

AFTERPAY TOUCH GROUP LIMITED
(ASX: APT)

ASX Announcement

18 December 2018

Appendix 3B for new option issue

Please see attached Appendix 3B in respect of a new option issue under the Company's employee incentive plan.

Confirmation of prior option issue

The Group's Chief Financial Officer commenced employment with Afterpay Touch Group Limited ("**Company**") on 21 May 2018 and was awarded 1,350,000 options under the Company's employee incentive plan as part of his employment arrangements. Details of the CFO's option award were included in the Company's 2018 Annual Report on 23 August 2018 in compliance with accounting standards as a share-based payment expense with effect from 21 May 2018 which was the date the CFO commenced employment, even though the options had not yet been issued at that time. The options were issued on 30 August 2018 and were reported in the Appendix 3B lodged on 30 August 2018. These options are included in this current Appendix 3B as part of the list of options currently on issue. The options have an exercise price of \$5.00 per share and an expiry date of 31 December 2022. As previously announced, the options are subject to vesting conditions including:

- Time-based vesting conditions;
- Continuing service vesting conditions; and
- Performance based vesting conditions.

ENDS

For further information, contact:

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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 2.8 million customers and over 21,000 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.

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 | Options, each to acquire one fully paid ordinary share (Options). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 40,000 Options. |
| 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) | <p>The Options are issued to an employee of the Group under the Company's Employee Incentive Plan (Plan). The principal terms of the Options are as follows:</p> <ul style="list-style-type: none">▪ The Options are each exercisable into one Share at an exercise price of \$12.71 on or before the expiry date of 31 December 2022.▪ Each Option will vest into a Share, subject to holder's payment of the exercise price and satisfaction of prescribed vesting conditions, comprising:<ul style="list-style-type: none">○ Time-based vesting conditions○ Continuing service vesting conditions○ Performance based vesting conditions |
| 4 | Do the +securities rank equally in all respects from the +issue | The Options will not be quoted or rank equally with any class of quoted securities. However, Shares issued on the exercise of the Options will |

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<p>date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p>be quoted. From the date of issue of those Shares, the Shares will rank equally with all other ordinary shares then on issue in the Company.</p>
<p>5 Issue price or consideration</p>	<p>The Options are issued for nil cash consideration.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Options are issued under the Plan. The Options are designed to provide incentives to the holders, who are integral to the ongoing success of the Company.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? 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>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>
<p>6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<p>N/A</p>

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6f Number of +securities issued under an exception in rule 7.2 40,000 Options

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 18 December 2018
 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.

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	233,917,589	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)	3,600,000	Options exercisable at \$1.00 each on or before 31 December 2020
	700,000	Options exercisable at \$0.20 each on or before 1 September 2020
	20,000	Options exercisable at \$2.77 each on or before 31 December 2020
	3,650,000	Options exercisable at \$0.20 each on or before 31 December 2020

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750,000	Options exercisable at \$2.30 each on or before 31 December 2020
45,000	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
40,000	Options exercisable at \$4.34 each on or before 31 December 2020
240,000	Options exercisable at \$4.33 each on or before 31 December 2022
250,000	Options exercisable at \$6.58 each on or before 31 December 2022
850,000	Options exercisable at \$3.00 each on or before 31 December 2022
750,000	Options exercisable at \$7.68 each on or before 31 December 2022
10,000	Options exercisable at \$14.29 each on or before 31 December 2022
25,000	Options exercisable at \$14.41 each on or before 31 December 2022
100,000	Options exercisable at \$5.66 each on or before 31 December 2022
60,000	Options exercisable at \$7.68 each on or before 31 December 2022
1,350,000	Options exercisable at \$5.00 each on or before 31 December 2022
500,000	Options exercisable at \$2.70 each on or before 31 December 2022
300,000	Options exercisable at \$10.40 each on or before 31 December 2022
50,000	Options exercisable at \$14.66 each on or before 31 December 2022
500,000	Options exercisable at \$5.83 each on or before 31 December 2022
100,000	Options exercisable at \$5.89 each on or before 31 December 2022
150,000	Options exercisable at \$7.68 each on or before 31 December 2022

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20,000	Options exercisable at \$11.94 each on or before 31 December 2022
40,000	Options exercisable at \$12.98 each on or before 31 December 2022
370,000	Options exercisable at \$16.96 each on or before 31 December 2022
500,000	Options exercisable at \$11.59 each on or before 31 December 2022
2,699,087	Options exercisable at \$2.70 each on or before 1 September 2022
60,000	Options exercisable at \$12.50 each on or before 31 December 2022
40,000	Options exercisable at \$12.71 each on or before 31 December 2022
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.
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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
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

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18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	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
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

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32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 +Issue date

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

(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

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

39 +Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

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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 (<i>including</i> the +securities in clause 38)	N/A	N/A

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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.



Christopher Stevens
General Counsel & Company Secretary
18 December 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

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	214,896,193
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>2,880,426 fully paid ordinary shares on 19 January 2018</p> <p>1,150,000 fully paid ordinary shares issued on 30 August 2018</p> <p>338,116 Loan Shares on 30 August 2018</p> <p>6,864,383 fully paid ordinary shares on 31 August 2018</p> <p>575,000 fully paid ordinary shares issued on 4 September 2018</p> <p>1,043,333 fully paid ordinary shares issued on 19 September 2018</p> <p>1,473,471 fully paid ordinary shares issued on 24 September 2018</p> <p>1,095,001 fully paid ordinary shares issued on 30 November 2018</p> <p>125,000 fully paid ordinary shares issued on 3 December 2018</p> <p>2,726,666 fully paid ordinary shares issued on 14 December 2018</p>
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	233,167,589

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	34,975,138
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert 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"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	750,000 fully paid ordinary shares on 23 August 2018
“C”	750,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	34,975,138
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	750,000
Total [“A” x 0.15] – “C”	34,225,138 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert 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"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <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> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>