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AFTERPAY HOLDINGS LIMITED

(ASX: **AFY**)

ASX Announcement

4 May 2016

Afterpay Holdings Limited IPO and Business Update

Afterpay Holdings Limited (Afterpay or the Company) is pleased to announce the successful completion of its initial public offering of securities (IPO) and that it has been admitted to the official list of the Australian Securities Exchange (ASX).

A total of 25 million new shares at $1.00 each have been issued to new shareholders to raise $25 million in new equity. The Afterpay IPO did not incorporate any sell-down by pre-existing shareholders. All pre-existing shareholders have entered into escrow arrangements that restrict dealing in relation to pre-IPO issued shares. Major shareholders comprising Afterpay's co-founders and directors and Touchcorp Limited are escrowed for 24 months from the listing date.

Afterpay warmly welcomes its new institutional and retail shareholders to its register.

The IPO proceeds will be wholly applied to support Afterpay's continuing strong growth profile. The Company continues to integrate the Afterpay platform with leading Australian online retailers and maintains a strong pipeline of prospective retail merchant integrations.

Recent key retail merchant partnership additions that are now live with the Afterpay service include the following leading Australian retailers:

- Glue Store
- Aquila
- Blackmilk
- Tony Bianco
- Dion Lee

Afterpay's management has been very pleased by our end-customers' response to Afterpay's 'buy now, pay later' product and value proposition to date. In addition to the increasing size of Afterpay's end-customer base (approximately 60,000 unique Afterpay end-customers at 30 April 2016), a large proportion of transactions since 1 January 2016 (over 50%) are being generated by repeat Afterpay end-customers. Afterpay's transaction integrity engine continues to be enhanced through increasing transaction volumes and end-customer repayments have continued to trend positively.

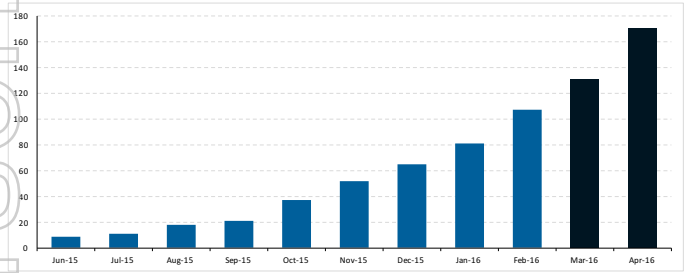
The ability for end-customers to utilise the Afterpay product 'in-store' as well as online remains a key strategic focus and Afterpay has commenced integration and pilot programmes with some key

existing omni-channel retail merchant clients. Afterpay will continue to keep shareholders informed in relation to these developments.

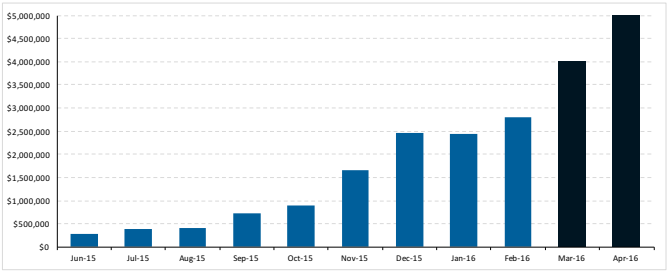
Afterpay's prospectus (lodged on 14 April 2016) included key operational metrics (unaudited) for the period up to 29 February 2016. Afterpay's growth profile has been maintained in the subsequent two months to date as illustrated by the increase in the following key operational metrics (unaudited):

Operational Metric	% INCREASE BETWEEN 29 FEBRUARY 2016 AND 30 APRIL 2016 (UNAUDITED)
Number of integrated retail merchant clients	59%
Underlying merchant monthly sales (April vs February)	79%
Afterpay monthly merchant fees (April vs February)	87%
Unique Afterpay end-customers	58%

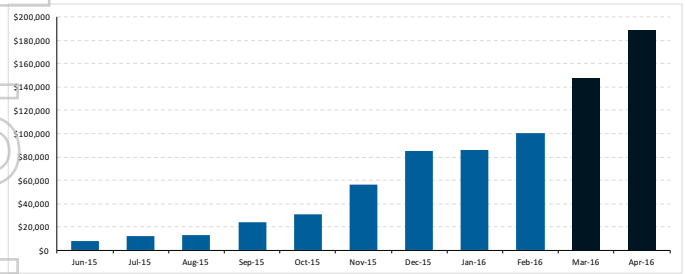
Integrated retail merchant clients



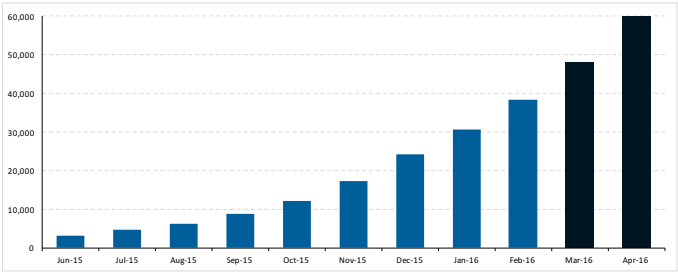
Underlying merchant monthly sales



Afterpay monthly merchant fees



Unique Afterpay end-customers



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The Company's next financial year end is 30 June 2016. Afterpay looks forward to updating shareholders in relation to business developments and the Company's full year audited financial results in due course.

-**ENDS**

For further information, contact:

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About Afterpay:

Afterpay is a technology driven payments company based in Australia. Afterpay facilitates commerce between retail merchants and their end-customers by offering a 'buy now, pay later' service that does not require end-customers to enter into a traditional loan or pay any upfront fees or interest. Afterpay has developed an end-to-end digital platform and transaction integrity engine that performs real-time fraud and repayment capability assessments. Afterpay is currently integrated with many of Australia's leading online retailers.

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