

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

AFTERPAY TOUCH GROUP LIMITED (the Company)

ACN

618 280 649

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | Fully paid ordinary shares ( <b>Shares</b> ).<br>Convertible Note ( <b>Convertible Note</b> ).  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 2,880,426 Shares and 2 Convertible Notes  |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <b>Shares</b><br>The Shares are fully paid ordinary shares. 1,440,213 Shares are voluntarily escrowed until 16 January 2021 and 1,440,213 Shares are voluntarily escrowed until 16 January 2025. Exceptions to these restrictions include: <ul style="list-style-type: none"><li>• a change in control of the Company;</li><li>• conversion of the convertible notes in accordance with its terms; or</li><li>• if the Afterpay Touch Board decides not to continue its business development activities in the United States.</li></ul> <b>Convertible Note</b><br>Each Convertible Note is issued by the |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

Company's wholly owned US subsidiary, Afterpay US, Inc. and are unsecured, un-quoted convertible notes with the following key terms:

- a total face value of US\$100,000;
- interest payable of 6% per annum;
- a conversion period of 5 - 7 years from the date of issue, with conversion at the noteholder's election; and
- a conversion value based on up to 10% of the future value of Afterpay US in excess of US\$50 million, to be determined by independent valuation using valuation metrics, multiples and methods which the market is using to value Afterpay Touch at the time of conversion. The conversion value will be issued in the form of Afterpay Touch shares, valued at the market price of Afterpay Touch shares at the relevant time. conversion of the convertible notes may be accelerated, at the Company's election, in certain circumstances as set out in the separate convertible note cleansing notice
- The number of Afterpay Touch shares that may be issued on conversion of the Convertible Note is capped at 10% of the issued share capital of the Company as at the date of issue of the Convertible Note, being 18 January 2018 (i.e. 21,489,619 Shares being 10% of 214,896,193).

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

The Shares will be quoted and will rank equally with all other ordinary shares on issue in the Company.

The Convertible Notes will not be quoted or rank equally with any class or quoted securities. However, fully paid ordinary shares issued on conversion of the convertible note will be quoted. Under the terms of issue of the convertible note, those shares will rank equally with all other ordinary shares then on issue in the Company.

**Appendix 3B**  
**New issue announcement**

---

5	Issue price or consideration	<p><b>Shares:</b> \$6.51 per share</p> <p><b>Convertible Notes:</b> The Convertible Notes were issued at a total subscription price of USD 100,000 (which is approximately AUD 125,735.00 at the exchange rate on the date of this Appendix 3B).</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>As announced by the Company on 16 January 2018, the Company has entered into a strategic relationship and new share issuance transaction with Matrix Partners (<b>Matrix</b>). Matrix will collaborate with and provide advice to Afterpay Touch to further investigate and execute a potential expansion into the United States. The equity capital raised in relation to the Matrix transaction will be applied for general working capital purposes and while there is no requirement for this capital to be applied to any particular activity, it has been ear-marked to facilitate the potential development of a US based team and market initiation strategy.</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>No</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>N/A</p>
6c	Number of +securities issued without security holder approval under rule 7.1	<p>2,880,426 Shares and 2 Convertible Notes</p>
6d	Number of +securities issued with security holder approval under rule 7.1A	<p>N/A</p>

---

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) N/A

6f Number of +securities issued under an exception in rule 7.2

6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. N/A

6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements N/A

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements See Annexure 1

7 +Issue dates  
 Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  
 Cross reference: item 33 of Appendix 3B. 19 January 2018

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	164,776,619	Fully paid ordinary Shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	53,000,000	Fully paid ordinary shares subject to ASX escrow until 4 May 2018

**Appendix 3B**  
**New issue announcement**

3,600,000	Options exercisable at \$1.00 each on or before 31 December 2020 and subject to ASX escrow until 4 May 2018
700,000	Options exercisable at \$0.20 each on or before 1 September 2020 and subject to ASX escrow until 4 May 2018
20,000	Options exercisable at \$2.77 each on or before 31 December 2020
9,965,000	Options exercisable at \$0.20 each on or before 31 December 2020
900,000	Options exercisable at \$2.30 each on or before 31 December 2020
136,667	Options exercisable at \$2.23 each on or before 31 December 2020
70,000	Options exercisable at \$2.71 each on or before 31 December 2020
600,000	Options exercisable at \$2.32 each on or before 31 December 2020
47,500	Performance Rights
2	Convertible Notes

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The dividend policy for the Shares will rank equally with the policy for existing shares on issue.
----	--	--

**Part 2 - Pro rata issue**

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or sub registers) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A

## Appendix 3B New issue announcement

---

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	*Issue date	N/A

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of +securities  
(*tick one*)
- (a)  +Securities described in Part 1\*  
*\*The Company is only applying for quotation of the Shares (not the Convertible Note) described in Part 1.*
- (b)  All other +securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

---

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

38 Number of +securities for which +quotation is sought 

N/A
-----

39 +Class of +securities for which quotation is sought 

N/A
-----

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?  
If the additional +securities do not rank equally, please state:  

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A
-----

41 Reason for request for quotation now  
Example: In the case of restricted securities, end of restriction period  
  
(if issued upon conversion of another +security, clearly identify that other +security)

N/A
-----

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	N/A	N/A



## Appendix 3B

### New issue announcement

---

#### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



**Sophie Karzis**  
Company Secretary  
19 January 2018

---

+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid <sup>+</sup> ordinary securities on issue 12 months before the <sup>+</sup> issue date or date of agreement to issue	214,755,360 fully paid ordinary shares on issue as at 6 July 2017
<b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid <sup>+</sup>ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid <sup>+</sup>ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid <sup>+</sup>ordinary securities that became fully paid in that 12 month period</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	50,000 fully paid ordinary shares issued on 11 August 2017 57,500 fully paid ordinary shares issued on 18 September 2017 18,000 fully paid ordinary shares issued on 17 October 2017 15,333 fully paid ordinary shares issued on 1 November 2017
<b>Subtract</b> the number of fully paid <sup>+</sup> ordinary securities cancelled during that 12 month period	Nil
“A”	<b>214,896,193</b>
<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	<b>32,234,428</b>

**Appendix 3B**  
**New issue announcement**

<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>2,880,426 fully paid ordinary shares on 19 January 2018</p> <p>2 Convertible Notes on 19 January 2018 (the Notes are convertible into a maximum of 21,489,619 underlying fully paid ordinary shares)</p>
<b>“C”</b>	<b>24,370,045</b>
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	32,234,428
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	24,370,045
<p><b>Total [“A” x 0.15] – “C”</b></p>	<p><b>7,864,383</b></p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of *equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	
<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	
<b>Total</b> [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>