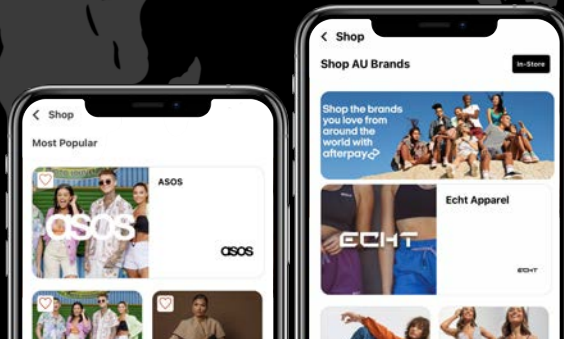
Sustaining leading ANZ market position

- 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

Note: 1. Implied Underlying Sales run-rate based on January 2021 trading



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

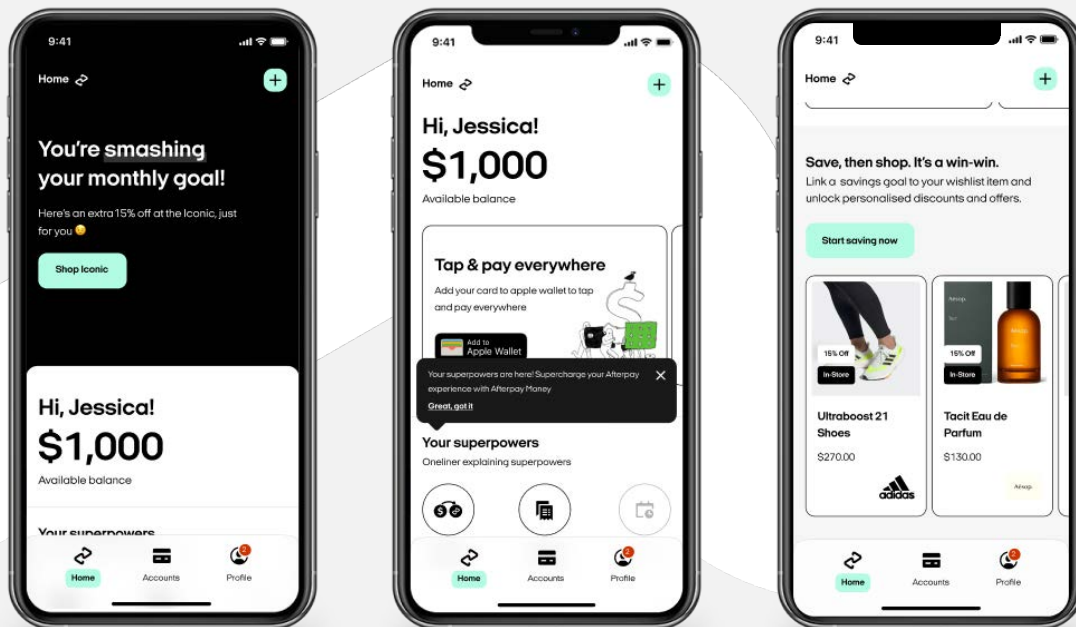
Meet Afterpay Money v1.0

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

BNPL Customer

Opens an Afterpay Money account with linked debit card

Deposits their salary

Uses Afterpay Money as their go-to money management account

Creates up to 15 savings goals

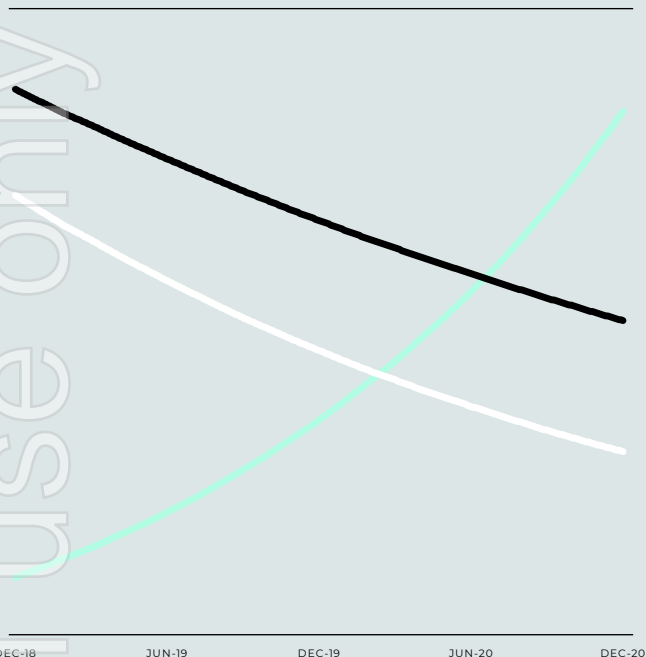
Pays their BNPL account from their Afterpay Money account

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



Customer aligned, low risk and self-reinforcing business model

Trends over time¹



98% of payments and 93% of purchases **do not incur late fees**

The **average amount outstanding** remains low at \$205

Average order value remains low at \$155

● Orders
● Gross loss %
● Late fee %

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

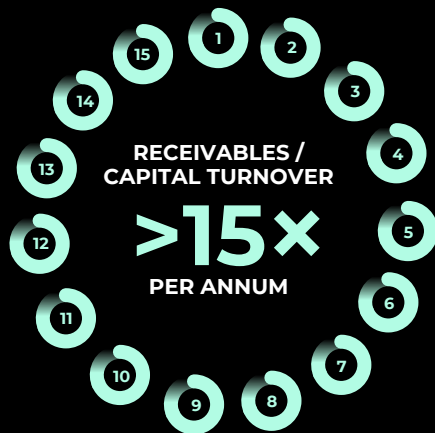
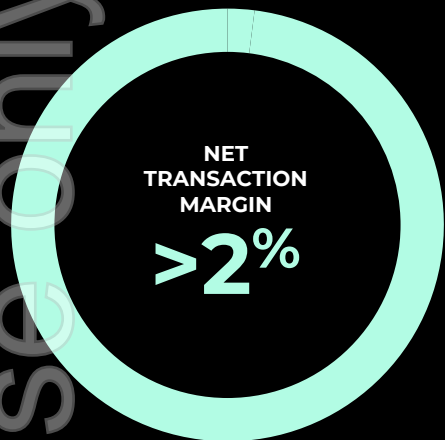
We do not provide a line of credit and **do not allow customers to “revolve” in debt**

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 %
Group total income	417.2	220.3	89%
Afterpay income ¹	374.2	179.6	108%
Pay Now revenue	7.8	8.1	(3)%
Other income ¹	35.1	32.6	8%
Group net margin²	219.2	107.0	105%
Afterpay net transaction margin	213.9	102.0	110%
Pay Now margin	5.3	5.0	5%
EBITDA (excluding significant items)³	47.9	7.7	521%
Loss after tax	(79.2)	(31.6)	(151)%

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

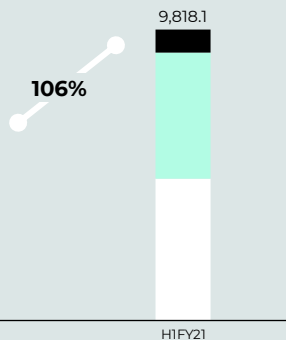
\$ million	H1 FY21	H1 FY20	CHANGE %
Underlying Sales⁴	9,818.1	4,758.0	106%
Afterpay income	374.2	179.6	108%
% of Underlying Sales	3.8%	3.8%	0.0pp ¹⁰
Other income (Late fees)⁵	35.1	32.6	8%
% of Underlying Sales	0.4%	0.7%	-0.3pp
Afterpay Total income	409.4	212.2	93%
Gross loss⁶	(72.1)	(47.8)	(51)%
% of Underlying Sales	(0.7)%	(1.0)%	0.3pp
Net transaction loss (NTL)⁷	(46.8)	(21.8)	(115)%
% of Underlying Sales	(0.5)%	(0.5)%	-0.0pp
Other variable transaction cost (incl. Finance costs ⁸)	(113.5)	(55.9)	(103)%
% of Underlying Sales	(1.2)%	(1.2)%	0.0pp
Net transaction margin (NTM)⁹	213.9	102.0	110%
% 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

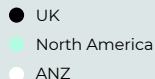
\$MILLION



Underlying Sales growth achieved in all regions.

Higher contribution from international markets.

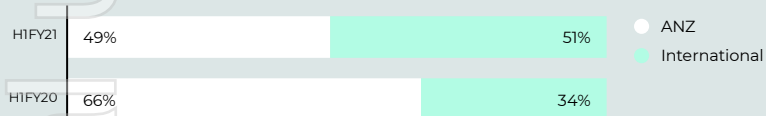
North America became Afterpay's largest contributor to Underlying Sales in Q2.



Underlying Sales contribution by region

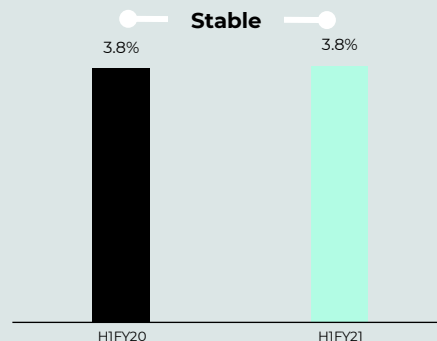
PERCENTAGE OF UNDERLYING SALES

+17pp¹



Afterpay Income Margin

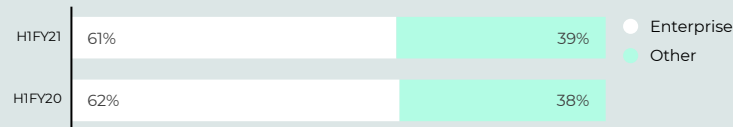
PERCENTAGE OF UNDERLYING SALES



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

Group Merchant Tier mix

PERCENTAGE OF UNDERLYING SALES



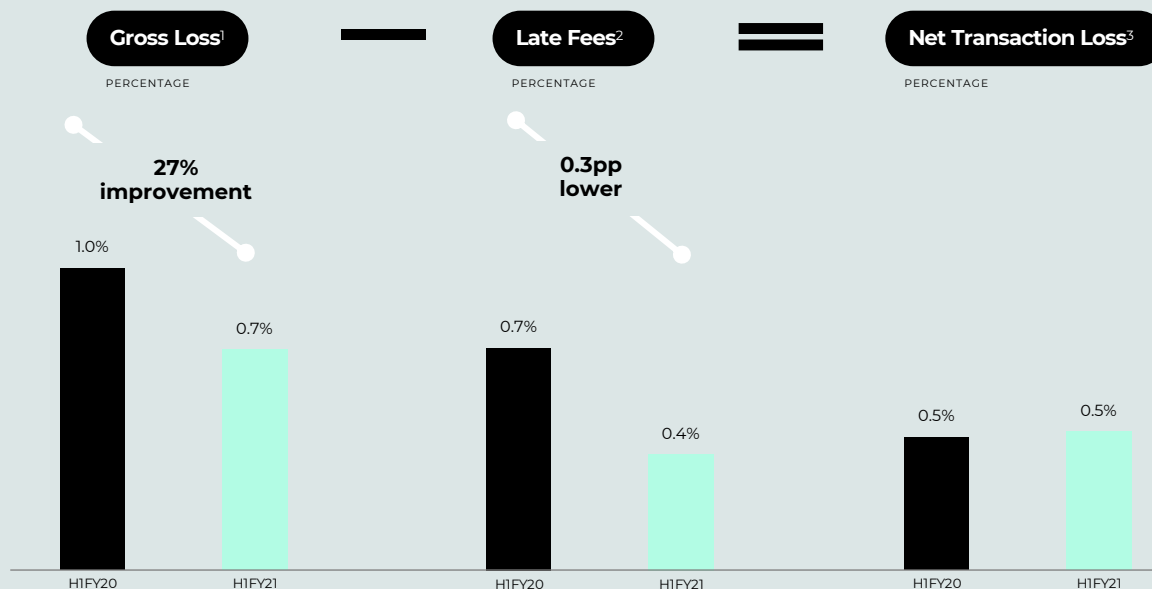
Note: Change calculations may not equate due to rounding. 1. 'pp' represents percentage points, calculated as the difference between H1 FY21 and H1 FY20.

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 ⁴	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

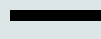
Afterpay Net Transaction Margin



Afterpay Income



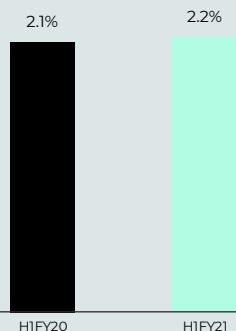
Net Transaction Loss



Other Variable Transaction Costs¹

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 billion¹ in Underlying Sales above current annualised Underlying Sales run-rate of \$23 billion (Q2 FY21).

Net Cash

Liquidity

Pro Forma

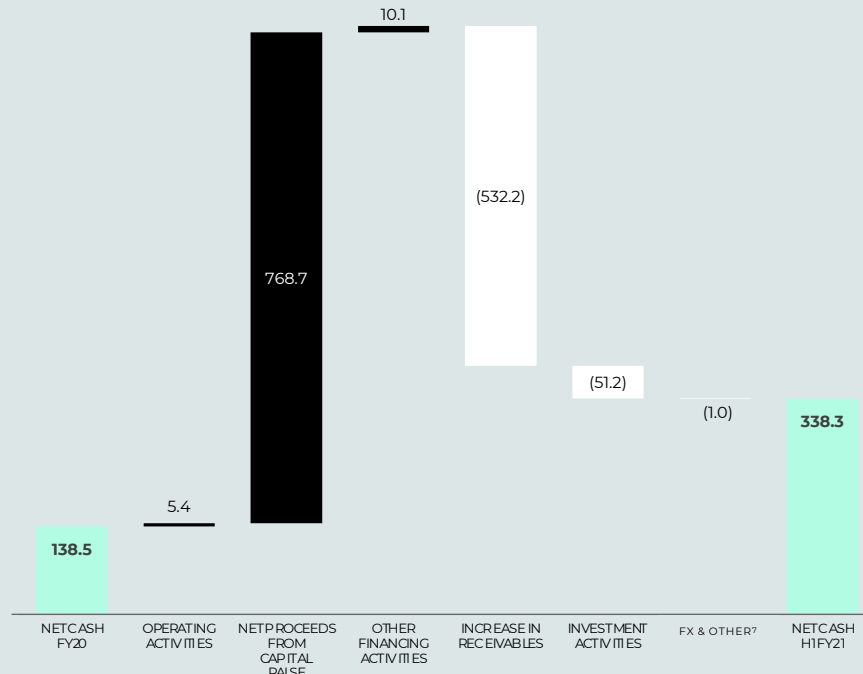
\$ million	31 DEC 20	30 JUN 20	CHANGE
Cash	458.8	606.0	(147.2)
Restricted cash ²	1.7	1.5	0.1
Total Cash³	460.5	607.6	(147.1)
Debt ⁴	(122.1)	(469.0)	346.9
Net Cash	338.3	138.5	199.8

\$ million	31 DEC 20	30 JUN 20	CHANGE
Cash	458.8	606.0	(147.2)
Undrawn warehouse capacity ⁵	892.4	122.4	770.1
Liquidity	1,351.2	728.4	622.8
Growth capacity	54.2	541.8	(487.6)
Total Liquidity & Growth capacity	1,405.4	1,270.2	135.2

UK - Undrawn warehouse capacity ⁶	86.9	-	86.9
Pro Forma Liquidity	1,438.2	728.4	709.8
UK - Growth capacity ⁶	223.0	-	223.0
Pro Forma Liquidity & Growth capacity	1,715.4	1,270.2	445.2

Net Cash Reconciliation

\$ MILLION

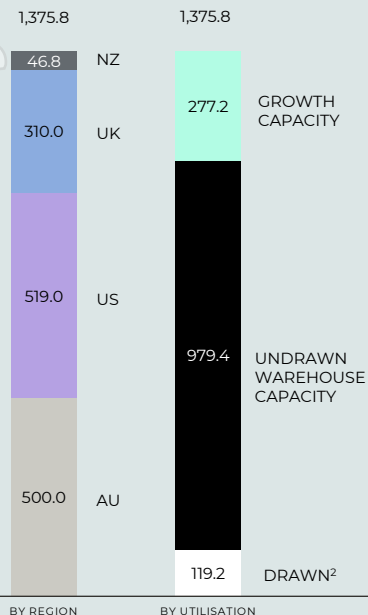


Note: 1. Estimated calculation based on the terms of Afterpay's existing warehouse funding facilities and historical performance of receivables. 2. Restricted cash relates to cash assets held with banks as collateral for daily cash settlements with merchants and payments to funding providers. 3. Total 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

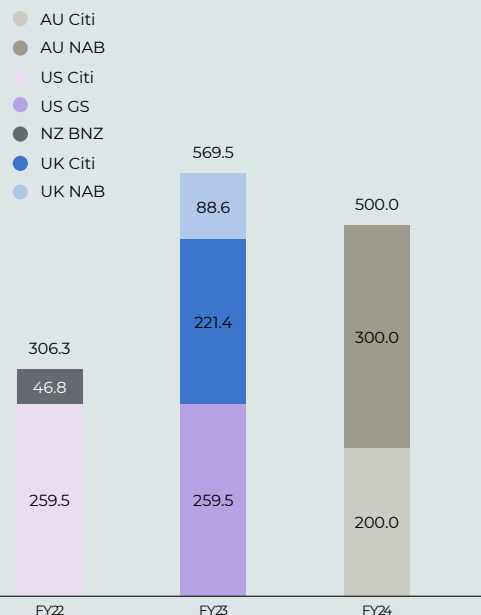
Total Warehouse Facilities¹

\$MILLION



Funding Facility Maturity Profile¹

\$MILLION



Commentary

Capacity¹ to fund additional growth:

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

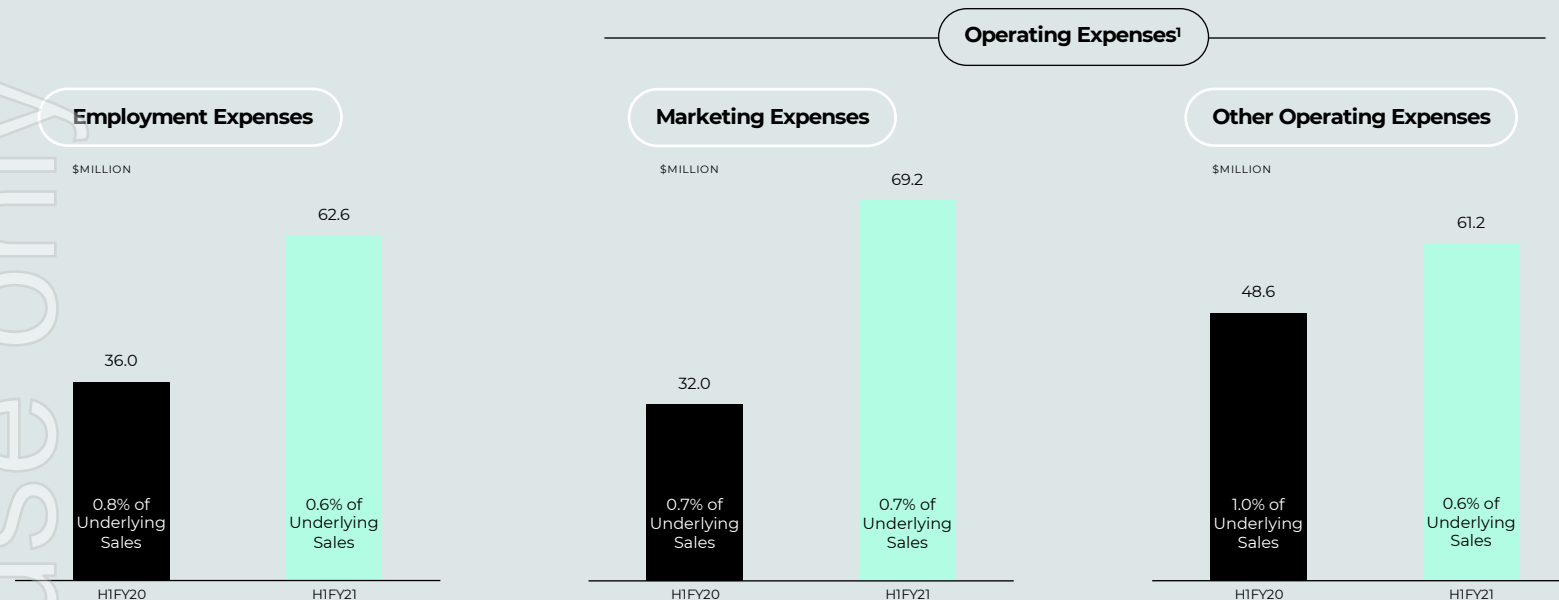
Receivables warehouse funding facilities established and extended:

- 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
Total income	417.2	220.3
Cost of sales	(110.3)	(55.4)
Gross profit	306.9	164.9
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)
Operating loss	(66.3)	(27.9)
Share of loss of associate	(0.6)	-
Finance income	0.6	0.7
Finance cost	(9.9)	(8.6)
Loss before tax	(76.2)	(35.8)
Income tax (expense)/benefit	(3.0)	4.2
Loss after tax	(79.2)	(31.6)

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 ¹	1.7	1.5
Receivables	1,314.1	781.9
Other current and non-current assets	362.0	219.1
Total assets	2,136.6	1,608.5
Payables	204.0	180.7
Debt ²	122.1	469.0
Other liabilities	84.8	12.4
Total liabilities	410.9	662.2
Equity	1,725.6	946.4

Key Balance Sheet Metrics

\$ million	31 DEC 20	30 JUN 20
Net cash / (debt)	338.3	138.5
Liquidity ³	1,351.2	728.4
Warehouse debt, % of receivables ^{3,4}	9.1%	59.5%
% drawn of warehouse funding facilities ³	11.2%	41.2%
Undrawn committed facilities ^{3,5}	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 debt⁵.

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)
Operating cash flow	(526.8)	(342.1)
Increase in receivables	532.2	308.3
Operating cash flow - adjusted	5.4	(33.8)
Payments for intangibles and PPE	(30.0)	(19.3)
Contribution to associates	(15.0)	-
Other	(6.2)	0.7
Investing cash flow	(51.2)	(18.6)
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)
Financing cash flow	432.5	529.8
Net increase / (decrease) in cash	(145.4)	169.1
FX on cash balance ¹	(1.8)	1.9
Starting cash	606.0	231.5
Ending cash	458.8	402.5

Note: Amounts may not sum due to rounding.

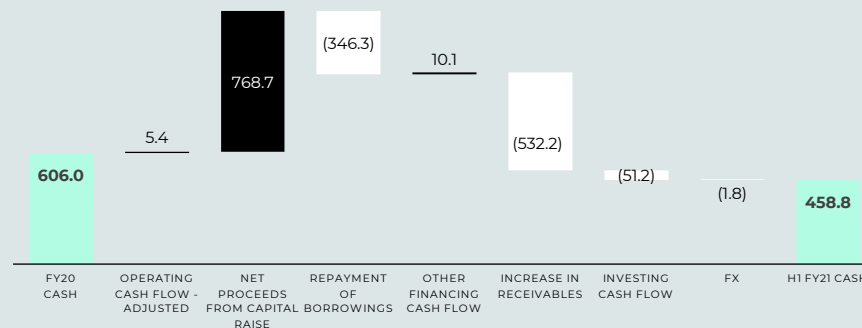
1. FX on cash balance reflects unrealised foreign currency gain/loss, which is a non-cash item.

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



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
Total income	417.2	220.3
Cost of sales	(110.3)	(55.4)
Gross profit	306.9	164.9
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)
Operating loss	(66.3)	(27.9)
Share of loss of associate	(0.6)	-
Finance income	0.6	0.7
Finance cost	(9.9)	(8.6)
Loss before tax	(76.2)	(35.8)
Income tax (expense)/benefit	(3.0)	4.2
Loss after tax	(79.2)	(31.6)

Management Profit & Loss — EBITDA Reconciliation

\$ million	H1 FY21	H1 FY20
Afterpay income	374.2	179.6
Other income (late fees)	35.1	32.6
Receivables impairment expenses	(72.1)	(47.8)
Chargebacks & debt recovery costs	(9.8)	(6.5)
Net transaction loss (NTL)	(46.8)	(21.8)
Other variable transaction costs	(107.8)	(52.4)
NTM Finance costs	(5.7)	(3.5)
Other variable transaction costs (incl. finance costs)	(113.5)	(55.9)
Afterpay net transaction margin (NTM)	213.9	102.0
Pay Now margin	5.3	5.0
Group net margin	219.2	107.0
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
EBITDA (excl. Significant Items)	47.9	7.7

Cross reference to
Statutory Profit and Loss

A

B

E

Included within F

Included within C¹

Included within G²

Pay Now Revenue less
Pay Now Cost of Sales

Included within F

Included within G

D

F

Included within F

Included within F

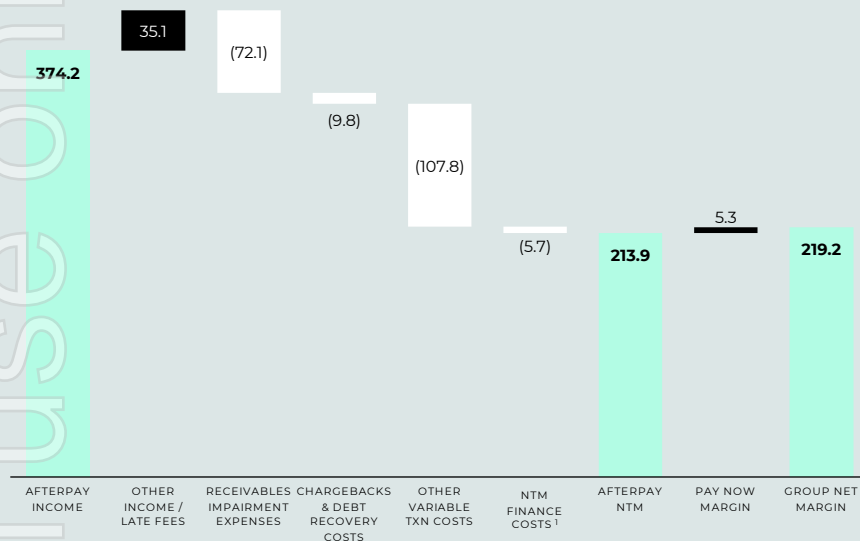
Note: Change calculations may not equate due to rounding. 1. Equal to statutory cost of sales \$110.3 million less cost of sales associated with Pay Now of \$2.5 million. 2. Finance cost associated with external receivables funding; reported in finance cost but included in NTM. Excludes amortisation 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

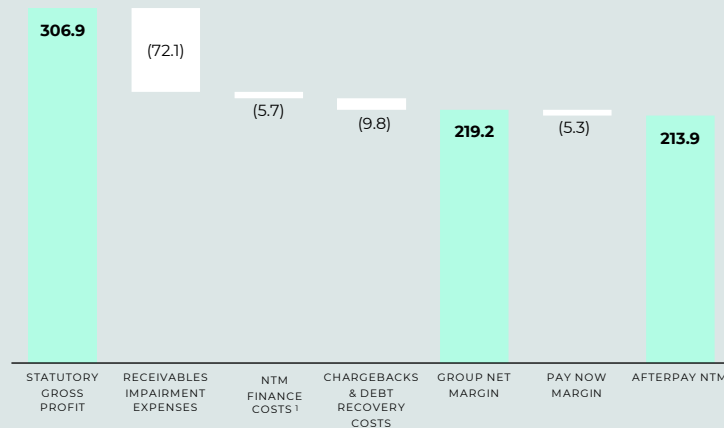
Management P&L - Afterpay Income to Group Net Margin

\$MILLION



Statutory Reconciliation - Statutory Gross Profit to NTM

\$MILLION



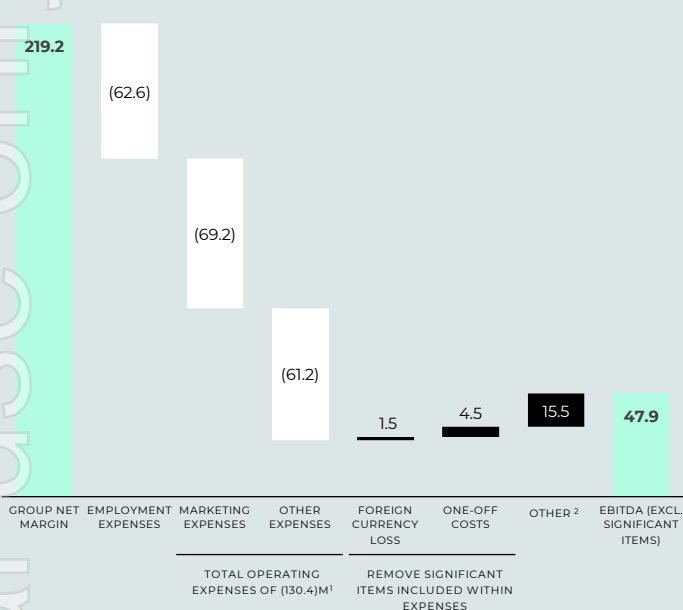
Note: Change calculations may not equate due to rounding. 1. Finance cost associated with external receivables funding: reported in finance costs but included in NTM. Excludes amortisation of capitalised borrowing costs, corporate bond interest, lease expense and interest income. Methodology consistent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

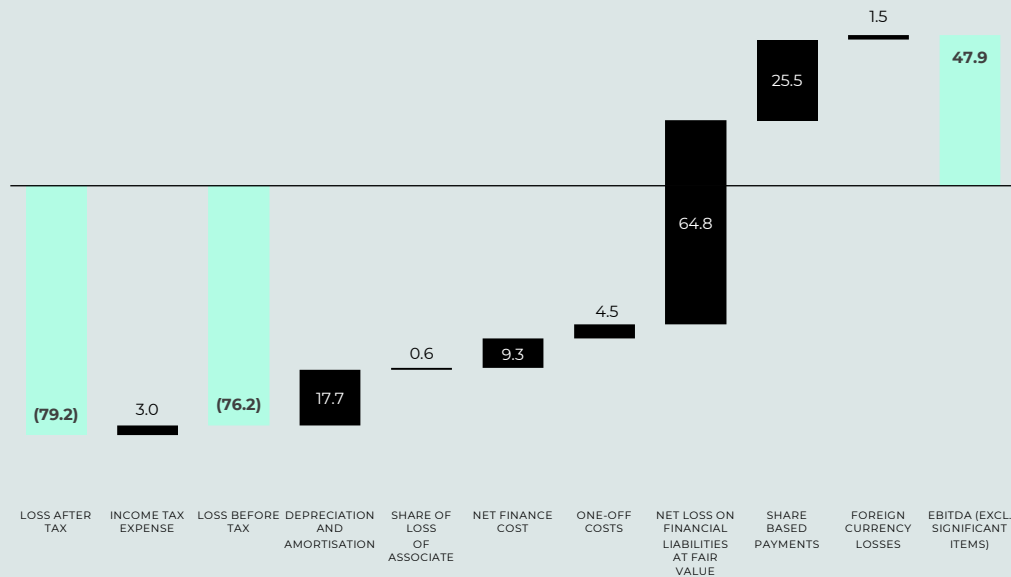
Management P&L – Group Net Margin to EBITDA (excluding significant items)

\$MILLION



EBITDA Reconciliation – Statutory Loss to EBITDA

\$MILLION

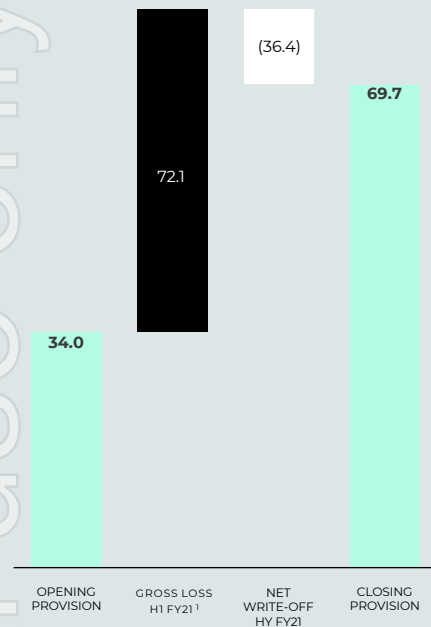


Note: Change calculations may not equate due to rounding. 1. Expenses as reported in the Financial Statements include one-off items of \$4.5 million and foreign currency losses of \$1.5 million, which are not included in the calculation of EBITDA (excluding significant items). 2. 'Other' includes: \$9.8 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

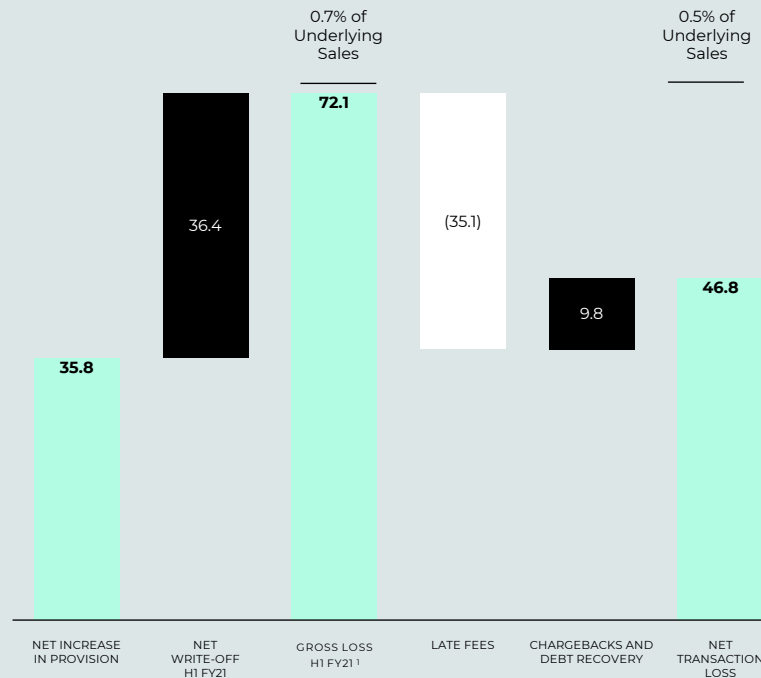
Balance Sheet

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 ²	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)
Total	(4.5)	(6.3)

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)
Total	(64.8)	(0.9)

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)
Total	(25.5)	(13.6)

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 ¹	(4.9)	(3.5)
Amortisation ¹	(12.8)	(10.2)
Total	(17.7)	(13.8)

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 %
Revenue			
Mobility	5.2	5.3	(3)%
E-Services	0.4	1.1	(62)%
Health	2.2	1.7	33%
Total income	7.8	8.1	(3)%
Cost of sales	(2.5)	(3.1)	17%
Gross margin	5.3	5.0	5%
Other expenses	(0.4)	(2.3)	81%
EBITDA contribution	4.9	2.8	78%

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 %
Underlying sales¹	9,818.1	4,758.0	106%
ANZ	4,786.3	3,118.5	53%
NA	4,246.7	1,437.4	195%
UK	785.1	202.1	288%
Active customers²	13.1m	7.3m	80%
ANZ	3.4m	3.1m	10%
NA	8.1m	3.6m	127%
UK	1.6m	0.6m	161%
Active merchants²	74.7k	43.2k	73%
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
Underlying sales (%)	100%	100%
ANZ	49%	66%
NA	43%	30%
UK	8%	4%
ANZ Underlying sales (%)	100%	100%
In-store	22%	24%
Online	78%	76%
Underlying sales (%)	100%	100%
Enterprise	61%	62%
Other	39%	38%

Afterpay financial metrics

\$ million	H1 FY21	H1 FY20	CHANGE %
Afterpay income³	374.2	179.6	108%
% of Underlying sales	3.8%	3.8%	0.0pp ¹⁰
Other income⁴	35.1	32.6	8%
% of Underlying sales	0.4%	0.7%	-0.3pp
Afterpay total income	409.4	212.2	93%
Gross loss⁵	(72.1)	(47.8)	(51)%
% of Underlying sales	(0.7%)	(1.0%)	0.3pp
Net transaction loss (NTL)⁶	(46.8)	(21.8)	(115)%
% of Underlying sales	(0.5%)	(0.5%)	0.0pp
Other variable transaction costs (incl. Finance costs ⁷)	(113.5)	(55.9)	(103)%
% of Underlying sales	(1.2%)	(1.2%)	0.0pp
Afterpay net transaction margin (NTM)	213.9	102.0	110%
% of Underlying sales	2.2%	2.1%	0.0pp
EBITDA⁸ (excl Significant Items)	47.9	7.7	521%
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 %
Total income	417.2	220.3	89%
Afterpay income ³	374.2	179.6	108%
Pay Now	7.8	8.1	(3)%
Other income ⁴	35.1	32.6	8%
Other income			
% of Underlying sales	0.4%	0.7%	-0.3pp
% of Afterpay total income	8.6%	15.3%	-6.8pp
Group net margin	219.2	107.0	105%
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%
EBITDA⁸ (excl Significant Items)	47.9	7.7	521%
Loss after tax	(79.2)	(31.6)	(151)%

Balance sheet metrics

\$ million	31 DEC 20	30 JUN 20
Cash	458.8	606.0
Restricted cash	1.7	1.5
Total cash	460.5	607.6
Debt	122.1	469.0
Net cash	338.3	138.5
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 ⁹	\$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.