



Afterpay Limited ASX: APT

ASX Announcement

7 December 2021

Update on Scheme of Arrangement and Scheme Meeting to be held on 14 December 2021

Afterpay Limited (**Afterpay**) refers to the proposed acquisition by Lanai (AU) 2 Pty Ltd, a wholly owned indirect subsidiary of Square, Inc. (NYSE: SQ) (**Square**), of Afterpay by way of scheme of arrangement (**Scheme**) and advises that the Supreme Court of New South Wales (**Court**) has today made orders in connection with the conversion of the Bank of Spain condition precedent to a condition subsequent to be satisfied prior to implementation, the adjourned Scheme Meeting and Second Court Date and approving further materials for dispatch to Afterpay shareholders outlining details of the adjourned Scheme Meeting. The adjourned Scheme Meeting will be held at **9.00am (AEDT) on Tuesday, 14 December 2021¹**.

Given all other regulatory conditions set out in detail in section 3.11(a)(1) of the Scheme Booklet have been satisfied, this will allow Afterpay to proceed with the Scheme Meeting and the Second Court Date and have the Scheme become effective before the end of CY21, notwithstanding the fact that the Bank of Spain condition will not likely be satisfied before the Scheme Meeting. Implementation of the Scheme will not occur until the Bank of Spain condition has been satisfied.

Afterpay will continue to work with Square to progress the remaining steps required to implement the Scheme, with implementation still anticipated to occur in Q1 CY22.

A letter setting out further information for Afterpay shareholders is attached to this announcement. Also attached as Annexure A to the letter is a supplementary letter received from the Independent Expert, Lonergan Edwards & Associates Limited (**Lonergan Edwards**), setting out Lonergan Edwards' continued view that the Scheme is fair and reasonable and in the best interests of Afterpay shareholders, in the absence of a Superior Proposal. The Independent Expert's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet.

¹ The previously advised date of the Scheme Meeting was 6 December 2021.



The Afterpay Directors continue to unanimously recommend that Afterpay shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Afterpay shareholders. Each Afterpay Director intends to vote all of the Afterpay Shares held or controlled by them in favour of the Scheme subject to the same qualifications.²

Afterpay shareholders who have questions in relation to the Scheme should contact the Afterpay Shareholder Information Line on 1300 229 418 (within Australia), or +61 2 9066 4051 (outside Australia) between Monday to Friday (excluding public holidays in Australia) between 9.00am and 5.00pm (AEDT).

Authorised by

Anthony Eisen
Co-CEO & Managing Director

Ends

For further information please contact

| Investors | Media | Company |
|---|--|--|
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² In relation to the recommendation of Co-CEOs Anthony Eisen and Nick Molnar, Afterpay shareholders should have regard to the fact that, if the Scheme is implemented, each of Anthony Eisen and Nick Molnar will receive those entitlements as described in section 10.1 of the Scheme Booklet.



Tuesday, 7 December 2021

Dear Afterpay shareholder

Update on proposed acquisition of Afterpay by Square, Inc.: update on Scheme Meeting, update on conditions precedent and revised timetable

You will have previously received the Scheme Booklet relating to the proposed acquisition by Lanai (AU) 2 Pty Ltd, a wholly owned indirect subsidiary of Square, Inc. (NYSE: SQ) (**Square**) of Afterpay Limited (**Afterpay**) by way of scheme of arrangement (**Scheme**). A copy of the scheme booklet dated 5 November 2021 (**Scheme Booklet**) is also available on Afterpay's website at <https://corporate.afterpay.com/investors/egm-2021>. Unless otherwise indicated capitalised terms used in this letter have the meaning given to them in the Scheme Booklet.

The meeting of Afterpay shareholders to vote on the Scheme (**Scheme Meeting**) was scheduled for Monday, 6 December 2021.

The Scheme Meeting has been adjourned and the revised details for the online Scheme Meeting are:

Location: Virtual meeting at <http://web.lumiagm.com/354553219>

Date: Tuesday, 14 December 2021

Time: 9.00am (AEDT)

As previously announced, having regard to the uncertainty and potential health risks associated with large gatherings during the COVID-19 pandemic, the Scheme Meeting will be conducted as a virtual meeting and Afterpay shareholders will not be able to attend the Scheme Meeting in person. Afterpay shareholders and their authorised proxies, attorneys and corporate representatives may participate in the Scheme Meeting through an online platform available at <http://web.lumiagm.com/354553219> (meeting ID 354553219). Afterpay shareholders who participate in the Scheme Meeting via the online platform will be able to listen to the Scheme Meeting, cast a vote online and ask questions.

The Scheme Meeting was opened at 10:00am on Monday, 6 December 2021 and was immediately adjourned to 9.00am (AEDT) on Tuesday, 14 December 2021.

Afterpay notes that all regulatory conditions set out in detail in section 3.11(a)(1) of the Scheme Booklet including FIRB, OIO, Spanish FDI, US HSR and ATO have been satisfied, with the exception of the Bank of Spain condition. Afterpay and Square are confident that the Bank of Spain condition will ultimately be satisfied. Whilst the statutory deadline for

Square's application for Bank of Spain approval is currently 21 February 2022, at present Square expects that the Bank of Spain condition will be satisfied in mid-January 2022.

In light of this, Afterpay decided to adjourn the Scheme Meeting that was scheduled for 10.00am (AEDT) on Monday, 6 December 2021 to 9.00am (AEDT) on Tuesday, 14 December 2021.

Notwithstanding the fact that the Bank of Spain condition will not likely be satisfied prior to that time, Afterpay has obtained orders from the Court on Tuesday, 7 December 2021 in connection with convening a meeting for the purpose of considering, and if thought fit, agreeing (with or without modification) to an amended Scheme such that the condition relating to the Bank of Spain approval would become a condition to be satisfied by 14 April 2022 (i.e. a condition subsequent as opposed to a condition precedent) (**Condition Subsequent**) (**Amended Scheme**). Afterpay, Square and Lanai entered into a corresponding amendment to the Scheme Implementation Deed (**Amending Deed**) on 7 December 2021 to implement this change. Attached at Annexure B to this letter is the Amending Deed and Amended Scheme. The Scheme may become Effective (as defined in the Scheme Implementation Deed) prior to the satisfaction of the Condition Subsequent, but the closing of the transaction will not occur until the Condition Subsequent is satisfied. If the Condition Subsequent is not satisfied, the parties must consult in good faith for 20 business days to determine whether to pursue an alternative transaction. If the parties are unable to reach agreement during such period, then either party may terminate the Scheme Implementation Deed. The outcome of varying the Scheme in this way and approving the Scheme as varied is that:

- the terms of the Scheme would be final at the time of approval of the Scheme on the Second Court Date;
- the Scheme would remain subject to the Bank of Spain condition being satisfied by 14 April 2022;
- if the Bank of Spain condition is satisfied by 14 April 2022, the Scheme will take effect without the need for further shareholder or Court approval; and
- if the Bank of Spain condition is not satisfied by 14 April 2022 the Scheme will not proceed.

If the resolutions to approve the Scheme are passed by the requisite majorities of shareholders at the Scheme Meeting, and all other conditions have been satisfied or waived on or before the Second Court Date (other than the conditions relating to the Bank of Spain and Court approval), the Second Court Date to approve the Scheme will be held on Friday, 17 December 2021.

The resolution to be passed at the Scheme Meeting is set out below:

To consider and, if thought fit pass (with or without amendment) the following resolution:

“That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Afterpay Limited (“Afterpay”) and the holders of its fully paid ordinary shares, the terms of which are contained in and more particularly described in the Scheme Booklet (of which the notice convening the Scheme Meeting forms part) as amended by the amended Scheme Implementation Deed dated 7 December 2021, is approved (with or without alteration, or conditions as approved by the Supreme Court of New South Wales and agreed to by Afterpay and Square) and, subject to approval of the Scheme by the Court, the Afterpay Board is authorised to implement the Scheme with any such alterations or conditions.”

What is the status of the other conditions to the Scheme?

The status of the other conditions precedent (**Conditions**) to the Scheme is as follows:

- Regulatory approvals: The Conditions relating to FIRB (Australian Foreign Investment Review Board), NZ OIO (New Zealand Overseas Investment Office), Spain FDI Authority (Spanish foreign investment approval) and the expiration of the applicable waiting period under the US HSR Act have now been satisfied. As set out in the Scheme Booklet, the ACCC (Australian Competition and Consumer Commission) has confirmed that it does not intend to conduct a public review of the transaction.
- Square Shareholder Approval: As previously announced, Square Shareholder Approval was obtained on Wednesday, 3 November 2021 (US time).
- NYSE quotation: The Condition relating to the approval for quotation of New Square Shares on NYSE has been satisfied.
- Australian tax ruling: The Condition relating to the receipt of confirmation from the Australian Tax Office that it is prepared to issue a class ruling has been satisfied. The class ruling will confirm that qualifying Australian resident Afterpay shareholders who hold their Afterpay Shares on capital account will be eligible to choose roll-over relief under the Income Tax Assessment Act 1997 (Cth) to the extent to which they receive New Square Securities.

What is the impact on the SGX Notes?

As set out in section 4.13(d) of the Scheme Booklet, on a change of control of Afterpay, the holders of the SGX Notes are entitled to, among other things, elect within 60 days to have the SGX Notes held by them redeemed for their face value. If all SGX noteholders exercise this redemption election right, the aggregate cost to redeem the SGX Notes would be A\$1.5 billion. A change of control under the terms of the SGX Notes and the related redemption election right will be triggered by the receipt of Afterpay shareholder approval at the

Scheme Meeting, notwithstanding the fact that the Scheme will remain subject to the Condition Subsequent relating to receipt of Bank of Spain approval. Accordingly, Afterpay may be required to redeem all or a portion of the outstanding SGX Notes at their face value in circumstances where the date for repayment falls prior to the satisfaction of the Condition Subsequent, at which time it will not yet be certain whether the Scheme will proceed.

The Afterpay Board has considered these scenarios and has reasonable grounds to expect that Afterpay will have sufficient funding arrangements in place to satisfy the redemption of the full face value of the SGX Notes should that arise prior to the implementation of the Scheme. In the unlikely scenario that it was required to fund the redemption of SGX Notes, Afterpay would assess the most appropriate and cost effective funding solutions available to it at the time, which may include any or a combination of existing cash reserves, debt or equity capital markets solutions or use of new debt facilities, noting that it has recently secured an 18 month term loan note facility from a financial institution for A\$1.5 billion, which can be drawn down if required. This facility is on arms' length commercial terms, and accordingly the interest rate is less favourable than the existing zero coupon SGX Notes in a redemption scenario. Given the maturity date of the facility, Afterpay may look to pursue a combination of using existing cash reserves and longer-term funding (such as a capital raise or longer term debt facility) in preference to drawing down on this facility.

Having regard to all of the above, the Afterpay Board has accordingly concluded that it is in the best interests of Afterpay shareholders to vary the Scheme and proceed with the Scheme Meeting and Second Court Date as outlined in this letter.

Independent Expert reconfirms conclusion

Attached to this letter as Annexure A is a letter of advice received from the Independent Expert, Lonergan Edwards & Associates Limited (**Lonergan Edwards**). Lonergan Edwards has updated its views on of the value of the Scheme Consideration, which it now assesses to be between A\$89 and A\$105, and the value of Afterpay Shares, which it now assesses to be between A\$92 and A\$108 per share (which Lonergan Edwards has noted in its letter reflected market movements (caused by, among other things, concerns regarding the impact of rising interest rates on company values and news of the latest COVID-19 variant Omicron) rather than any material reduction due to Afterpay-specific factors. Accordingly, Lonergan Edwards' continued view is that the Scheme is fair and reasonable and in the best interests of Afterpay shareholders, in the absence of a Superior Proposal. The Independent Expert's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet.

Revised Timetable

If and when the Condition Subsequent has been satisfied, Afterpay will announce the implementation timetable on ASX and on its website (<https://corporate.afterpay.com/>) noting that the dates for implementation will be set in accordance with the following framework. Afterpay has applied to ASX for an updated waiver from Listing Rule 7.40 in relation to the revised timetable.

| Milestone | Timing |
|--|---|
| Scheme Meeting proxies – the last date and time by which Proxy Forms (including proxies lodged online), powers of attorney or certificates of appointment of body corporate representatives for the Scheme Meeting must be received by the Afterpay Share Registry. | 9.00am (AEDT) on Sunday, 12 December 2021 |
| Voting Record Date – the date and time for determining eligibility to vote at the Scheme Meeting. | 7.00pm (AEDT) on Sunday, 12 December 2021 |
| Scheme Meeting | 9.00am (AEDT) on Tuesday, 14 December 2021 |
| Second Court Date to approve the Scheme | 17 December 2021 |
| Effective Date – this is the date on which the Scheme comes into effect and is binding on Afterpay Shareholders. Court order lodged with ASIC and announced on ASX. Investors should be aware that Afterpay Shares will continue to trade on ASX after the Effective Date but the Scheme will remain subject to the Condition Subsequent being satisfied. Only Afterpay Shareholders who hold Afterpay Shares on the Record Date (other than Ineligible Foreign Shareholders) will be provided with the Scheme Consideration in exchange for their Afterpay Shares. A Record Date will not be set unless and until the Condition Subsequent has been satisfied. | 17 December 2021 |
| Announcement of receipt of Bank of Spain approval, Condition Subsequent is satisfied, implementation dates announced on ASX and published on Afterpay website (Bank of Spain Announcement). If the Condition Subsequent is satisfied, Afterpay Shareholders who sell their Afterpay Shares after the Bank of Spain Announcement date and prior to the Record Date should be aware that they will | On receipt of Bank of Spain approval and satisfaction of the Condition Subsequent |

| | |
|--|---|
| <p>not receive the Scheme Consideration on the Implementation Date. Investors who acquire Afterpay Shares after the Bank of Spain Announcement date should be aware that all Afterpay Shareholders who hold Afterpay Shares on the Record Date (other than Ineligible Foreign Shareholders) will be provided with the Scheme Consideration in exchange for their Afterpay Shares. The exchange ratio is fixed and holders of Afterpay Shares on the Record Date (other than Ineligible Foreign Shareholders) will receive 0.375 New Square Shares or 0.375 New Square CDIs. Square Class A Shares will continue to trade on NYSE between the Bank of Spain Announcement date and the Record Date.</p> | |
| <p>Election Date – the latest time and date by which CDI Election Forms and Share Election Forms must be received by the Afterpay Share Registry, only if holders wish to make a Share Election or a CDI Election rather than receive their default Scheme Consideration.</p> <p>Shareholders wishing to make an election away from the default Scheme Consideration should ensure their CDI Election Forms and Share Election Forms are submitted as soon as possible. Such forms must be returned by the Election Date, which will be 5:00pm (AEDT) two trading days after the Bank of Spain Announcement, but not before 17 January 2022.</p> | <p>5.00pm (AEDT) on the date that is two trading days after the Bank of Spain Announcement (but in any event no earlier than 17 January 2022)</p> |
| <p>Afterpay Shares suspended from trading. If the Scheme proceeds, this will be the last day that Afterpay Shares will trade on ASX.</p> | <p>Two trading days after Election Date</p> |
| <p>Commencement of trading of New Square CDIs on ASX under a symbol to be advised before implementation of the Scheme (deferred settlement basis).³</p> | <p>The trading day after Afterpay Shares suspended from trading</p> |
| <p>Record Date - determination of entitlement of Scheme Shareholders to receive the Scheme Consideration.</p> | <p>5:00pm two trading days after the Afterpay Shares are suspended from trading (but in any event, not before 21 January 2022)</p> |

³ The exact number of New Square Securities to be issued to you will not be known until after the Record Date and will not be communicated to you until after you receive your statement or confirmation advice statements following the Implementation Date. Therefore, please be aware that, if you trade in New Square CDIs during the deferred settlement period and prior to receipt of your holding statement or confirmation advice, you do so at your own risk. See Section 7.5(d) of the Scheme Booklet for further details.

| | |
|---|--|
| Implementation Date – all Scheme Shareholders ⁴ will be provided with the Scheme Consideration to which they are entitled on this date. | Five business days after the Record Date |
| Holding statements or confirmation advice for New Square CDIs will be dispatched. | The trading day after the Implementation Date |
| Commencement of trading of New Square CDIs on ASX under a symbol to be advised before implementation of the Scheme (normal settlement basis). | The trading day after the Implementation Date |
| Commencement of cross-border conversions of New Square Shares and New Square CDIs between Australia and the US. | The trading day after the Implementation Date |
| Commencement of trading of New Square Shares (including Square Class A Shares underlying any New Square CDIs) on NYSE. | The trading day after the Implementation Date |
| DRS statements for New Square Shares will be dispatched. | Two trading days after the Implementation Date |

At present Square expects that the Bank of Spain condition will be satisfied in mid-January 2022. Accordingly, by way of example, in the event that the Bank of Spain Announcement is made on 18 January 2022, the Implementation Date for the Scheme would be 3 February 2022.

Afterpay Directors' Recommendation

The Afterpay Directors continue to unanimously recommend that Afterpay shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Afterpay shareholders. Each Afterpay Director intends to vote all of the Afterpay Shares held or controlled by them in favour of the Scheme subject to the same qualifications.⁵

Proxy forms and CDI or Share Elections

If you have already lodged a proxy form or an Election Form: Proxy forms and CDI Election Forms or Share Election Forms (**Election Forms**) that have been validly submitted (whether lodged online or by mail, fax or hand) will remain valid for the adjourned Scheme Meeting. If you have completed and submitted a proxy form or an Election Form, and you do not wish to change your instructions or election, then you do not need to do anything.

⁴ Ineligible Foreign Shareholders will have their New Square Shares issued instead to a Sale Agent. These shares will then be sold by the Sale Agent in the ordinary course of trading on NYSE and the net proceeds of the sale will be paid to the Ineligible Foreign Shareholders promptly afterwards. Refer to section 3.5 of the Scheme Booklet for more details on this process.

⁵ In relation to the recommendation of Co-CEOs Anthony Eisen and Nick Molnar, Afterpay shareholders should have regard to the fact that, if the Scheme is implemented, each of Anthony Eisen and Nick Molnar will receive those entitlements as described in section 10.1 of the Scheme Booklet.

If you have completed and submitted a proxy form or Election Form and you wish to change your instructions or election, you can do so by completing and submitting a replacement proxy form or Election Form and submitting that form in the same manner as your initial form (whether lodged online or by mail, fax or hand). To be effective, your replacement proxy form must be received by the new deadline of 9.00am (AEDT) on Sunday, 12 December 2021 and, in the case of a replacement Election Form, the new deadline of 5.00pm (AEDT) on the date that is two trading days after the Bank of Spain Announcement (but in any event this will be no earlier than 17 January 2022). Shareholders wishing to make an election away from the default Scheme Consideration should ensure their CDI Election Forms and Share Election Forms are submitted as soon as possible. Such forms must be returned by the Election Date, which will be 5:00pm (AEDT) on the date that is two trading days after the Bank of Spain Announcement.

To request a replacement proxy form or Election Form, please call the Afterpay Shareholder Information Line on 1300 229 418 (within Australia), or +61 2 9066 4051 (outside Australia) between Monday to Friday (excluding public holidays in Australia) between 9.00am and 5.00pm (AEDT).

If you have not yet lodged a proxy form: If you are unable to attend the Scheme Meeting on Tuesday, 14 December 2021, you are encouraged to appoint a proxy to vote on your behalf by completing the proxy form that was distributed to you with the Scheme Booklet, and lodging it:

- online to Afterpay's Share Registry by visiting the website, www.investorvote.com.au. You will need your Holder Identifier (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and control number as shown on your Proxy Form). You will be taken to have signed the Proxy Form if you lodge in accordance with the instructions on the website;
- by mail (using the reply paid envelope included with the Scheme Booklet) to Afterpay Limited, C- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Vic 3001;
- by fax to Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- by hand delivering them to Computershare Investor Services Pty Limited at Yarra Falls, 452 Johnston Street, Abbotsford, VIC, 3067 during business hours (Monday – Friday, 9.00am – 5.00pm (AEDT))

The Proxy Form must be received by Afterpay's Share Registry, Computershare, by 9.00am (AEDT) on Sunday, 12 December 2021.



Square changes name to Block

As announced by Square on Wednesday, 1 December 2021 (US time), Afterpay advises shareholders that Square is changing its name to Block. The legal name "Square, Inc." is expected to be legally changed to "Block, Inc." on or about 10 December 2021, upon satisfying all applicable legal requirements. The company's NYSE ticker symbol "SQ" will not change at this time.

Further Information

Afterpay will advise Afterpay shareholders of any material developments in relation to the Scheme by making an ASX announcement, a copy of which will be available on Afterpay's website at <https://corporate.afterpay.com/>.

Afterpay shareholders can obtain further information in relation to the Scheme by calling the Afterpay Shareholder Information Line on 1300 229 418 (within Australia), or +61 2 9066 4051 (outside Australia) between Monday to Friday (excluding public holidays in Australia) between 9.00am and 5.00pm (AEDT).

On behalf of the Afterpay Board, I would like to take this opportunity to thank you for your continued support of Afterpay and I look forward to your participation at the Scheme Meeting.

Yours sincerely,

Elana Rubin
Chair

Annexure A – Supplementary Letter from Lonergan Edwards

The Directors
Afterpay Limited
Level 5
406 Collins Street
Melbourne VIC 3000

6 December 2021

Subject: Proposed acquisition of Afterpay by Square

Dear Directors

Introduction

- 1 We refer to our Independent Expert's Report (IER) dated 1 November 2021¹ on the proposed acquisition of Afterpay Limited (Afterpay) by Square, Inc. (Square)², pursuant to a scheme of arrangement (Scheme).
- 2 In our IER we concluded that the Scheme was fair and reasonable and in the best interests of Afterpay shareholders in the absence of a superior proposal. We formed this view primarily because the value of the scrip consideration offered by Square was consistent with our assessed value of Afterpay shares on a 100% controlling interest basis.
- 3 Afterpay has requested that we prepare this supplementary letter setting out our view of the fall in the Square share price since the date of our IER and any consequent change to our opinion in the IER. However, this letter should be read in conjunction with our IER.

Recent Square share prices

- 4 For the purposes of our IER we adopted a valuation range for the Square shares offered as consideration of between US\$230 and US\$265 per share. This range was broadly consistent with the trading range for Square shares since the announcement of the Scheme (on 2 August 2021) up until 29 October 2021, and compared with the volume weighted average share price (VWAP) during that period of US\$258.95 per share.
- 5 Since the date of our IER, the Square share price has fallen by 28.9% from US\$255.04 (on 1 November 2021) to US\$181.31 (on 3 December 2021). In the last 10 trading days to 3 December 2021 Square shares traded between US\$174.34 to US\$229.99, and the VWAP during this period was US\$202.37.

1 Our IER was included in the Scheme Booklet that was distributed to Afterpay shareholders and released to the market on 5 November 2021.

2 On 1 December 2021, Square announced that it is changing its corporate name to "Block".

Authorised Representatives:

Wayne Lonerган • Craig Edwards* • Hung Chu • Martin Hall • Martin Holt* • Grant Kepler* • Julie Planinic* • Nathan Toscan • Jorge Resende

- 6 Whilst this share price decline is significant, in our opinion, it reflects market movements (caused by, inter-alia, concerns regarding the impact of rising interest rates on company values and news of the latest COVID-19 variant Omicron) rather than any material reduction due to company specific factors. In this regard, we note that high growth financial technology or “fintech” companies (in particular) have generally experienced similar share price declines to Square, as shown below:

| Share price movements | | | |
|------------------------------------|----------------|---------------------|-------------|
| Company | 1 Nov 21 \$ | 3 Dec 21 \$ | Change % |
| Buy Now Pay Later companies | | | |
| Affirm | 152.66 | 107.24 | (29.8%) |
| Zip | 6.39 | 4.83 ⁽¹⁾ | (24.4%) |
| Sezzle | 5.34 | 3.78 ⁽¹⁾ | (29.2%) |
| Fintechs | | | |
| Adyen | 2,564.50 | 2,296.00 | (10.5%) |
| Global Payments | 145.82 | 120.27 | (17.5%) |
| Square | 255.04 | 181.31 | (28.9%) |
| Paypal | 231.28 | 183.93 | (20.5%) |
| PagSeguro | 36.48 | 24.80 | (32.0%) |
| Marqeta | 33.25 | 17.89 | (46.2%) |
| Lightspeed | 101.21 | 44.31 | (56.2%) |
| Stone Co | 33.89 | 15.25 | (55.0%) |

Note:

- 1 Following share market declines in the US markets on Friday 3 December 2021, the share prices of Zip Co and Sezzle on Monday 6 December 2021 fell by a further 10.1% and 16.1% respectively. This represents a total decline since 1 November 2021 of 32.1% and 40.6% respectively.

Value of Scheme Consideration

- 7 Given the fall in the Square share price, we set out below the updated value of the Scheme Consideration based on the recent trading range for Square shares:

| Updated value of Scheme Consideration | | | | | |
|--|------|--------|--------|--------|--------|
| Square share price | US\$ | 170.00 | 180.00 | 190.00 | 200.00 |
| AUD:USD exchange rate ⁽¹⁾ | | 0.715 | 0.715 | 0.715 | 0.715 |
| Square share price | A\$ | 237.76 | 251.75 | 265.73 | 279.72 |
| Exchange Ratio | | 0.375 | 0.375 | 0.375 | 0.375 |
| Updated value of Scheme Consideration per Afterpay share | A\$ | 89.16 | 94.41 | 99.65 | 104.90 |

Note:

- 1 Consistent with the 10 day average to 3 December 2021.

- 8 Based on the above, we have adopted an updated value for the Scheme Consideration of between A\$89 and A\$105 for the purposes of this supplementary letter.

Value of Afterpay

- 9 In our IER the value of Afterpay was principally assessed having regard to the market values and multiples³ attributed to “comparable” or similar businesses to Afterpay.
- 10 As noted above, the market values of listed companies in the Buy Now Pay Later (BNPL) and fintech sector have fallen substantially since the date of our IER. Consistent with the view expressed at paragraph 6 above, these share price declines have reflected market movements (caused by, inter-alia, concerns regarding the impact of rising interest rates on company values and news of the latest COVID-19 variant Omicron) rather than any material reduction due to company specific factors. It is therefore reasonable and appropriate to conclude that the value of Afterpay has also declined by a material amount.
- 11 In order to assess the current value of Afterpay, we have also considered the trading multiples for listed companies operating in the BNPL sector as at 3 December 2021. In summary, these multiples have generally declined (relative to their position as at the date of our IER on a like for like basis) by similar percentages as their share prices.
- 12 Having regard to the change in market values shown in paragraph 6, and the material reduction in the trading multiples for companies operating in the BNPL sector, in our opinion the current market value of Afterpay is (at least) 20% below that adopted in our IER.
- 13 On this basis, we have adopted a revised market value for 100% of Afterpay of A\$92 to A\$108 per share⁴. We consider that this revised valuation range is reasonable and appropriate given current market conditions.

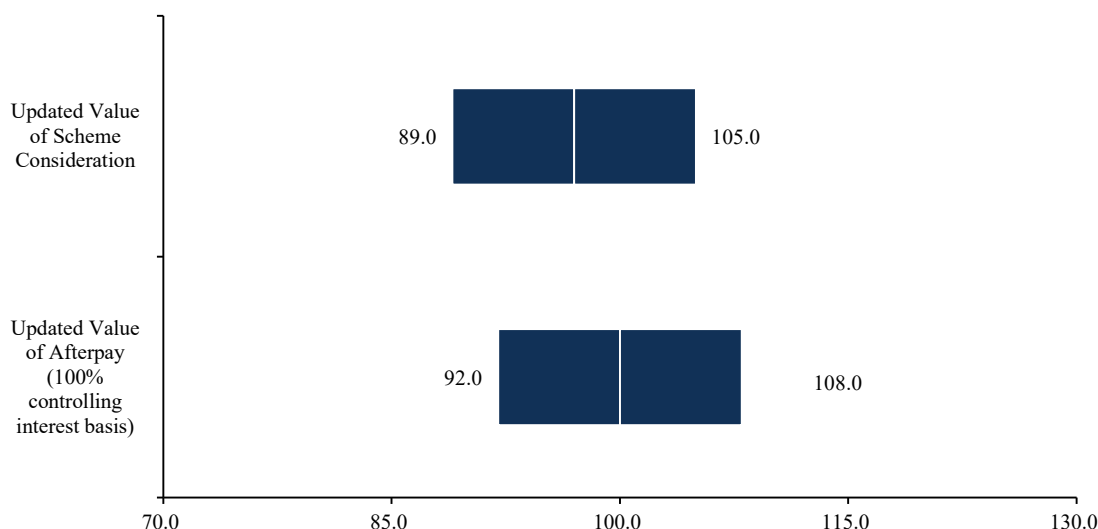
Fair and reasonable opinion

- 14 Pursuant to Australian Securities & Investments Commission’s (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme.
- 15 This comparison for Afterpay shares (based on our updated values) is shown below:

³ Principally enterprise value (EV) divided by gross merchandise value (GMV), merchant revenue, net transaction margin (NTM) and active customers.

⁴ Being the valuation range adopted in our IER of A\$115 to A\$135 per share less 20%.

Comparison of the assessed value of Afterpay relative to the consideration offered⁽¹⁾
A\$ per share



Note:

1 The white line positioned at the middle of our valuation range signifies the mid-point.

- 16 As the consideration offered is scrip (i.e. Square shares) rather than cash, there is no single definitive estimate of value that can be relied upon for the purposes of assessing “fairness” pursuant to RG 111. Instead, the consideration offered has a range of possible value outcomes (which we have assessed as lying between A\$89 and A\$105 per Afterpay share). As Afterpay also has a range of possible value outcomes there are numerous different value comparisons that can be made between the value of Afterpay and the value of the consideration offered (some of which will be “fair” and others “not fair”). Given this, LEA considers it appropriate to assess “fairness” by reference to the degree of overlap that exists between the two valuation ranges, rather than by reference to any single point of comparison.
- 17 As there is a high degree of overlap of values and our assessed mid-point of the consideration offered lies within our assessed range of values for Afterpay, LEA remains of the opinion that the Scheme is fair to Afterpay shareholders based upon the guidelines set out in RG 111. Notwithstanding our “fair” conclusion, Afterpay shareholders should note there are some points of comparison within our assessed valuation ranges, which in isolation, would result in the Scheme being considered “not fair” (e.g. low with low and high with high). The extent to which Afterpay shareholders place greater emphasis upon such individual points of comparison, rather than the degree of overlap, depends upon their individual views.
- 18 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion, the Scheme is also “reasonable”.

In the best interests

- 19 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.

- 20 In our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 21 We therefore consider that the Scheme is also “in the best interests” of Afterpay shareholders in the absence of a superior proposal.

Re-confirmation of opinion

- 22 Based on the above, we remain of the opinion that the Scheme is fair and reasonable and in the best interests of Afterpay shareholders in the absence of a superior proposal.

Yours sincerely



Craig Edwards
Authorised Representative



Jorge Resende
Authorised Representative

Annexure B – Amending Deed and Amended Scheme

Amending Deed

Dated

Square, Inc. (“**Square**”)
Lanai (AU) 2 Pty Ltd (“**Square Acquirer**”)
Afterpay Limited (“**Afterpay**”)

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T + 61 2 9296 2000
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Ref: DLF:NC:AB

Amending Deed

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Amending Deed

Details

Date

Parties

| | | |
|------------------------|-----------|---|
| Square | Name | Square, Inc. |
| | Formed in | State of Delaware |
| | Address | 1455 Market Street, Unit 1600 San Francisco, CA 94103, USA |
| | | |
| Square Acquirer | Name | Lanai (AU) 2 Pty Ltd |
| | ACN | 652 352 451 |
| | Formed in | Victoria |
| | Address | C/- King & Wood Mallesons Level 61, Governor Phillip Tower, 1 Farrer Place Sydney NSW 2000, Australia |
| Afterpay | Name | Afterpay Limited |
| | ACN | 618 280 649 |
| | Formed in | Victoria |
| | Address | 126 Buckingham Street Surry Hills NSW 2010, Australia |
| Recitals | A | Square, Square Acquirer and Afterpay entered into the Original Document on 2 August 2021. |
| | B | Square, Square Acquirer and Afterpay have agreed to amend the Original Document in accordance with the terms and conditions of this document. |

Amending Deed

General terms

1 Definitions and interpretation

1.1 Terms defined in the Original Document

A term which has a defined meaning in the Original Document has the same meaning when used in this document unless it is expressly defined in this document, in which case the meaning in this document applies.

1.2 Definitions

Unless the contrary intention appears, these meanings apply:

Original Document means the Scheme Implementation Deed, dated 2 August 2021, entered into by Square, Square Acquirer and Afterpay.

2 Amendments

As from the date of this document, the Original Document is amended as follows:

(a) Clause 1.1 ("Definitions") of the Original Document is amended by:

(i) inserting the following definitions:

***"Condition Subsequent** has the meaning given in clause 3.1A."*

***"Condition Subsequent End Date"** means 14 April 2022.*

***"Equity Acceleration Date"** means the day which is five Business Days prior to the Record Date or any other date as agreed by Afterpay and Square."*

(ii) deleting the definition of "Record Date" and replacing it with:

***"Record Date"** means 7:00pm on the day which is the later of:*

(a) *six Business Days after the day on which the Condition Subsequent is satisfied; and*

(b) *the Business Day following the date that is 30 calendar days after the Effective Date,*

or any other date as agreed by Afterpay and Square."

(b) Clause 3.1(d) ("Conditions Precedent") of the Original Document is deleted and replaced with the words "RESERVED".

(c) A new clause 3.1A ("Condition Subsequent") is inserted after clause 3.1:

3.1A Condition Subsequent

- (a) *The Scheme must not be implemented unless the following condition subsequent is satisfied prior to the Condition Subsequent End Date (**Condition Subsequent**):*
 - (i) *the receipt of written confirmation from the Bank of Spain in accordance with section 17 of Royal Decree-law 19/2018 and section 25 of Royal Decree 84/2015 that it has no objection to the indirect transfer of the Spanish Subsidiaries pursuant to the Scheme, either without conditions or with conditions acceptable to Square (having regard to clause 3.4 of the Scheme Implementation Deed);*
 - (ii) *the receipt of written confirmation from the Bank of Spain that clearance of the indirect transfer of the Spanish Subsidiaries pursuant to the Scheme is not required pursuant to either section 17 of Royal Decree-law 19/2018 or section 25 of Royal Decree 84/2015; or*
 - (iii) *the expiry of any waiting period for authorisation pursuant to section 25.5 of Royal Decree 84/2015 applicable to the indirect transfer of the Spanish Subsidiaries pursuant to the Scheme, without an express objection to such transfer from the Bank of Spain.*
- (b) *If the Condition Subsequent is not satisfied on or before the Condition Subsequent End Date, then the parties must consult in good faith for a period of 20 Business Days following the Condition Subsequent End Date (**Consultation Period**) with a view to determining whether both parties wish to pursue an alternative transaction with a similar effect and, if so whether the transaction contemplated by the Scheme may proceed by way of alternative means or methods.*
- (c) *If under clause 3.1A(b) the parties are unable to reach agreement or do not wish to pursue a transaction within the Consultation Period, then either party may terminate this document after the Consultation Period has expired (and that termination will be in accordance with clause 13.1(g)).*
- (d) *Square must not withdraw the application the subject of the Condition Subsequent from consideration by the Bank of Spain.*
- (d) A new clause 3.1B ("Satisfaction of Conditions Subsequent") is inserted after clause 3.1A:

3.1B Satisfaction of Condition Subsequent

The parties agree that before the Condition Subsequent End Date they will (1) co-operate in good faith to discuss the status of the Condition Subsequent and any other possible or necessary steps to satisfy the Condition Subsequent in clause 3.1A(a)(i) as soon as practicable, and (2) use all reasonable endeavours to seek to satisfy the Condition Subsequent as soon as possible.

- (e) Clause 3.2 ("Reasonable endeavours") of the Original Document is amended to include the words:
 - (i) "and, in relation to Square, the Condition Subsequent" after the words "a party responsible (as noted in clause 3.1)"; and

- (ii) "or, in relation to Square, the Condition Subsequent," after the words "a party responsible".
- (a) Clauses 4.8(b), (c), (d), (e) and (f) ("Employee Incentives") of the Original Document are amended by deleting the words "the Effective Date" each time they occur and replacing them with the words "the Equity Acceleration Date".
- (b) Clause 5.2(t) ("suspension of trading") of the Original Document is amended by deleting the words "on the Effective Date" and replacing them with the words "on the second Business Day prior to Record Date".
- (c) Clause 5.3(b) ("Australian Admission") of the Original Document is amended by deleting the words "on or before the Business Day after the Effective Date" and replacing them with the words "on the Business Day after the suspension of trading in Afterpay Shares".
- (d) Clause 5.3(k) ("Conditions Precedent certificate") of the Original Document is amended by deleting "and made in accordance with a resolution of its board".
- (e) Clause 5.3(l) ("Scheme Consideration") of the Original Document is amended by adding the words "and the Condition Subsequent is satisfied" after the word "Effective".
- (f) Clause 5.4(b) ("Scheme Consideration") of the Original Document is amended by adding the words "and the Condition Subsequent is satisfied" after the word "Effective".
- (g) Clause 5.4(c) ("Share transfer") of the Original Document is amended by adding the words "and the Condition Subsequent is satisfied" after the word "Effective".
- (h) Clause 5.10(c) ("Minority Interests") of the Original Document is amended by deleting the words "the Scheme becoming Effective" and replacing them with the words "the Condition Subsequent being satisfied".
- (i) Clause 6.1(a) ("Afterpay Board recommendation") of the Original Document is amended by deleting the words "and acting reasonably".
- (j) Clauses 10.2(a) ("Payment by Afterpay to Square") and 11.2(d) ("Payment by Square to Afterpay") of the Original Document are amended by deleting the words "Effective Date" and replacing them with the words "the date the Condition Subsequent is satisfied".
- (k) Clauses 10.3 ("No amount payable if Scheme becomes Effective") and 11.3 ("No amount payable if Scheme becomes Effective") of the Original Document are amended by deleting the words "becomes Effective" and replacing them with the words "the Condition Subsequent is satisfied".
- (l) Clause 13.1(a) ("End Date") of the Original Document is amended by deleting the words "Scheme has not become Effective" in the first line and replacing them with the words "Condition Subsequent has not been satisfied", adding a full stop after "End Date" and deleting the rest of the wording in the subclause.
- (m) Clause 13.1(g) ("consultation or appeal failure") of the Original Document is amended by adding "3.1A(c)," after the word "clause".

- (n) Annexure B ("Scheme of Arrangement") of the Original Document is deleted and replaced with Annexure A of this document.
- (o) Attachment 2 to the Afterpay Disclosure Letter is amended by deleting the words "the Effective Date" in the row entitled "UK ESOP" and replacing them with the words "the Equity Acceleration Date".

3 Confirmation and acknowledgement

3.1 Confirmation

Each party confirms that:

- (a) except as provided for in clause 2 ("Amendments"), no other amendments are to be made to the Original Document; and
- (b) the Original Document as amended by this document continues in full force and effect.

3.2 Conflict

If there is a conflict between the Original Document and this document, the terms of this document prevail.

4 General

4.1 Incorporation of general provisions

Clauses 1 ("Definitions and interpretation"), 16 ("Notices and other communications"), 19 ("General") and 20.2 ("Serving documents") of the Original Document apply to this document as if they were fully set out in this document.

4.2 Counterparts

This document may consist of a number of copies, each signed by one or more parties to it. If so, the signed copies are treated as making up a single document.

5 Governing law

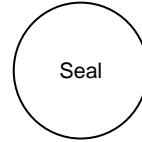
The law in force in the State of Victoria governs this document. Each party submits to the non-exclusive jurisdiction of the courts of that place.

EXECUTED as a deed

Amending Deed

Signing page

SIGNED, SEALED AND DELIVERED
by **SQUARE, INC.** in the presence of:



.....
Signature of authorised signatory

.....
Name of authorised signatory

EXECUTED by **LANAI (AU) 2 PTY LTD (ACN 652 352 451)** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

.....
Signature of director

.....
Signature of director/company secretary*

*delete whichever is not applicable

.....
Name of director (block letters)

.....
Name of director/company secretary* (block letters)

*delete whichever is not applicable

EXECUTED by **AFTERPAY LIMITED (ACN 618 280 649)** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

.....
Signature of director

.....
Signature of director/company secretary*

*delete whichever is not applicable

.....
Name of director (block letters)

.....
Name of director/company secretary* (block letters)

*delete whichever is not applicable

Annexure A – Scheme of Arrangement

Scheme of Arrangement

Dated 2021

Afterpay Limited (“**Afterpay**”)

Scheme Participants

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

Scheme of Arrangement

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Scheme of Arrangement

Details

Parties

| | | |
|----------------------------|---|--|
| Afterpay | Name | Afterpay Limited |
| | ACN | 618 280 649 |
| | Formed in | Victoria |
| | Address | Level 23, 2 Freshwater Place Melbourne VIC 3006, Australia |
| | Email | legal@afterpay.com.au |
| | Attention | General Counsel |
| Scheme Participants | Each person who is an Afterpay Shareholder as at the Record Date. | |
| Governing law | Victoria | |

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ACCC means the Australian Competition and Consumer Commission.

Afterpay Share means a fully paid ordinary share in the capital of Afterpay.

Afterpay Shareholder means each person who is registered in the Register of Afterpay as a holder of Afterpay Shares.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.

ASX Official List means the official list of the entities that ASX has admitted and not removed.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532) as the holder of a licence to operate a clearing and settlement facility.

ASX Settlement Operating Rules means the operating rules of the clearing and settlement facility operated by ASX Settlement from time to time as modified by any express written waiver or exemption given by ASX or ASX Settlement.

ATO means the Australian Taxation Office.

Australian Admission means the admission of Square to the ASX Official List as an ASX foreign exempt listing and the official quotation of all New Square CDIs on ASX.

Bank of Spain Approval means:

- (a) the receipt of written confirmation from the Bank of Spain in accordance with section 17 of Royal Decree-law 19/2018 and section 25 of Royal Decree 84/2015 that it has no objection to the indirect transfer of the Spanish Subsidiaries pursuant to the Scheme, either without conditions or with conditions acceptable to Square (having regard to clause 3.4 of the Scheme Implementation Deed);
- (b) the receipt of written confirmation from the Bank of Spain that clearance of the indirect transfer of the Spanish Subsidiaries pursuant to the Scheme is not required pursuant to either section 17 of Royal Decree-law 19/2018 or section 25 of Royal Decree 84/2015; or
- (c) the expiry of any waiting period for authorisation pursuant to section 25.5 of Royal Decree 84/2015 applicable to the indirect transfer of the Spanish Subsidiaries pursuant to the Scheme, without an express objection to such transfer from the Bank of Spain.

Business Day means a business day as defined in the Listing Rules, provided that such day is neither:

- (a) a day on which the banks in Sydney, New South Wales, Australia, are authorised or required to close, nor
- (b) a day on which the banks in San Francisco, California, United States of America, are authorised or required to close.

CDI means CHESS depository interest, being a unit of beneficial interest in shares of a foreign registered company, registered in the name of the CDN, or held in the form of beneficial ownership.

CDI Elected Shareholder means each of:

- (a) an Eligible AUSNZ Shareholder who has not made a Share Election; and
- (b) an Eligible Non-AUSNZ Shareholder who has made a CDI Election.

CDI Election means a valid election for New Square CDIs made by an Eligible Non-AUSNZ Shareholder pursuant to the terms of this Scheme.

CDI Election Form means the form to be completed by an Eligible Non-AUSNZ Shareholder who wishes to make a CDI Election.

CDN means CHESS Depository Nominees Pty Limited (ACN 071 346 506).

CHESS means Clearing House Electronic Subregister System or share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd.

Condition Subsequent means the condition set out in clause 3.4(a) of this Scheme.

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Court means the Supreme Court of New South Wales, or another court of competent jurisdiction under the Corporations Act agreed in writing by Square and Afterpay.

Court Approval means the condition precedent outlined in clause 3.1(h) of the Scheme Implementation Deed.

Deed Poll means the deed poll executed by Square and Square Acquirer ~~substantially in the form of Annexure C of the Scheme Implementation Deed or as otherwise agreed by Square, Square Acquirer and Afterpay~~ [on 28 October 2021](#) under which Square and Square Acquirer covenant in favour of each Scheme Participant to perform the obligations attributed to Square and Square Acquirer under this Scheme.

Details means the section of this agreement headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which this Scheme becomes Effective.

Election Date means the 4th Business Day before the Record Date or such other date as agreed in writing by Afterpay and Square.

Election Withdrawal Form means the form to be completed by Eligible AUSNZ Shareholders or Eligible Non-AUSNZ Shareholders who have made a Share Election or CDI Election (as applicable) who wishes to withdraw that Share Election or CDI Election (as applicable).

Eligible AUSNZ Shareholder means a Scheme Participant whose Registered Address as at the Record Date is in Australia or New Zealand.

Eligible Non-AUSNZ Shareholder means a Scheme Participant whose Registered Address as at the Record Date is not in Australia or New Zealand (other than an Ineligible Foreign Shareholder).

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the PPSA, right of first refusal, preemptive right, any similar restriction, or any agreement to create any of them or allow them to exist.

End Date means the date that is 12 months after the date of the Scheme Implementation Deed or such other date as is agreed in writing by Square and Afterpay.

FIRB means the Australian Foreign Investment Review Board.

Governmental Authority means:

- (a) any supranational, national, federal, state, county, municipal, local, provincial or foreign government or any entity exercising executive, legislative, judicial, arbitral, regulatory, taxing, or administrative functions of or pertaining to government;
- (b) any public international governmental organisation;
- (c) any agency, division, bureau, department, committee, or other political subdivision of any government, entity or organisation described in the foregoing clauses (a) or (b) of this definition (including patent and trademark offices); or
- (d) quasi-governmental, self-regulatory agency, commission or authority, including any national securities exchange or national quotation system,

and includes ASX, ACCC, ASIC, the Takeovers Panel, FIRB, OIO, ATO, Bank of Spain, Spain FDI Authority, Department of Justice, US Federal Trade Commission and any state or territory revenue offices.

Implementation means the implementation of this Scheme in accordance with its terms after this Scheme has become Effective and the Condition Subsequent has been satisfied and **Implement** has a corresponding meaning.

Implementation Date means the 5th Business Day following the Record Date or such other date after the Record Date as is agreed in writing by Square and Afterpay.

Ineligible Foreign Shareholder means an Afterpay Shareholder whose address shown in the Register is a place outside Australia and its external territories, Canada, Hong Kong, New Zealand, Singapore, Switzerland, United Kingdom and the United States or who is acting on behalf of such a person, unless Square determines that:

- (a) it is lawful and not unduly onerous or unduly impracticable to issue that Afterpay Shareholder with the New Square Shares or New Square CDIs on implementation of this Scheme; and
- (b) it is lawful for that Afterpay Shareholder to participate in this Scheme by the law of the relevant place outside Australia and its external territories, Canada, Hong Kong, New Zealand, Singapore, Switzerland, United Kingdom and the United States.

Ineligible Foreign Shareholder Sale Facility means the facility to be conducted in accordance with clause 6.6.

Listing Rules means the Listing Rules of ASX.

New Square CDIs means the Square CDIs to be issued to Scheme Participants as Scheme Consideration under this Scheme.

New Square Shares means the fully paid Square Class A Shares to be issued to Scheme Participants as Scheme Consideration under this Scheme.

Nominee Holder has the meaning given in clause 5.1(f).

NYSE means the New York Stock Exchange.

OIO means the New Zealand Overseas Investment Office.

PPSA means the *Personal Property Securities Act 2009* (Cth).

~~(a)~~**Record Date** means 7:00pm on the day which is the later of:

(a) ~~-7:00pm (AEDT)~~ six Business Days after the day on ~~Monday 10 January 2022~~ which the Condition Subsequent is satisfied; or

(b) the Business Day following the date that is 30 calendar days after the Effective Date,

or any other date as agreed ~~between~~by Afterpay and Square.

Register means the register of members of Afterpay maintained by or on behalf of Afterpay in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to an Afterpay Shareholder, the address shown in the Register.

Registry means Computershare Investor Services or such other person nominated by Afterpay to maintain the Register.

Sale Agent means an entity or person appointed by Square (after consultation with Afterpay and with Afterpay's approval, not to be unreasonably withheld) to sell New Square Shares under the Sale Facility that are attributable to Ineligible Foreign Shareholders.

Scheme means this scheme of arrangement between Afterpay and Scheme Participants under which all of the Scheme Shares will be transferred to Square Acquirer under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Afterpay and Square in accordance with clause 11 of this Scheme.

Scheme Consideration means the consideration payable by Square Acquirer (or by Square on behalf of and at the direction of Square Acquirer) for the transfer of Afterpay Shares held by a Scheme Participant to Square Acquirer, being, in respect of each Afterpay Share:

- (a) where the Scheme Participant is a Share Elected Shareholder, 0.375 New Square Shares; and
- (b) where the Scheme Participant is a CDI Elected Shareholder, 0.375 New Square CDIs.

Scheme Implementation Deed means the Scheme Implementation Deed dated 2 August 2021 between Afterpay, Square and Square Acquirer under which, amongst other things, Afterpay has agreed to propose this Scheme to Afterpay Shareholders, and each of Square, Square Acquirer and Afterpay have agreed to take certain steps to give effect to this Scheme, a copy of which was released in full to ASX on 2 August 2021.

Scheme Meeting means the meeting of Afterpay Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Afterpay Shareholders will vote on this Scheme.

Scheme Participant means each person who is an Afterpay Shareholder as at the Record Date.

Scheme Share means an Afterpay Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Afterpay Shares issued on or before the Record Date.

Second Court Date means the first day on which an application made to the Court under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard.

Share Elected Shareholder means:

- (a) an Eligible AUSNZ Shareholder who has made a valid Share Election;
- (b) an Eligible Non-AUSNZ Shareholder who has not made a valid CDI Election.

Share Election means a valid election for New Square Shares made by an Eligible AUSNZ Shareholder pursuant to the terms of this Scheme.

Share Election Form means the form to be completed by an Eligible AUSNZ Shareholder who wishes to make a Share Election.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Spain FDI Authority means the Spanish Council of Ministers (Consejo de Ministros), or any other competent public authority.

Spanish Subsidiaries means [Clearpay S.A.U](#) and [Clearpay Technology S.L.U.](#)

Square means Square, Inc.

Square Acquirer means Lanai (AU) 2 Pty Ltd (ACN 652 352 451).

Square CDI means a unit of beneficial ownership in a Square Class A Share (in the form of a CDI) that is registered in the name of CDN in accordance with the ASX Settlement Operating Rules, for the purpose of enabling the securities to be recorded and transferred in accordance with those operating rules.

Square Class A Share means a share of Class A common stock of Square.

Square Class B Share means a share of Class B common stock of Square.

Square Register means the register of shareholders maintained by Square or its agent.

Square Share means a Square Class A Share or Square Class B Share, as applicable.

Subsidiary of an entity means another entity which:

- (a) is a subsidiary of the first entity within the meaning of the Corporations Act; and
- (b) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares, or would be if the first entity was required to prepare consolidated financial statement.

Takeovers Panel means the Australian Takeovers Panel.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;
- (c) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (d) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (e) a reference to a time of day is a reference to the time in Melbourne, Australia;
- (f) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (g) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (h) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (i) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;

- (j) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day; and
- (k) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

2 Preliminary

2.1 Afterpay

Afterpay is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Victoria; and
- (c) admitted to the official list of ASX and Afterpay Shares are officially quoted on the stock market conducted by ASX.

As at 2 August 2021, Afterpay had on issue 290,073,416 Afterpay Shares.

2.2 Square

Square is:

- (a) a corporation incorporated under the laws of the State of Delaware; and
- (b) Square Shares are officially listed on the NYSE.

2.3 Square Acquirer

Square Acquirer is:

- (a) a proprietary company limited by shares; and
- (b) incorporated in Australia and registered in Victoria.

2.4 If Scheme becomes Effective

If this Scheme becomes Effective [and the Condition Subsequent is satisfied](#):

- (a) in consideration of the transfer of each Scheme Share to Square Acquirer, Square Acquirer will provide or procure the provision of the Scheme Consideration to each Scheme Participant in accordance with the terms of this Scheme;
- (b) all Scheme Shares will be transferred to Square Acquirer on the Implementation Date; and
- (c) Afterpay will enter the name of Square Acquirer in the Register in respect of all Scheme Shares transferred to Square Acquirer in accordance with the terms of this Scheme.

2.5 Scheme Implementation Deed

Afterpay, Square and Square Acquirer have agreed by executing the Scheme Implementation Deed to implement the terms of this Scheme.

2.6 Deed Poll

Square and Square Acquirer have executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) the obligations attributable to Square and Square Acquirer as contemplated by this Scheme, including to provide the Scheme Consideration to the Scheme Participants.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, the Scheme Implementation Deed and Deed Poll not having been terminated;
- (b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Deed having been satisfied or waived (other than the ~~conditions~~condition precedent relating to Court ~~approval~~Approval set out in item 3.1(h) of the Scheme Implementation Deed) in accordance with the terms of the Scheme Implementation Deed;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Afterpay and Square having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and
- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate or other evidence in relation to conditions precedent

Afterpay and Square must provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clauses 3.1(c), and 3.1(d) of this Scheme and clause 3.1(h) of the Scheme Implementation Deed) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the condition precedent in clauses 3.1(c) and 3.1(d) of this Scheme and clause 3.1(h) of the Scheme Implementation Deed) have been satisfied or waived as at 8.00am on the Second Court Date.

3.4 Condition Subsequent

- (a) It is a condition subsequent to the Scheme that Square obtains the Bank of Spain Approval on or before 14 April 2022 (Condition Subsequent).

- (b) Notwithstanding any other provision of this Scheme, Implementation is conditional upon, and must not take place until, the Condition Subsequent is satisfied.
- (c) The Condition Subsequent is satisfied if, by no later than 14 April 2022, Square notifies Afterpay in writing that the Bank of Spain Approval has occurred.
- (d) Square must notify Afterpay in writing within one Business Day of receiving notification that the Bank of Spain has made a decision whether or not to grant the Bank of Spain Approval or the expiry of any waiting period for the Bank of Spain Approval.
- (e) If the Condition Subsequent is not satisfied on or before 14 April 2022, then this Scheme will lapse and be of no further force or effect.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Deed or Deed Poll is terminated in accordance with its terms.

5 Implementation of Scheme

5.1 Elections

- (a) A Scheme Participant who is an Eligible AUSNZ Shareholder may make a Share Election to receive New Square Shares instead of New Square CDIs by completing a Share Election Form and returning it to the address specified in the Share Election Form so that it is received by the Registry (and not withdrawn) by no later than 5.00pm on the Election Date.
- (b) Subject to clause 5.1(c), a Scheme Participant who is an Eligible Non-AUSNZ Shareholder may make a CDI Election to receive New Square CDIs instead of New Square Shares by completing a CDI Election Form and returning it to the address specified in the CDI Election Form so that it is received by the Registry (and not withdrawn) by no later than 5.00pm on the Election Date.
- (c) In the event that ASX does not grant approval for Australian Admission on or before the Business Day after the Effective Date, and Square and Afterpay both provide written consent in accordance with clause 4.4 of the Scheme Implementation Deed, all CDI Elections will be disregarded and the entitlements of all Scheme Participants (including those who made a CDI Election) will be satisfied by the distribution of New Square Shares in the manner described in clause 6.2(a).

- (d) A Scheme Participant may withdraw their Share Election under clause 5.1(a) or their CDI Election under clause 5.1(b) by lodging an Election Withdrawal Form provided that it is received by the Registry by no later than 5.00pm on the Election Date.
- (e) Subject to clause 5.1(f), a Share Election under clause 5.1(a) or a CDI Election under clause 5.1(b) may only be made in respect of all and not part of the Afterpay Shares held by the relevant Scheme Participant.
- (f) A Scheme Participant who holds one or more parcels of Afterpay Shares as trustee or nominee for, or otherwise on account of, another person ("**Nominee Holder**"):
 - (i) subject to clause 5.1(f)(ii), may make separate elections in accordance with clauses 5.1(a) or 5.1(b) in relation to each of those parcels of Afterpay Shares by lodging a separate election form for each separate holding in accordance with clauses 5.1(a) or 5.1(b), and in each case in accordance with clause 5.1(e); and
 - (ii) for the purposes of determining entitlements under this Scheme, will be treated as if they were a separate CDI Elected Shareholder or Share Elected Shareholder (as relevant) in respect of each parcel of Afterpay Shares in respect of which an election has been made.
- (g) Square Acquirer will determine, in its sole discretion, all questions as to the correct completion of a CDI Election Form, Share Election Form or Election Withdrawal Form, and time of receipt of such form. Square Acquirer is not required to communicate with any Scheme Participant prior to making this determination. The determination of Square Acquirer will be final and binding on the Scheme Participant.

5.2 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, Afterpay must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 4.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Square and Afterpay agree in writing.

5.3 Transfer and registration of Afterpay Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clause 6 of this Scheme and Square Acquirer having provided Afterpay with written confirmation of the provision of the Scheme Consideration:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Square Acquirer, without the need for any further act by any Scheme Participant (other than acts performed by Afterpay as attorney and agent for Scheme Participants under clause 9 of this Scheme), by:
 - (i) Afterpay delivering to Square Acquirer a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants by Afterpay, for registration; and

- (ii) Square Acquirer duly executing the Share Scheme Transfer and delivering it to Afterpay for registration; and
- (b) as soon as practicable after receipt of the duly executed Share Scheme Transfer, Afterpay must enter, or procure the entry of, the name of Square Acquirer in the Register in respect of all Scheme Shares transferred to Square Acquirer in accordance with the terms of this Scheme.

5.4 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Square Acquirer of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.5 Title and rights in Afterpay Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Square Acquirer will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Afterpay of Square Acquirer in the Register as the holder of the Scheme Shares.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to and is deemed to have authorised Afterpay to warrant to Square Acquirer as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Square Acquirer under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Square Acquirer under this Scheme.

5.7 Transfer free of Encumbrances

To the extent permitted by law, all Afterpay Shares (including any rights and entitlements attaching to those shares) which are transferred to Square Acquirer under this Scheme will, at the date of the transfer of them to Square Acquirer, vest in Square Acquirer free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Appointment of Square Acquirer as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.3 and 6 of this Scheme, on and from the Implementation Date until Afterpay registers Square Acquirer as the holder of all of the Afterpay Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints Afterpay as attorney and agent (and directs Afterpay in such capacity) to appoint Square Acquirer and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to Afterpay Shares registered in its name and sign any shareholders resolution, and no

Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a));

- (b) must take all other actions in the capacity of the registered holder of Afterpay Shares as Square Acquirer directs; and
- (c) acknowledges and agrees that in exercising the powers referred to in clause 5.8(a), Square Acquirer and any director or corporate representative nominated by Square Acquirer under clause 5.8(a) may act in the best interests of Square Acquirer as the intended registered holder of the Scheme Shares.

Afterpay undertakes in favour of each Scheme Participant that it will appoint Square Acquirer and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

6 Scheme Consideration

6.1 Consideration under this Scheme

On the Implementation Date, Square Acquirer:

- (a) must provide or procure as set forth in clause 6.1(b), in consideration for the transfer to Square Acquirer of the Afterpay Shares, the Scheme Consideration is issued to the Scheme Participants (or to the Sale Agent in accordance with clause 6.6) in accordance with this clause 6; and
- (b) agrees to cause Square to, and Square will at the direction of and on behalf of Square Acquirer (in satisfaction of Square Acquirer's obligation to provide such Scheme Consideration under clause 6.1(a)), issue the Scheme Consideration in accordance with this clause 6. If Square Acquirer fails to provide direction to Square as contemplated by this clause 6.1(b) (or to have otherwise procured the provision of the Scheme Consideration) within 1 Business Day following the [Effective Record Date](#), Square Acquirer will be deemed to have provided such direction to Square and Square agrees that it will take the actions required by this clause 6.1(b).

6.2 Scheme Consideration

Subject to the terms and conditions of this Scheme (including clause 6.6 in relation to Ineligible Foreign Shareholders ~~and~~ clause 6.4 in relation to fractional elements [and satisfying the Condition Subsequent](#)), the Scheme Consideration to be provided to each Scheme Participant will be provided:

- (a) in respect of a Share Elected Shareholder, by the issue by Square (on behalf of and at the direction of Square Acquirer) of the Scheme Consideration comprising New Square Shares to that Scheme Participant on the Implementation Date; and
- (b) in respect of a CDI Elected Shareholder, by the issue by Square (on behalf of and at the direction of Square Acquirer) of Scheme Consideration comprising New Square CDIs to that Scheme Participant on the Implementation Date.

6.3 Provision of Scheme Consideration

Subject to the other provisions of this clause 6, the obligations of Square Acquirer to provide (or procure the provision of) the Scheme Consideration to the Scheme Participants will be satisfied:

- (a) in the case of Scheme Consideration that is required to be provided to Scheme Participants in the form of New Square Shares, by Square procuring that:
 - (i) the name and address of each such Scheme Participant is entered into the Square Register on the Implementation Date in respect of the New Square Shares to which it is entitled under this clause 6; and
 - (ii) a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each such Scheme Participant representing the number of New Square Shares issued to the Scheme Participant pursuant to this Scheme;
- (b) in the case of Scheme Consideration that is required to be provided to Scheme Participants in the form of New Square CDIs, by Square:
 - (i) issuing to CDN to be held on trust that number of New Square Shares that will enable CDN to issue New Square CDIs as envisaged by this clause 6 on the Implementation Date;
 - (ii) procuring that the name and address of CDN is entered into the Square Register in respect of those New Square Shares on the Implementation Date and that a share certificate or holding statement (or equivalent document) in the name of CDN representing those New Square Shares is sent to CDN;
 - (iii) procuring that on the Implementation Date, CDN issues to each such Scheme Participant the number of New Square CDIs to which it is entitled under this clause 6;
 - (iv) procuring that on the Implementation Date, the name of each such Scheme Participant is entered in the records maintained by CDN as the holder of the New Square CDIs issued to that Scheme Participant on the Implementation Date;
 - (v) in the case of each such Scheme Participant who held Scheme Shares on the CHESS subregister – procuring that the CDIs are held on the CHESS subregister on the Implementation Date and sending or procuring the sending of an allotment advice that sets out the number of New Square CDIs issued and procuring that ASX Settlement and Transfer Corporation Pty Ltd will provide at the end of the month of allotment a CDI holding statement confirming the number of New Square CDIs held on the CHESS subregister by that Scheme Participant; and
 - (vi) in the case of each such Scheme Participant who held Scheme Shares on the issuer sponsored subregister – procuring that the New Square CDIs are held on the issuer sponsored subregister on the Implementation Date and sending or procuring the sending of a CDI holding statement to each such Scheme Participant which sets out the number of New Square CDIs held on the issuer sponsored subregister by that Scheme Participant.

6.4 Fractional entitlements

- (a) If the number of Afterpay Shares held by a Scheme Participant at the Record Date is such that the aggregate entitlement of the Scheme Participant to Scheme Consideration comprising New Square Shares or New Square CDIs includes a fractional entitlement to a New Square Share or New Square CDI, the entitlement will be rounded as follows:
 - (i) if the fractional entitlement is less than 0.5, it will be rounded down to zero New Square Shares or New Square CDIs; and
 - (ii) if the fractional entitlement is equal to or more than 0.5, it will be rounded up to one New Square Share or New Square CDI.
- (b) If a Nominee Holder makes separate elections in relation to parcels of Afterpay Shares it holds as trustee or nominee for, or otherwise on account of, another person, then for the purposes of this clause 6.4 the Scheme Consideration of the Nominee Holder will be calculated and rounded based on each nominated parcel of Afterpay Shares held by the Nominee Holder as trustee or nominee for, or otherwise on account of, another person.
- (c) If a Nominee Holder does not make separate elections in relation to parcels of Afterpay Shares it holds as trustee or nominee for, or otherwise on account of, another person, then for the purposes of this clause 6.4, the Scheme Consideration for the Nominee Holder will be calculated and rounded based on the aggregate number of Afterpay Shares held by the Nominee Holder in those parcels as trustee or nominee for, or otherwise on account of, other persons.

6.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant (and the Sale Agent) irrevocably:

- (a) agrees to the transfer of their Afterpay Shares together with all rights and entitlements attaching to those Afterpay Shares in accordance with this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Afterpay Shares constituted by or resulting from this Scheme;
- (c) agrees to, on the direction of Square Acquirer, destroy any holding statements or share certificates relating to their Afterpay Shares;
- (d) agrees to become a shareholder of Square, to have their name entered in the Square Register, accepts the New Square Shares or New Square CDIs (as relevant) issued to them and agrees to be bound by Square's Amended and Restated Certificate of Incorporation;
- (e) agrees and acknowledges that the issue of New Square Shares or New Square CDIs (as applicable) in accordance with clause 6.1 constitutes satisfaction of all that person's entitlements under this Scheme;
- (f) acknowledges that this Scheme binds Afterpay and all of the Scheme Participants from time to time (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting); and
- (g) consents to Afterpay, Square and Square Acquirer doing all things and executing all deeds, instruments, transfers or other documents as may

be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

6.6 Ineligible Foreign Shareholder Sale Facility

Where a Scheme Participant is an Ineligible Foreign Shareholder, each Ineligible Foreign Shareholder authorises Square Acquirer (or Square at the direction of and on behalf of Square Acquirer) to:

- (a) issue to the Sale Agent any New Square Shares to which an Ineligible Foreign Shareholder would otherwise be entitled to (**Relevant Square Shares**);
- (b) procure, as soon as reasonably practicable after the Implementation Date, and in no event no more than 30 days after the Implementation Date, that the Sale Agent:
 - (i) sells or procures the sale of all of the Relevant Square Shares issued to the Sale Agent pursuant to clause 6.6(a) (including on an aggregated or partially aggregate basis), in the ordinary course of trading on NYSE at such price as the Sale Agent determines in good faith; and
 - (ii) remits to Square Acquirer (or Square at the direction of and on behalf of Square Acquirer) the proceeds of sale (net of any applicable brokerage, stamp duty and other selling costs, taxes and charges) (**Proceeds**); and
- (c) as soon as reasonably practicable after the last sale of the Relevant Square Shares in accordance with clause 6.6(b)(i), pay to each Ineligible Foreign Shareholder an amount equal to the proportion of the net proceeds of sale received by Square under clause 6.6(b)(ii) to which that Ineligible Foreign Shareholder is entitled, in full satisfaction of their entitlement to the Relevant Square Shares, in accordance with the following formula:

$$A = (B/C) \times D$$

Where

A is the amount to be paid to the Ineligible Foreign Shareholder;

B is the number of Relevant Square Shares attributable to, and that would otherwise have been issued to, that Ineligible Foreign Shareholder had it not been an Ineligible Foreign Shareholder and which are instead issued to the Sale Agent;

C is the total number of Relevant Square Shares attributable to, and which would otherwise have been issued to, all Ineligible Foreign Shareholders collectively and which are instead issued to the Sale Agent; and

D is the Proceeds (as defined in clause 6.6(b)(ii)).

- (d) None of Afterpay, Square or Square Acquirer make any representation as to the amount of proceeds of sale to be received by Ineligible Foreign Shareholders under the Ineligible Foreign Shareholder Sale Facility. Each of Afterpay, Square and Square Acquirer expressly disclaim any fiduciary duty to the Ineligible Foreign Shareholders which may arise in connection with the Ineligible Foreign Shareholder Sale Facility.

6.7 Orders of a Court or Governmental Authority

- (a) Afterpay may deduct and withhold from any consideration which would otherwise be provided to a Scheme Participant in accordance with this clause 6, any amount which Afterpay, Square and Square Acquirer determine is required to be deducted and withheld from that consideration under any applicable law, including any order, direction or notice made or given by a court of competent jurisdiction or by another Governmental Authority.
- (b) To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing agency.
- (c) If written notice is given to Afterpay of an order, direction or notice made or given by a court of competent jurisdiction or by another Governmental Authority that:
 - (i) requires consideration which would otherwise be provided to a Scheme Participant in accordance with this clause 6 to instead be paid or provided to a Governmental Authority or other third party (either through payment of a sum or the issuance of a security), then Afterpay shall be entitled to procure that provision of that consideration is made in accordance with that order, direction or notice (and payment or provision of that consideration in accordance with that order, direction or notice will be treated for all purposes under this Scheme as having been paid or provided to that Scheme Participant); or
 - (ii) prevents consideration being provided to any particular Scheme Participant in accordance with this clause 6, or the payment or provision of such consideration is otherwise prohibited by applicable law, Afterpay shall be entitled to (as applicable) direct Square not to issue (or procure the issue of), or to issue or provide to a trustee or nominee, such number of New Square Shares or New Square CDIs as that Scheme Participant would otherwise be entitled to under this clause 6, until such time as payment or provision of the consideration in accordance with this clause 6 is permitted by that order or direction or otherwise by law.

6.8 Shares to rank equally

Square covenants in favour of Afterpay (in its own right and on behalf of the Scheme Participants) that:

- (a) the New Square Shares and Square Class A Shares underlying New Square CDIs will rank equally in all respects with all existing Square Class A Shares (but not Square Class B Shares);
- (b) it will do everything reasonably necessary to ensure that trading in the New Square Shares and the New Square CDIs commences by the first Business Day after the Implementation Date;
- (c) the New Square Shares and New Square CDIs will be duly and validly issued in accordance with applicable laws and Square's certificate of incorporation and bylaws; and

- (d) on issue, each New Square Share and New Square CDI will be fully paid and free from any Encumbrance.

6.9 Joint holders

In the case of Afterpay Shares held in joint names:

- (a) any New Square Shares or New Square CDIs (as applicable) to be issued under this Scheme must be issued and registered in the names of the joint holders and entry in the Square Register must take place in the same order as the holders' names appear in the Register; and
- (b) any document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Afterpay, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares or other alterations to the Register will only be recognised by Afterpay if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

7.2 Register

Afterpay must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Record Date.

7.3 No disposals after Effective Date

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

Afterpay will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to Square Acquirer pursuant to this Scheme and any subsequent transfer by Square Acquirer or its successors in title).

7.4 Maintenance of Afterpay Register

For the purpose of determining entitlements to the Scheme Consideration, Afterpay will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been issued to the Scheme Participants and Square Acquirer has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Square Acquirer contemplated in clauses 5.3 and 7.4 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Square Acquirer and its successors in title). After the Record Date, each entry current on the Register as at the Record Date (other than entries in respect of Square Acquirer or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

Within 3 Business Days after the Record Date, Afterpay will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at the Record Date are available to Square Acquirer in such form as Square Acquirer reasonably requires.

7.7 Quotation of Afterpay Shares

Suspension of trading on ASX in Afterpay Shares will occur from the close of trading on ASX on the 2nd Business Day prior to the Record Date.

7.8 Termination of quotation of Afterpay Shares

After this Scheme has been fully implemented (including after the Register and the Square Register have been updated in accordance with clauses 5.3(b) and 6.3(a)(i)), Afterpay will apply:

- (a) for termination of the official quotation of Afterpay Shares on ASX; and
- (b) to have itself removed from the official list of ASX.

8 Instructions and notification

If not prohibited by law (and including where permitted or facilitated by relief granted by a Governmental Authority), all instructions, notifications or elections by a Scheme Participant to Afterpay that are binding or deemed binding between the Scheme Participant and Afterpay relating to Afterpay or Afterpay Shares, including instructions, notifications or elections relating to:

- (a) whether dividends are to be paid by cheque or into a specific bank account;
- (b) payments of dividends on Afterpay Shares; and
- (c) notices or other communications from Afterpay (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by Square Acquirer in its sole discretion), by reason of this Scheme, to be made by the Scheme Participant to Square Acquirer and to be a binding instruction, notification or election to, and accepted by, Square Acquirer until that instruction, notification or election is revoked or amended in writing addressed to Square Acquirer at its registry.

9 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Afterpay and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;
 - (b) enforcing the Deed Poll against Square and Square Acquirer,
- and Afterpay accepts such appointment.

10 Notices

10.1 No deemed receipt

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Afterpay, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Afterpay's registered office or at the office of the registrar of Afterpay Shares.

10.2 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Afterpay Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

11 General

11.1 Variations, alterations and conditions

- (a) Afterpay may, with the consent of Square, by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.
- (b) Each Scheme Participant agrees to any such alterations or conditions which Afterpay has consented to pursuant to clause 11.1(a).

11.2 Further action by Afterpay

Afterpay will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

11.3 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to Afterpay, Square and Square Acquirer doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Afterpay and all Scheme Participants (including those who do not attend the Scheme Meeting or

do not vote at that meeting or vote against the Scheme at that Scheme Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Afterpay.

11.4 No liability when acting in good faith

Without prejudice to the parties' rights under the Scheme Implementation Deed, neither Afterpay nor Square nor Square Acquirer, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

11.5 Enforcement of Deed Poll

Afterpay undertakes in favour of each Scheme Participant to enforce the Deed Poll against Square and Square Acquirer on behalf of and as agent and attorney for the Scheme Participants.

11.6 Stamp duty

Square or Square Acquirer will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

12 Governing law

12.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

12.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.