

AFTERPAY TOUCH GROUP LIMITED (ASX: APT)

ASX Announcement

24 August 2017

FY2017 Financial Results

Afterpay Touch Group Limited (the **Company**) today released its results for the full financial year ended 30 June 2017.

Highlights:

- The Afterpay business has grown rapidly to become Australia's favourite Buy Now, Receive Now, Pay Later service provider in the Australian market
- Many of Australia's leading and largest retailers and several global brands integrated with Afterpay during the year with the number of integrated retail merchants increasing to nearly 6,000 as at 30 June 2017 and over 7,200 today
- Strong alignment with millennials continues to be illustrated through rapid customer growth and repeat usage of the Afterpay system. The number of Afterpay customers increased to over 840,000 at 30 June 2017 and **1 million customers** today
- Underlying sales of over \$560m were achieved for the financial year and **underlying annualised sales are now well in excess of \$1.2 billion** (based on recent monthly performance)
- Merchant fees of \$23m were generated over the financial period, up from \$1.4m in the prior year. This rapid growth profile has been paired with underlying transaction profitability and overall operating profitability
- **Operating EBTDA was \$5.8m** before one-off expenses (including merger costs) and share based expenses, and \$1.9m post these items
- Innovation, technology leadership and data analytics are at the core of our value proposition. Our capabilities, insights and results are improving with scale, as evidenced by our **declining Net Transaction Loss rates (0.6% for FY17)**, during a period of exponential underlying sales growth
- We have a **strong growth pipeline**. Currently launching Afterpay in New Zealand in association with Trade Me and multiple high profile brands. A number of enterprise retailers are expected to be on-boarded in both Australia and New Zealand prior to Christmas and strategic relationships with Tyro, Big Commerce and others are expected to drive our strong SMB growth
- **Vertical expansion into the travel sector is imminent** and we will continue to introduce Afterpay into further markets where millennials are very active

- Significant expansion of Afterpay's receivables funding debt facilities with National Australia Bank (NAB), from \$20m to \$200m, in June 2017 provides further scope for efficient growth and high returns on capital employed
- The Merger between Afterpay and Touchcorp is now complete. The rationale for the merger remains compelling. As a combined entity, the Afterpay Touch Group is vertically integrated from a technology and end to end service delivery perspective. Clear synergies exist in relation to platform development and systems which will increase our pace of innovation and speed to market
- Touchcorp (non-Afterpay) key business units and recurring revenues remain stable (not reflected in the FY2017 financial statements)
- A number of one-off and non-cash merger related acquisition adjustments impacted the financial results. Total merger related one-off costs totalled \$15.6m, principally relating to classifying a Touchcorp customer development contract as an onerous contract (-\$13.6m, non-cash). The Company's reported net loss after tax was consequently \$9.6m
- Online vertical expansion, Afterpay 'in-store' product and market development and international growth opportunities remain significant opportunities to perpetuate Afterpay's high growth momentum and are well staged from the considerable growth and development achievements in FY2017

Financial Results Basis of Preparation:

The Company was incorporated on 30 March 2017 for the purpose of the merger between Afterpay Holdings Limited (Afterpay) and Touchcorp Limited (Touchcorp) (Merger).

The Merger became legally effective on 28 June 2017 and Afterpay Touch Group was listed on the Australian Securities Exchange (ASX: APT).

The FY2017 financial results for the Company reflect:

- The income and cash flows from Afterpay and its subsidiaries (Afterpay Group) only (i.e. nil contribution from Touchcorp and its subsidiaries)
- Accordingly, the comparative period results reflect Afterpay Group only
- The balance sheet reflects the acquisition of Touchcorp by Afterpay as at 30 June 2017
- A number of one-off and non-cash merger related acquisition adjustments (detailed above) impact the Afterpay Touch Group FY2017 financial statements

Investor Conference Call

Investors and shareholders are invited to participate in a conference call briefing on Afterpay Touch Group's FY2017 financial results on Thursday 24 August 2017 at 11.30am AEST

Details of the conference call are as follows:

When: **11.30am AEST Thursday 24 August 2017**

Dial in details:

Australia	1800 739 591 or +61 290078048
New Zealand	0800 452 795 or +64 99293905
Hong Kong	800 968 273
Singapore	800 101 2702
United Kingdom	0800 051 1453
United States	1855 624 0077

Conference ID: **871487**

ENDS

For further information, contact:

Investors:	Company:	Media:
Anthony Eisen Executive Chairman e) ant@afterpay.com.au	Sophie Karzis Company Secretary e) sk@ccounsel.com.au t) 03 9286 7501	Fleur Brown Launch Management Group e) fleur@launchgroup.com.au m) +61 419 270 863

About Afterpay Touch Group

Afterpay Touch Group (Afterpay Touch) is a technology driven payments company with a mission to make purchasing feel great for a global customer base. Afterpay Touch comprises the Afterpay and Touch products and businesses. Afterpay is driving retail innovation by allowing leading retailers to offer a 'buy now, receive now, pay later' service that does not require end-customers to enter into a traditional loan or pay any upfront fees or interest to Afterpay. Touch comprises innovative digital payment businesses servicing major consumer facing organisations in the telecommunications, health and convenience retail sectors in Australia and overseas.