

## **AFTERPAY LIMITED (ASX: APT)**

### **ASX Announcement**

16 December 2019

### **Afterpay US, Inc. 2018 Equity Incentive Plan**

Afterpay Limited (**Afterpay**) wishes to provide the following update in relation to the Afterpay US, Inc. 2018 Equity Incentive Plan (“**Plan**”). As noted in the Company's previous announcement in relation to the Plan on 15 April 2019, APT shareholders approved the Plan (including the potential issue of APT shares in exchange for shares issued under the Plan) at the 2018 Annual General Meeting.

Under the Plan, Afterpay US, Inc. (the Company's US subsidiary) may offer options which give eligible participants a right to acquire common stock (or shares) in Afterpay US, Inc. (“**US Options**”). On vesting and exercise of the US Options, common stock in Afterpay US, Inc. will be allocated (“**exercised shares**”). In specified circumstances, exercised shares may be exchanged for APT shares. Details about the exchange mechanism are set out in the 15 April 2019 announcement, and in the notes to the Company's Financial Statements. Exchange into APT shares generally cannot occur prior to January 2023, in the absence of mutual agreement.

As of the date of this update, the Company confirms the following information:

- A total of 7,788,243 US Options are currently on issue. This number includes options that have been exercised early but remain subject to vesting and a re-purchase right by Afterpay US, Inc. US Options issued since the previous ASX Announcement on 15 April 2019 were all issued to full time US-based employees.
- There is a total of 3,195,561 exercised shares on issue, which are fully vested.
- US Options and exercised shares are not quoted. US Options are not entitled to dividends payable by APT and do not have voting rights.
- APT shares allocated to US Option holders if an exchange occurs will rank equally with all other APT ordinary shares then on issue.
- US Options are issued under a US employee incentive plan which is designed to provide incentives to individuals who are integral to the ongoing success of Afterpay US, Inc.
- US Options are issued for nil cash consideration and the US Options most recently issued in December 2019 have an exercise price of US\$1.81 per share. The exercise price of US Options is set on a periodic basis by reference to a third-party valuation of Afterpay US, Inc. which is conducted for US tax purposes.
- A maximum of 10% of common stock in Afterpay US, Inc. may be issued to participants under the Plan.
- The maximum number of APT shares that can be issued under the Plan in exchange for all exercised shares cannot exceed 21,777,661 APT shares. The Company considers it unlikely that the maximum number of APT shares would be issued because for this to happen it would necessarily mean that the value of APT (excluding the US business) is negligible or very low in comparison to the assessed value of Afterpay US, Inc.

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#### **Afterpay Limited**

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The Plan is currently at or near the maximum 10% issuance. As part of the Company's FY19 Full Year Results announcement, the Company confirmed that future equity incentive awards to US staff will now be provided in the form of equity in APT, the listed company, rather than in Afterpay US, Inc.

**Authorised by:**

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**ENDS**

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