

**AFTERPAY TOUCH GROUP LIMITED
(ASX: APT)**

ASX Announcement

11 June 2019

Not for release to US wire services or distribution in the United States

Capital raising to support mid-term targets and secondary sell-down

Accelerated mid-term strategy

Afterpay Touch Group Limited's (ASX: APT) ("**Afterpay**" or "**Company**") platform and innovative business model continues to resonate with customers and retail partners in Australia and internationally. Our strategy remains focused on global merchant and customer growth, platform innovation and scaling our global infrastructure given an increased appreciation of the size of our global market opportunity and confidence in our differentiated value proposition.

Our experience to date confirms that the US scale-up opportunity is clear, supporting an accelerated investment in the global opportunity. We believe that shareholder value will be maximised by focusing on merchant and customer growth across a mid-term three-year plan.

A strong growth strategy will be the foundation of mid-term value creation. Further to investing in this strategy, we expect operating leverage and earnings growth as we scale towards our end FY2022 target of over A\$20 billion GMV and net transaction margin of c.2% (post accounting changes).¹

Afterpay's mid-term targets and strong international growth is expected to require incremental capital to support:

- The funding of Afterpay's mid-term target of A\$20b ++ of GMV
- Accelerated GMV growth in the US, the UK launch and continued investment in ANZ under the mid-term plan
- Investment in enterprise merchant acquisition and scaling SMB capability ahead of the curve

Capital raising

Afterpay is undertaking a fully underwritten institutional Placement of new shares in Afterpay (New Shares) to eligible investors, to raise a minimum of \$300m, to support Afterpay's mid-term strategy. Afterpay is issuing a fixed c.13.8m New Shares.

¹ This is a target only, not a forecast. Achieving it is subject to a large number of risks, many of which are out of our control. There is no assurance that this target will be met, and we do not represent that it is necessarily achievable or that our strategy will not change.

Pricing will be determined via an institutional bookbuild, with an underwritten floor price of \$21.75 per New Share. The underwritten floor price represents a 10.0% discount to closing price on 7 June 2019. Final pricing and allocation decisions will be determined on behalf of Afterpay by a subcommittee of its Board which is comprised solely of one or more independent non-executive directors. New Shares issued under the Placement will rank equally with Afterpay's existing shares.

No shareholder approval is required for the Placement, as the Company will utilise a portion of its existing placement capacity under ASX Listing Rule 7.1.

Afterpay's shares will remain in a trading halt today while the Placement is conducted. Normal trading in Afterpay shares is expected to resume on 12 June 2019 or such other time as the completion of the Placement is announced to the market.

Secondary Sell-down

Concurrent with the Placement, Anthony Eisen, Nicholas Molnar and David Hancock have agreed to sell 2.05m, 2.05m and 0.40m shares respectively (Secondary Sell-down). The Secondary Sell-down will be allocated to two US cornerstone investors, Tiger Management and Woodson Capital. The Secondary Sell-down represents approximately 1.9% of total shares outstanding in Afterpay. Pricing of the Secondary Sell-down to be the same price as determined under the bookbuild for the institutional Placement.

Mr. Eisen and Mr. Molnar will each remain Afterpay's largest shareholders with a relevant interest in approximately 20.5m shares each, representing an estimated 8.1% of issued capital, following the Secondary Sell-down and institutional Placement. Mr. Eisen, Mr. Molnar and Mr. Hancock have each confirmed that they will not sell any further shares until at least 120 days from today.

Before any Secondary Sell-down will occur, the institutional Placement must be fully subscribed by eligible investors. Any shortfall arising from the institutional Placement will be allocated to Tiger Management and Woodson Capital prior to the sale of any secondary shares. The Secondary Sell-down will be reduced by the amount of any New Shares allocated to Tiger Management and Woodson Capital in the event of a shortfall, up to the maximum 4.5m shares being sold in the Secondary Sell-down.

Share purchase plan

A share purchase plan (SPP) will follow the Placement with eligible Afterpay shareholders in Australia and New Zealand offered the opportunity to acquire additional shares in Afterpay. The SPP will not be underwritten.

Shareholders on the Afterpay register at 7:00pm (Sydney time) on 7 June 2019 (Record date), with a registered address in Australia or New Zealand will be entitled to subscribe for up to \$15,000 worth of Afterpay shares through the SPP (net of any SPP shares allotted in the 2018 SPP), subject to eligibility criteria and other terms and conditions of the SPP which will be set out in the SPP booklet and despatched to eligible shareholders in due course. Shares issued under the SPP will rank equally with existing shares of Afterpay.

The SPP aims to raise approximately \$30m. Afterpay may decide to scale-back applications under the SPP at its absolute discretion. New Shares under the SPP to be issued at the lower of the price paid by investors under the Placement, and the 5 day VWAP of Afterpay shares up to the SPP closing date.

Advisers

Highbury Partnership Pty Limited is acting as financial adviser to Afterpay on the Placement and SPP; Baker McKenzie is acting as legal adviser.

Additional information

Further details about the Placement are set out in the investor presentation which has also been provided to the ASX today. The investor presentation contains important information including key risks and foreign selling restrictions with respect to the Placement.

Nothing in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making an investment decision.

Afterpay has appointed a lead manager to lead manage the offer and underwrite the Placement (Lead Manager). Please refer to the Disclaimer below.

ENDS

For further information, contact:

Investors:	Company:	Media:
David Hancock Group Head davidh@afterpay.com.au	Christopher Stevens General Counsel & Company Secretary christopher.stevens@afterpay.com.au	Melissa Patch - Cato & Clegg t) 0412 124 195 melissa@catoandclegg.com

About Afterpay Touch Group

Afterpay Touch Group (ATG) is a technology-driven payments company with a mission to make purchasing feel great for a global customer base. ATG 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. Afterpay currently has over 4.3 million active customers and approximately 30,600 active retail merchants on-boarded. Touch comprises innovative digital payment businesses servicing major consumer-facing organisations in the telecommunications, health and convenience retail sectors in Australia and overseas.

Disclaimer

None of the Lead Manager, nor any of its respective related bodies corporate or affiliates, or any of its respective security holders, directors, officers, employees, partners, agents and advisers (Beneficiaries) has authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this announcement and accompanying presentation, and there is no statement in this announcement or accompanying presentation which is based on any statement by any of them. Neither the Lead Manager, nor its respective Beneficiaries, have independently verified the information in this announcement or accompanying presentation. To the maximum extent permitted by law, Afterpay, the Lead Manager, and each of their respective Beneficiaries exclude and disclaim all liability (whether direct or indirect), including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in the offer. The Lead Manager and each of its respective Beneficiaries make no recommendations as to whether you or your related parties should participate in the offer nor do they make any representations or warranties to you concerning the offer, and you represent and warrant and agree that you have not relied on any statements made by the Lead Manager or any of their respective Beneficiaries in relation to the offer. The Lead Manager and its respective Beneficiaries may have interests in Afterpay shares. Further, they may act as a market maker or buy or sell Afterpay shares. The Lead Manager may also receive fees for acting in its capacity as Lead Manager of the Placement. You acknowledge that each of the Lead Manager and its

respective Beneficiaries is not acting nor is it responsible as a fiduciary, agent or similar capacity to you, your officers, employees, consultants, agents, security holders, creditors or any other person. You expressly disclaim any fiduciary relationship and you agree that you are responsible for making your own independent judgments with respect to any matters contained in this announcement or accompanying presentation.

Determination of eligibility of investors to participate in the Placement is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Afterpay and/or the Lead Manager. Afterpay, the Lead Manager and each of their respective Beneficiaries disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. The Lead Manager may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Placement without having independently verified that information and the Lead Manager does not assume responsibility for the accuracy or completeness of that information.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be registered, under the US Securities Act of 1993, as amended (the "Securities Act") and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the Securities Act and applicable US state securities laws.