



Afterpay Limited

SGX Announcement

12 January 2022

A\$1,500,000,000 Zero Coupon Convertible Notes due 2026 (the “Notes”) Noteholders’ Conversion Option and Redemption Option

Please see the attached notice.

Authorised by

Anthony Eisen
Co-CEO & Managing Director

12 January 2022

A\$1,500,000,000 Zero Coupon Convertible Notes due 2026 (the “Notes”) Noteholders’ Conversion Option and Redemption Option

Afterpay Limited (“**Afterpay**”) refers to the proposed acquisition by Lanai (AU) 2 Pty Ltd, a wholly owned indirect subsidiary of Block, Inc. (formerly known as Square, Inc.) (NYSE: SQ) (“**Block**”), of Afterpay by way of scheme of arrangement (the “**Scheme**”) and the related announcements dated 8 November 2021, 6 December 2021 and 21 December 2021. Capitalised terms in this announcement have the meaning given to them in the offering circular dated 10 March 2021 in relation to the Notes and which sets out the terms of the Notes (the “**Notes Terms**”) (unless otherwise defined).

On 21 December 2021, Afterpay issued a Notice of Change of Control to Noteholders (the “**Relevant Event Notice**”) informing Noteholders that a Change of Control under the Notes Terms had been deemed to occur on 14 December 2021. As a result of the deemed Change of Control, Noteholders are reminded that they are entitled to elect to:

- (1) exercise their Conversion Rights to require Afterpay to convert some or all of their Notes into Ordinary Shares of Afterpay at the Adjusted Conversion Price within 30 calendar days following the date of the Relevant Event Notice (the “**Conversion Option**”); and/or
- (2) require Afterpay to redeem some or all of their Notes at 100% of their principal amount within 60 calendar days following the date of the Relevant Event Notice (the “**Redemption Option**”),

in each case as provided under and in accordance with the Notes Terms.

The purpose of this notice is to remind Noteholders of their Conversion Option and Redemption Option

Noteholders’ Conversion Option

Pursuant to the Change of Control, Noteholders are entitled (at such Noteholder’s option) to exercise their Conversion Rights to require Afterpay to convert their Notes into Ordinary Shares of Afterpay within 30 calendar days following the date of the Relevant Event Notice (which was given on 21 December 2021), subject to and as provided in the Notes Terms.

The Conversion Price immediately prior to the occurrence of the Change of Control is A\$194.8220 per Ordinary Share. Pursuant to, and in accordance with the formula set out in, Condition 6(b)(x) of the Notes, any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period will be subject to an adjusted Conversion Price of A\$141.00 per Ordinary Share (the “**Adjusted Conversion Price**”). The Closing Price of the Ordinary Shares of Afterpay as quoted by the ASX Limited on 11 January 2022 was A\$73.51 per Ordinary Share.

In accordance with Condition 6(b)(x), the “**Change of Control Period**” commenced on 14 December 2021 (the date the resolution to approve the Scheme was passed by the requisite majorities of shareholders at the Adjourned Scheme Meeting) and will end on 20 January 2021 (30 calendar days following the date of the Relevant Event Notice).

A Noteholder may exercise the Conversion Right in respect of a Note by delivering a duly completed Conversion Notice to the specified office of any Conversion Agent during its usual business hours (being between 9.00 a.m. and 5.00 p.m. (Hong Kong time), Monday to Friday other than public holidays) in accordance with Condition 6(h) of the Notes. The form for the Conversion Notice may be obtained from any Conversion Agent.

Noteholders who wish to exercise their Conversion Option should submit their duly completed Conversion Notice before 5.00 p.m. (Hong Kong time) on 20 January 2022.

Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Principal Paying and Conversion Agent or such other Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is made after 5.00 p.m. (Hong Kong time) on a business day or on a day which is not a business day, in either case in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any Conversion Notice delivered shall also specify the Noteholder's account at Euroclear or Clearstream to be debited with such Notes, and contain an irrevocable authorisation to Euroclear or Clearstream to effect such debit. A Conversion Notice, once delivered, shall be irrevocable.

The conversion date (the "**Conversion Date**") in respect of any Note that is the subject of a Conversion Notice shall be the second business day following the date of the delivery of the Conversion Notice to the relevant Conversion Agent.

Noteholders' Redemption Option

Pursuant to the Change of Control, Noteholders are also entitled to (at such Noteholder's option) require Afterpay to redeem all or some only of their Notes on the Relevant Event Redemption Date (as defined below) at 100% of their principal amount within 60 calendar days following the date of the Relevant Event Notice (which was given on 21 December 2021), subject to and as provided in the Notes Terms.

To exercise such right, Noteholders must submit their electronic instruction(s) through the relevant clearing systems in respect of such Noteholders' Redemption Option in accordance with the relevant clearing systems' requirements by not later than 19 February 2022 (being 60 days following the date of the Relevant Event Notice).

As 19 February 2022 falls on a Saturday, Noteholders who wish to exercise their Redemption Option should submit their duly completed electronic instruction(s) through the relevant clearing systems before 5.00 p.m. (Hong Kong time) on 18 February 2022.

The "**Relevant Event Redemption Date**" will be 4 March 2022 (being the 10th business day after the expiry of such period of 60 days as referred to above).

A Relevant Event Redemption Notice, once delivered, will be irrevocable and, on the Relevant Event Redemption Date, Afterpay will redeem the Notes that are the subject of such Relevant Event Redemption Notice.

Principal Paying and Conversion Agent

The contact details of the Principal Paying and Conversion Agent are set out below:

Principal Paying and Conversion Agent

The Hongkong and Shanghai Banking Corporation Limited

Level 24, HSBC Main Building
1 Queen's Road Central
Hong Kong

Fax no.: +852 3478 9198
Email: hkpayingagentctla@hsbc.com.hk
Attention: Issuer Services

Afterpay's Redemption Option

If 85% or more of the aggregate principal amount of the Notes originally issued are converted, redeemed or purchased and cancelled, Afterpay will have the option, at any time, to redeem all but not some only of the remaining outstanding Notes at 100% of their principal amount. To exercise this option, Afterpay must give not less 30 nor more than 60 calendar days' notice to the Noteholders, the Trustee and the Principal Paying and Conversion Agent in accordance with the Notes Terms.

Afterpay intends to exercise its right to redeem the balance of the Notes that are outstanding once at least 85% of the principal amount of the Notes have been converted or redeemed. Block has indicated to Afterpay that, to the extent Noteholders do not elect to convert or redeem their Notes in connection with the Scheme, and the 85% redemption or conversion threshold is not met, then following implementation of the Scheme, Block intends to use the general compulsory acquisition power under the *Corporations Act 2001* (Cth) to acquire the remaining Notes on foot.

Please refer to the Notes Terms for the full details on the consequences of the Scheme. The Notes Terms shall prevail if there are any inconsistencies. This Notice does not take into account an individual Noteholder's circumstances. Please consult your professional advisers for information and advice on dealing with the Notes.

Authorised by

Amanda Street
Company Secretary

Afterpay Limited