

AFTERPAY TOUCH GROUP LIMITED
(ASX: APT)

ASX Announcement

4 July 2019

Shareholder Letter - Share Purchase Plan Deferral

Afterpay Touch Group Limited (ASX: APT) attaches a letter to be sent to shareholders about the Share Purchase Plan (**SPP**).

On 26 June 2019, Afterpay announced that the Board had determined that it would be in the interests of shareholders to defer the SPP which was previously announced on 11 June 2019 until the Company has considered the final audit report to be prepared by the external auditor appointed by AUSTRAC and its recommendations.

ENDS

For further information, contact:

Investors:	Company:	Media:
Luke Bortoli Chief Financial Officer luke.bortoli@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.

4 July 2019

AFTERPAY TOUCH GROUP – SHARE PURCHASE PLAN DEFERRAL

Dear Shareholder,

The Board of Afterpay Touch Group (ASX:APT) thanks you for your continued support of our Company and what we're trying to achieve. We are committed to continuing to work hard for our customers, our retail partners and for you, our valued shareholders, as we take our Australian start-up global.

We write to you today regarding the Share Purchase Plan (SPP) announced on 11 June 2019. The Board recently decided to defer the SPP while we undertake the AUSTRAC external audit. We believe it is prudent and in the interests of shareholders to defer the SPP until after the audit is complete.

What is the Share Purchase Plan?

Afterpay announced on 11 June 2019 that it would offer eligible shareholders the opportunity to acquire additional shares under a Share Purchase Plan.

Why is the SPP being deferred?

After announcing our intention to offer the SPP, Afterpay received a notice from AUSTRAC requiring us to appoint an independent external auditor to audit our Anti-Money Laundering / Counter Terrorism Funding compliance. We welcome the opportunity to continue to work closely and constructively with AUSTRAC and will approach this formal process as a way to ensure that our AML/CTF compliance is robust.

At the time the SPP was announced, we were in dialogue with AUSTRAC but were unaware of AUSTRAC's decision to serve the notice until 12 June 2019. We did, however, make it clear in our Investor Presentation, released to the market on 11 June 2019, that there was a risk of an external audit.

As advised in our ASX Announcement on 26 June 2019, we have nominated three auditors and we expect the audit process to commence as soon as AUSTRAC selects one of the three. We believe it is prudent and in the interests of shareholders to delay the SPP until the AUSTRAC audit process is complete. We also announced that we have reserved the right not to go ahead with the SPP.

Will the deferral result in any changes to the SPP?

When and if the SPP proceeds, the terms and conditions will remain unchanged including:

- The Company's intention to issue shares at the lower price of \$23.00, being the Placement price, and the 5-day VWAP of Afterpay shares up to the SPP Closing Date
- The Record Date of 7 June 2019 or conditions by which a shareholder can be deemed eligible for participation
- The maximum amount of shares eligible shareholders can subscribe for (\$15,000).

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The SPP deferral will change:

- The date that the SPP may be offered
- The ability of all eligible shareholders to apply for the full \$15,000 entitlement regardless of any allocation made to them during the 2018 SPP (this is because 12 months will have passed between the two offers).

While it is our current intention to offer the SPP, the Company reserves the right not to proceed with the SPP if it considers it appropriate to do so.

We understand many shareholders may wish to participate in the SPP, and we will keep you updated about the deferred offer. While we understand shareholders may be disappointed with this decision, we do believe deferring the Plan is the most responsible course of action. Importantly, we have also decided to keep the key terms to ensure shareholders will not be disadvantaged in the event the SPP is launched at a later date.

Again, we appreciate your ongoing support and are excited to be on this journey with you.

Yours sincerely,



Elana Rubin
Interim Chair
Afterpay Touch Group

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