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Afterpay Touch Group Limited
(ASX: **APT**)

ASX Announcement

13 July 2017

Afterpay Touch Group Limited (ASX:APT) (**Afterpay Touch Group** or the **Company**) is pleased to announce a number of significant developments:

- Completion of the Afterpay and Touchcorp merger effective 6 July 2017, following inter-dependent schemes of arrangement which received overwhelming shareholder support
- Appointment of a strong management team and structure to ensure resolute focus on Afterpay growth and performance is maintained while at the same time integrating the teams and enhancing Touchcorp key business lines
- The Afterpay business continues to build momentum. Strong underlying growth and performance continued in June 2017. Key metrics (unaudited) include:
  - 87% increase in underlying quarterly sales to $271m for the 3 months ended 30 June 2017 (over $560m for FY17). Underlying annualised sales are tracking well in excess of $1 billion
  - Over 6,000 merchants now on-boarded and over 840,000 customers as at 30 June 2017
  - Strong pipeline of integrating merchants for both online and in-store. Several large retail groups in the on-boarding stage
  - Key partnerships with Trade Me (New Zealand), BigCommerce and Tyro continue towards launch in the second half of the calendar year and are yet to contribute to underlying performance
  - The business development opportunity for Afterpay in Australia and overseas is significant as new partnership and market opportunities are now being systematically evaluated
- The Touchcorp key mobility business is performing well and in line with expectations for the 6 month period to 30 June 2017. Other Touch businesses also performing in line with expectations
- Afterpay Touch Group intends to publish audited accounts by the end of August 2017

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Completion of Afterpay and Touchcorp Merger

Afterpay Touch Group is pleased to announce that the merger between Afterpay Holdings Limited (**Afterpay**) and Touchcorp Limited (**Touchcorp**) under Afterpay Touch Group as a holding company, has been successfully implemented, effective 6 July 2017.

Executive Chairman Anthony Eisen said, "The Afterpay and Touchcorp merger represents a significant milestone and will enable Afterpay to be fully integrated from a technology perspective and boost the growth and earnings potential of the combined business.

I am excited by the prospect of what Afterpay Touch Group can achieve with the expanded skill set and resources now working together. We have a highly talented team and we are confident that the management structure sets us up well for maintaining a focused approach to business growth and performance while at the same time bringing the companies together from an operational perspective and realising merger synergies.

We can already see the benefits of the combined management team working together to accelerate expansion and improvement projects currently active within the group.

The current platform will also be an enabler to what is now assessed to be a significant opportunity to expand the Afterpay business in Australia and overseas markets. A systematic evaluation of further expansion opportunities is currently taking place.

The Touch businesses in the key mobility, health and retail convenience sectors will continue to receive full executive support and are expected to benefit in due course from the combined platform benefits and innovation focus of the merged group."

Afterpay Touch Group's Board and Senior Management

The Company provides the following details of its Board and Senior Management structure:

- The Board of Afterpay Touch Group comprises Anthony Eisen (Executive Chairman), Nicholas Molnar, David Hancock, Michael Jefferies, Clifford Rosenberg and Elana Rubin
- Anthony Eisen, in the role of Executive Chairman, will focus on Afterpay Touch Group strategy and facilitating the Company's growth agenda
- It is the intention of the Afterpay Touch Group Board to appoint David Hancock to the role of Afterpay Touch Group Head, under terms which are currently being agreed and will be disclosed in due course. David will have primary responsibility for bringing the Afterpay and

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Touchcorp businesses and teams together and ensuring the common resources of the Company are utilised to effectively support business requirements, drive performance and extract merger synergies. Following David's appointment, David will also remain on the Company's Board

- Nicholas Molnar (Executive Director) will continue to maintain a resolute focus on the performance and growth of the Afterpay business in Australia and overseas in his role as the Head of Afterpay

- As foreshadowed prior to the merger, Nadine Lennie has been appointed as Chief Financial Officer of the Afterpay Touch Group

Corporate Structure and Shareholders

As a result of the merger, which was effected by way of inter-conditional schemes of arrangement:

- Afterpay and Touchcorp are now wholly-owned subsidiaries of Afterpay Touch Group

- Holders of Afterpay and Touchcorp shares at the record date of 3 July 2017 at 7.00pm (AEST) have been issued with a total of 214,755,360 shares in Afterpay Touch Group, as consideration under the respective Afterpay and Touchcorp schemes

Holding statements for Afterpay Touch Group shares were despatched to shareholders on 7 July 2017, and Afterpay Touch Group shares commenced normal trading on the ASX on 10 July 2017.

Afterpay Business Update

Strong growth and performance in all key operating metrics in Q4 FY17:

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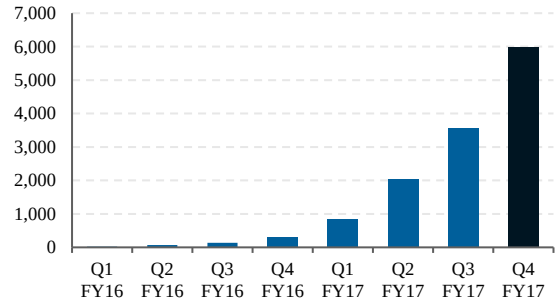
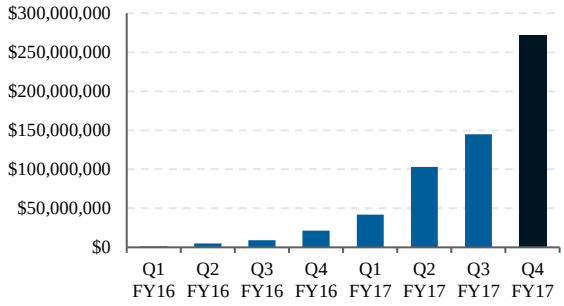
Operating Metric	% Increase (unaudited)
Number of integrated retail merchants *(increase from end Q3 FY17 to end Q4 FY17)*	67%
Underlying merchant sales *(Q4 FY17 total versus Q3 FY17 total)*	87%
Afterpay merchant fees *(Q4 FY17 total versus Q3 FY17 total)*	82%
Unique Afterpay end-customers *(Q4 FY17 total versus Q3 FY17 total)*	51%

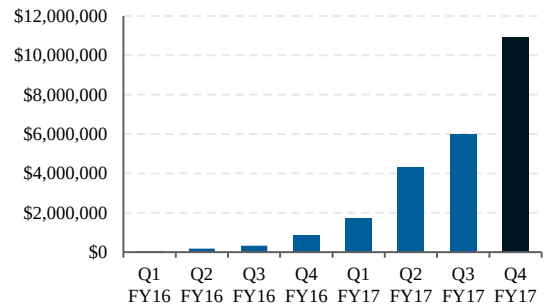
Integrated retail merchants



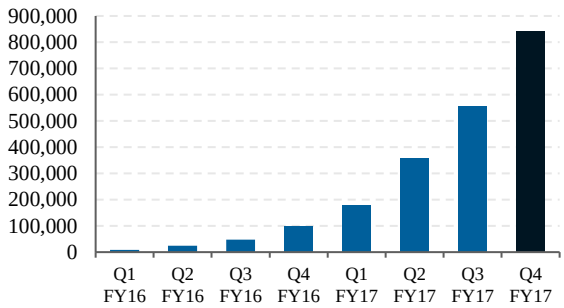
Underlying quarterly merchant sales



Afterpay quarterly merchant fees



Unique Afterpay end-customers



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Afterpay's transaction integrity capability continues to be enhanced with scale. The improved net transaction loss performance achieved in 1H FY17 has been sustained in 2H FY17 (unaudited), despite the significant increase in underlying sales, expanded retail footprint and broadening demographic customer base.

Afterpay maintains a strong pipeline of integrating merchants for both online and in-store. Enterprise customers that have very recently on-boarded or are in the process of integrating include:

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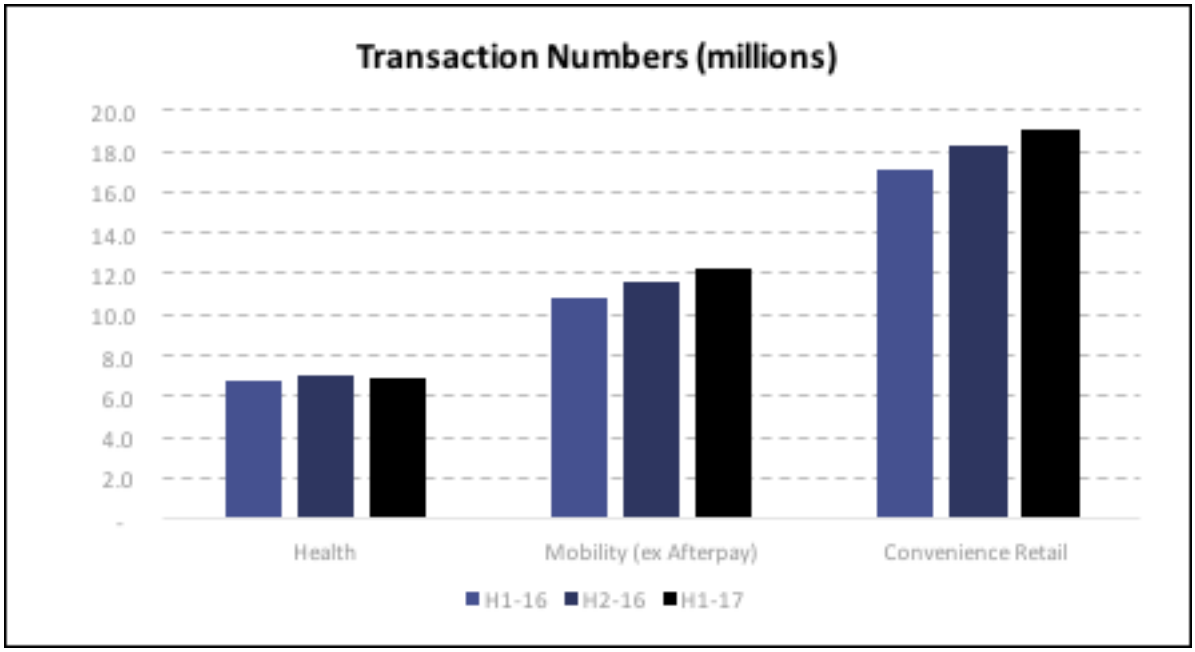
Touchcorp Business Update

The Touchcorp business lines (excluding Afterpay) continue to perform well with good growth in transaction numbers compared with the half year ended 30 June 2016.



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FY17 Accounts and Results

The FY17 annual report for the Afterpay Touch Group will be available by end August 2017. The accounts for Afterpay Touch Group will reflect the merger as an acquisition of Touchcorp Limited by Afterpay Holdings Limited immediately prior to 30 June 2017.

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 800,000 customers and over 6,000 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.