

Afterpay Limited ASX: APT

ASX Announcement

5 May 2021

Macquarie Australia Conference 2021

Afterpay Limited (**Afterpay**) attaches a presentation to be given by co-CEO and Managing Director, Anthony Eisen, at the 2021 Macquarie Australia Conference being held today.

Authorised by:

Anthony Eisen

Co-CEO & Managing Director

ENDS

For further information contact

Investors and Media		Company
Marie Festa EVP Investor Relations & Communications marie.festa@afterpay.com +61 405 494 705	Investors Rhianna Fursdon Director Investor Relations rhianna.fursdon@afterpay.com +61 477 020 337 Media Amanda Pires VP, Communications amandap@afterpay.com 650-208-372	Amanda Street Company Secretary amanda.street@afterpay.com



Macquarie Australia Conference 2021

5 May 2021

Q3 FY21 key highlights

Underlying sales up 104% TO **\$5.2b**
ON THE PRIOR CORRESPONDING PERIOD

underlying sales in the ^{US} United States (US) and ^{UK} United Kingdom (UK) were up **211%** **277%**
ON Q3 FY20 ON A LOCAL CURRENCY BASIS

Global active¹ customers **14.6m** up from **8.4m** in Q3 FY20
increased 75% to

Global active merchants **85.8k** up from **48.4k** in Q3 FY20
increased 77%

Afterpay Shop Directory continued to drive value for merchants with an average

~31m

Lead referrals per month to retailers during Q3 FY21

The Afterpay app was downloaded more than

2m times

DURING Q3 FY21 WITH

~1m downloads in March alone

North America

is now the **largest contributor** to underlying sales

Q3 FY21 key highlights

Merchants with over **\$1.5b** total addressable online sales are live, integrating or signed in the EU

Q3 FY21 Merchant revenue margins¹ remained firm and continued in line with what was achieved in H1 FY21.

Gross losses¹ remain below historical rates in all regions for the quarter

The Network effect of Afterpay's platform

continues to drive increasing customer frequency across all regions

The top 10% customers transact **33** times per year
GLOBALLY, ON AVERAGE (OR ~3 TIMES PER MONTH).

US **23x** ANZ **62x** UK **29x**
times per year

\$1.5b zero coupon convertible note settled during the quarter

Exploring options for **US listing**

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**

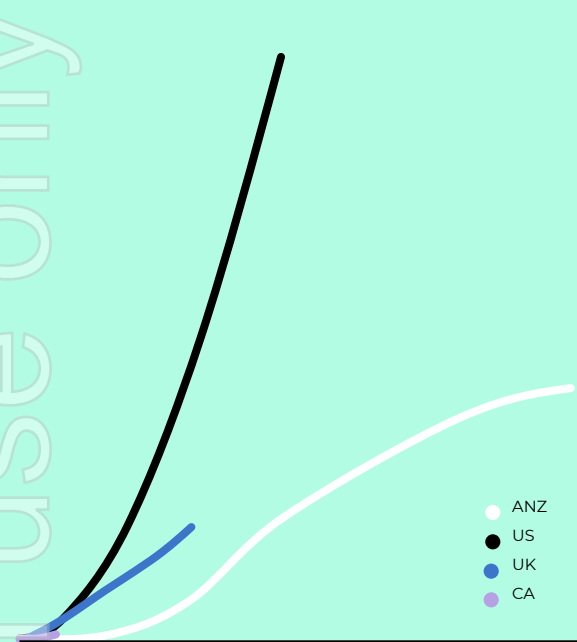
Global expansion drives global retail relevance and platform opportunities

Afterpay platform effect

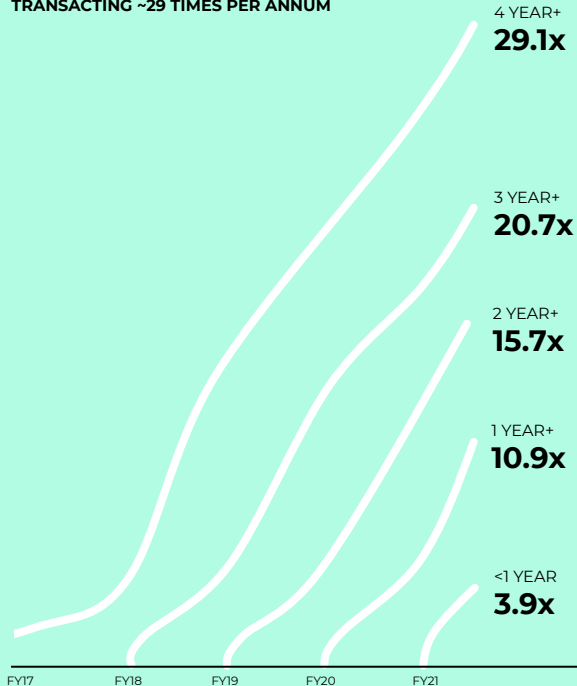
Leading market and merchant penetration drives active customers and frequency over time, being replicated globally

ACTIVE CUSTOMERS¹

MILLIONS

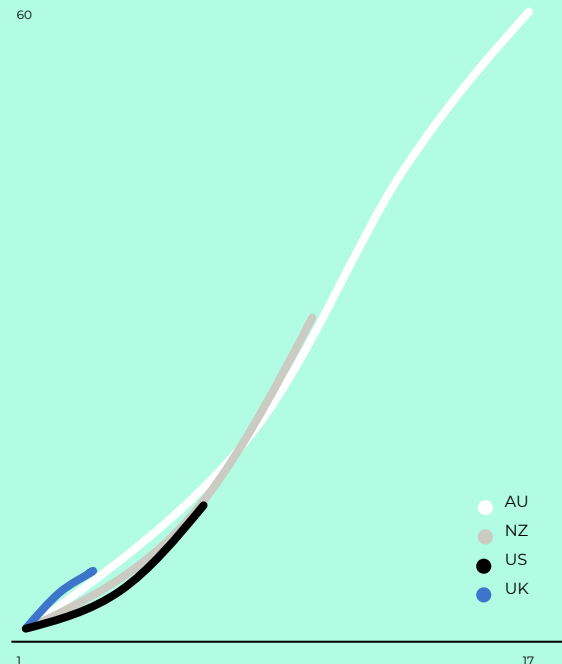


THE EARLIEST ANZ CUSTOMER COHORTS ARE TRANSACTING ~29 TIMES PER ANNUM



CUSTOMER LIFETIME FREQUENCY

AVERAGE PURCHASES, TENURE IN QUARTERS



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

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

~31m

Average number of lead referrals from Afterpay platform per month during Q3 FY21

~35m

Lead referrals from Afterpay platform during March 2021

Q3 FY20

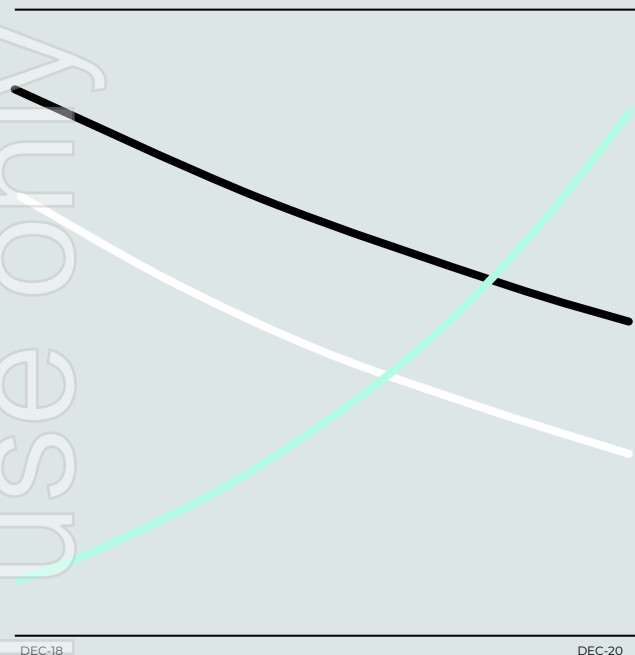
Q3 FY21

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

afterpay

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 %

DEC-18

DEC-20

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

Afterpay customers in Australia have lower personal liabilities than non-Afterpay customers

This is not the result of demographic differences.

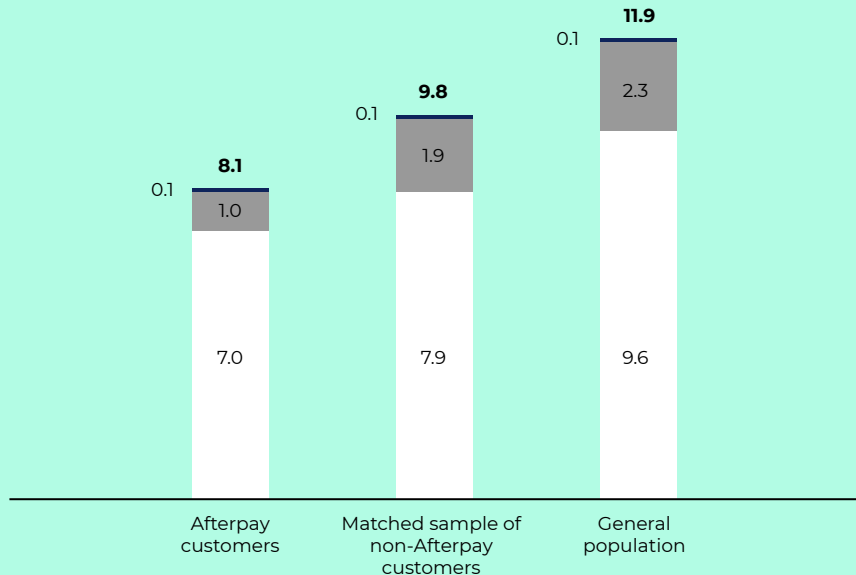
A like-for-like comparison with a matched group (i.e. similar age, gender and income as Afterpay customers) shows that Afterpay customers have lower personal liabilities than similar people who do not use Afterpay.

Afterpay customers also save more and have higher incomes.

- BNPL balance
- Credit card balance
- Personal debt balance

TOTAL PERSONAL LIABILITIES

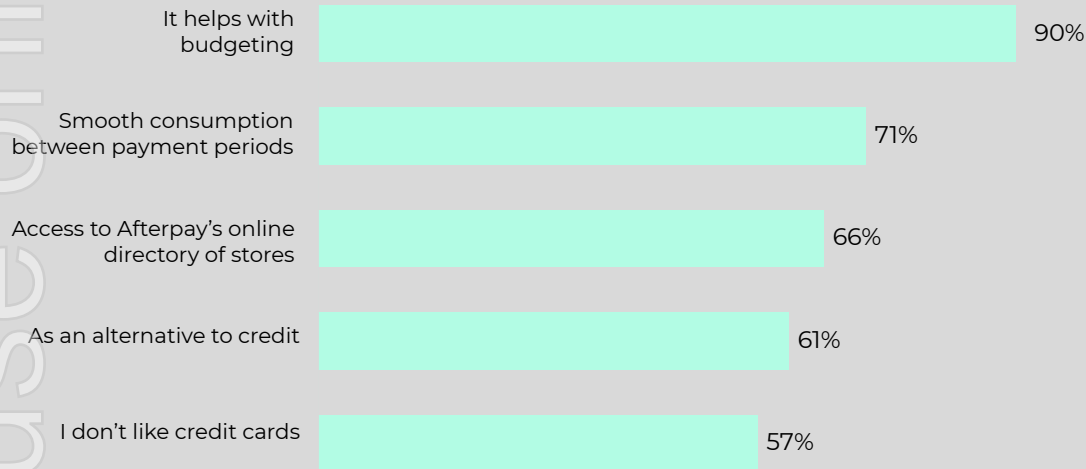
Average outstanding balance, \$000s, Jan-2020



90% of customers say that Afterpay helps with budgeting and delivers \$135 million in customer benefits

ATTRIBUTES OF AFTERPAY'S SERVICE THAT CUSTOMERS DEEM IMPORTANT

% of responses that considered each attribute as fairly or very important¹



AFTERPAY DELIVERS \$135 MILLION IN CONSUMER BENEFITS

Share of total customer benefit (%)



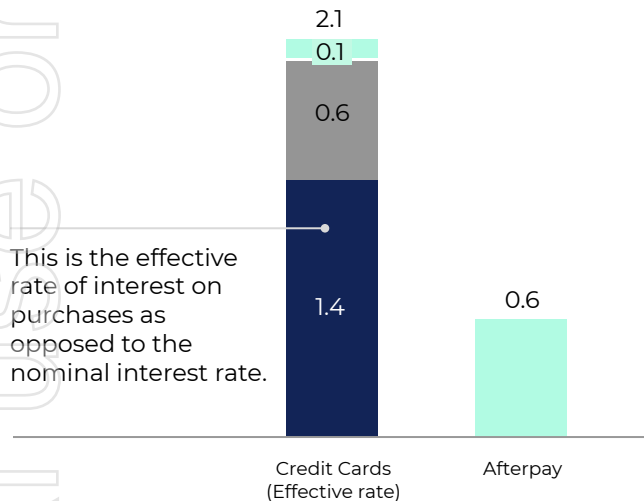
Source: Afterpay Consumer Survey (n = 620) 2020, AlphaBeta (as part of Accenture) analysis

Note: (1) customers were asked to rate different attributes of Afterpay on a scale of "Not important at all" to "Very important". An attribute was deemed "important" if the customer rated it as "Fairly important" or "Very important". Responses that reported an attribute as "Very important" were given a higher weight. Once weighted, responses for each attribute were then added together and converted into a percentage of total responses. This percentage is used to represent the share of total customer benefit each attribute brings.

Afterpay saves customers the equivalent of \$110 million in credit card fees¹

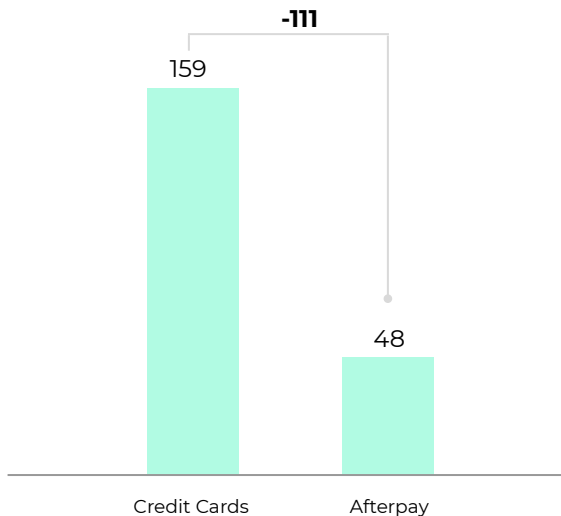
FEES ON CREDIT CARDS AND AFTERPAY ACROSS ALL CONSUMERS

% of purchase value, 2020



EQUIVALENT COST OF FEES IF ALL AFTERPAY SALES WERE MADE ON CREDIT CARDS

\$M, 2020



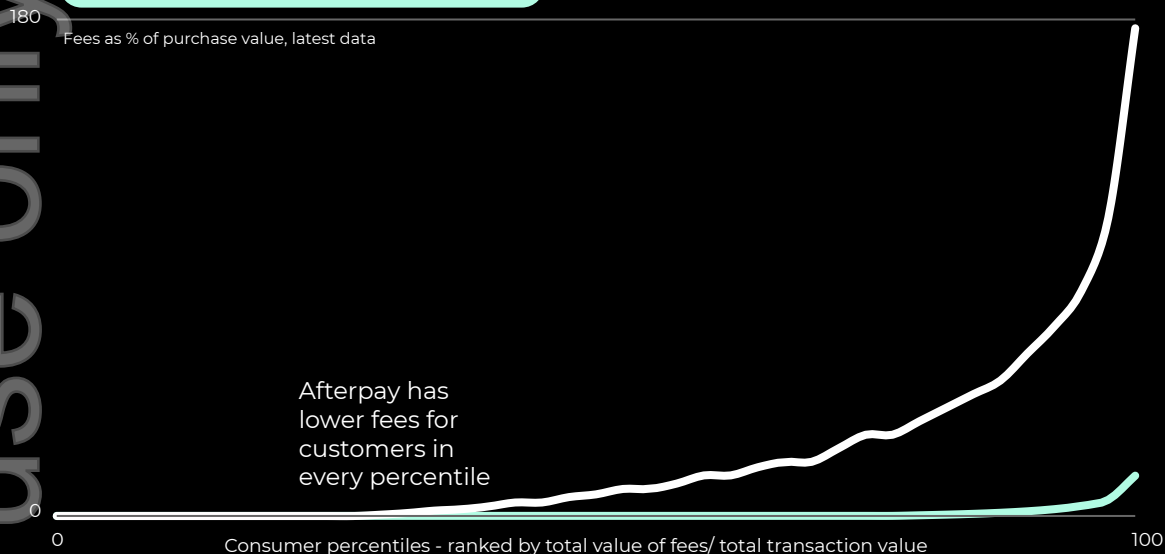
- Interest expense
- Account fees
- Late fees

Note 1: Relative the cost of credit.

Source: Afterpay data, RBA payments data, AlphaBeta (as part of Accenture) analysis

Vulnerable customers gain the most from switching to Afterpay and away from credit

AFTERPAY USER FEES VS. CREDIT CARD USER FEES



The results show that **78% of Afterpay customers paid no late fees**. customers that do pay fees pay up to a maximum of 25% of the total purchase value.

When credit card customers were ranked, **only 29% did not pay fees** and those that did, paid higher fees than Afterpay customers.

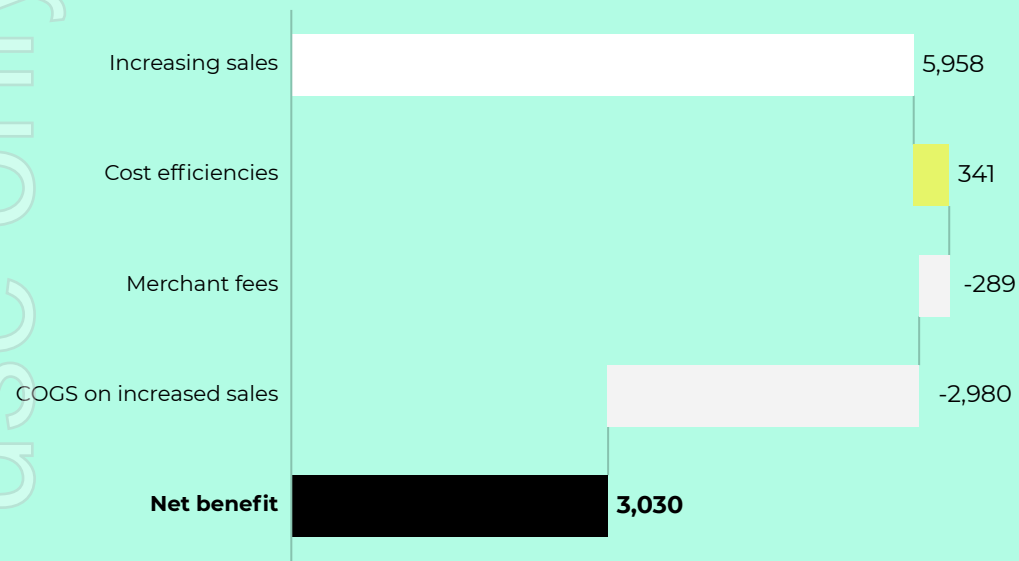
- Afterpay (late fees only)
- Credit card (Actual interest paid)

Note: Removes top 0.5% of Afterpay customers and 2.5% of credit card customers as outliers SOURCE: Afterpay data, HILDA Waves 1-18, AlphaBeta (as part of Accenture) analysis. Customers were ranked from 0-100 by fees paid as a percentage of their value of purchases.

Afterpay delivered \$3 billion in net benefits to Australian merchants in 2020

BREAKDOWN OF MERCHANT BENEFITS ACROSS ALL AUSTRALIAN MERCHANTS

\$M across all Australian merchants, 2020



Increased sales



Cost efficiencies



Fees and costs



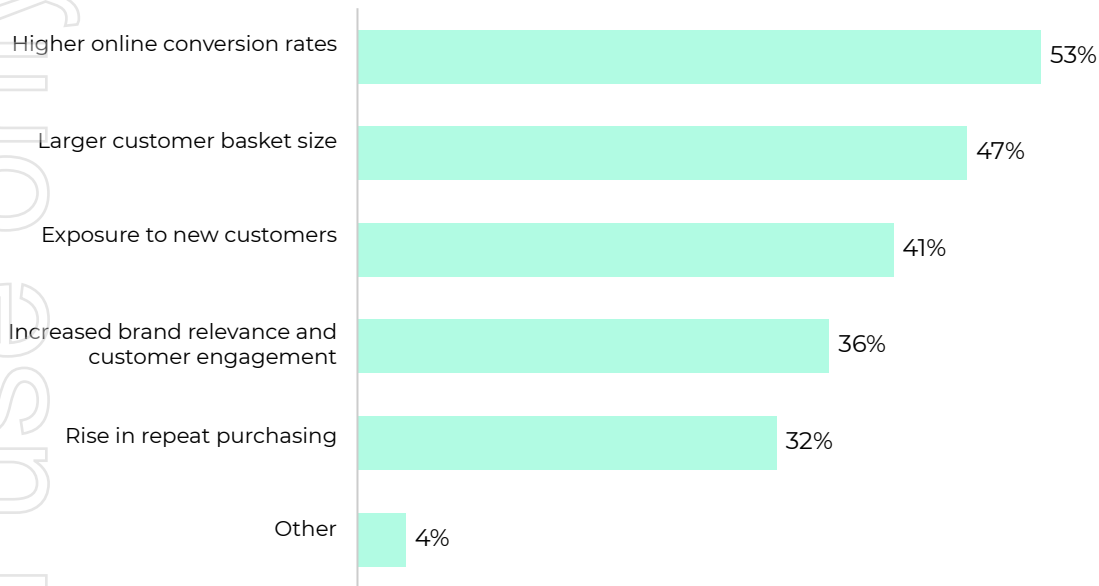
Net benefit

SOURCE: Various including Afterpay Merchant Survey (n = 1043) 2019/2020, AlphaBeta (as part of Accenture) analysis

Afterpay delivered \$6 billion incremental sales to merchants

BENEFITS OF AFTERPAY TO WHICH MERCHANTS ATTRIBUTE INCREASED SALES POST-ADOPTION

% of merchants surveyed that experienced an increase in sales after adopting Afterpay, latest data



53% of merchants say that sales increase due to higher online conversion rates

47% of merchants say that sales increase due to an increase in basket size

Source: Afterpay Merchant Survey (n = 669 of 1043) 2019/2020

Across all Australian merchants that used Afterpay in 2020, over half of the incremental sales occur due to an increase in conversion rates online and an increase in the customer basket size.

5 key ways that Afterpay delivers \$340 million in cost efficiencies to merchants



Lower customer service costs

Reduced cost associated with higher share of online transactions, which are cheaper to service than in-store sales.



Referrals from shop directory

Reduced cost associated with online marketing with millions of referrals provided by Afterpay's shop directory.



Lower return rates

Reduced cost associated with Afterpay customers returning less purchases by due to reduced 'buyer's remorse'.



Lower fraud costs

Reduced cost associated with fraud as Afterpay takes financial liability for customer fraud loss and associated chargebacks fees.



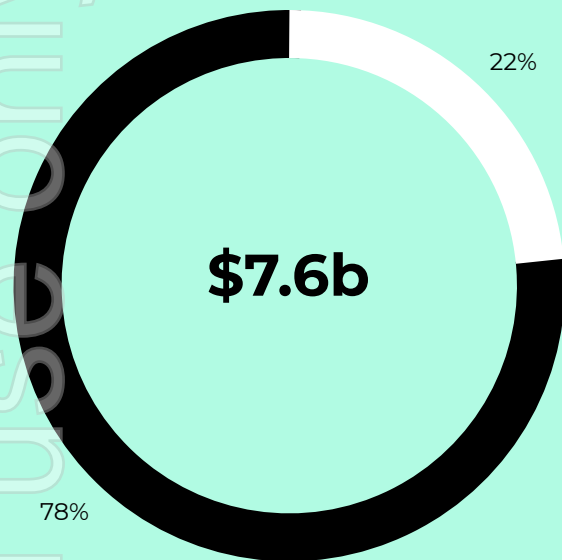
Co-marketing initiatives

Afterpay works with merchants to design and implement marketing campaigns.

Small and medium sized businesses (SMBs) account for more than 20% of AU underlying sales

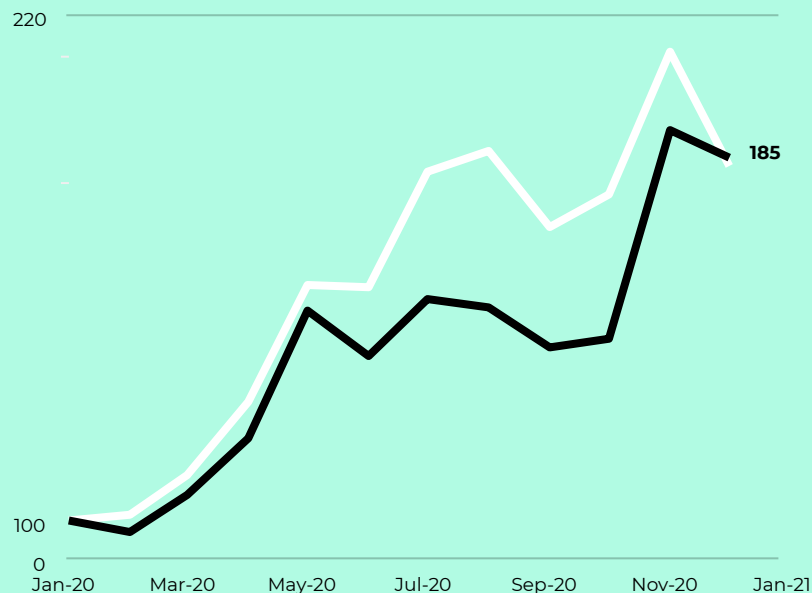
CONSUMER SPENDING ON AFTERPAY BY MERCHANT TIER

% of customer spending by merchant tier, 2020



INDEX OF CONSUMER SPENDING BY MERCHANT TIER

100 = January 2020



Sales to SMBs and larger businesses were up 85% for the year. Sales jumped in Nov-20 due to Black Friday and Cyber Monday.

- SMB
- Larger business

Personal use only

Thank you

afterpay

