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# **Touch Ventures Limited**

**(formerly known as AP Ventures Limited)**

**ACN 612 559 958**

Interim Financial Report

for the half year ended 30 June 2021

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## Directors' Report

The Directors of Touch Ventures Limited (formerly known as AP Ventures Limited and referred to hereafter as 'the Company') submit their report for the half year ended 30 June 2021. The financial accounts reflect the activities for the half year ended 30 June 2021.

### Principal activity

The Company is an Australian investment holding company with flexibility as to how it deploys its capital in seeking to achieve its investment objectives.

The Company intends to build a portfolio of investments of high growth, scalable companies. In particular, it believes there are compelling investment opportunities within the retail innovation, consumer, finance and data segments.

The Company's investments will include initial investments, including acquisitions of securities in new portfolio companies, and participation in follow-on raisings by existing portfolio companies. The Company's key objective is to create long-term shareholder value from the capital appreciation of its portfolio.

### Dividends

No dividends were paid or declared by the Company during the half year ended 30 June 2021 (half year ended 30 June 2020: nil).

### Business Review

The net profit after tax of the Company for the half year ended 30 June 2021 was \$14,102,000 (half year ended 30 June 2020: loss after tax of \$721,000). The current period's net profit includes the non-cash impact of fair value adjustments of \$14,766,000 and unrealised foreign exchange gain of \$977,000 on investments in financial assets as at the reporting date. On 30 June 2021, the Company had net assets of \$93,248,000 (31 December 2020: \$60,182,000).

The Company's current objective is to build a core portfolio of eight to ten investments in growth-stage companies with a view to growing the value of these investments over a three to five-year period.

The Company's core investment criteria are set out below:

- Growth business stage, for example businesses with an existing revenue base and demonstrated product-market fit that are looking to grow
- High growth potential. Ideally with a strong leadership team, compelling business model with an attractive market opportunity and scalable operations
- Retail innovation, consumer, finance and data sector focus
- Material, non-controlling investment size, typically with an investment of at least \$10.0 million with the aim to acquire a 10% - 40% non-controlling equity interest
- Global opportunities or ability to target a global market

The Company may also invest a small portion of its portfolio (up to 5%) in earlier stage companies. This is referred to as its "early-stage investment strategy". The investment criteria for this strategy is similar to the Company's core investment strategy except businesses may be at an earlier stage of development, investment sizes are expected to be typically less than \$2m, and the Company may require fewer special investment terms or formal due diligence as part of the investment process.

Touch Ventures Limited  
Interim Financial Report for the half year ended 30 June 2021

**Directors**

The following persons were Directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated:

Michael Jefferies	Non-Executive Director and Chairman
Jim Davis	Non-Executive Director (appointed 17 March 2021)
Sophie Karzis	Non-Executive Director
John McBain	Non-Executive Director
Hugh Robertson	Non-Executive Director

**Matters subsequent to the end of the financial period**

In July 2021, the Company invested US\$5 million to acquire a 13.3% holding in Postpay. Postpay offers its interest-free BNPL product payment option for eCommerce sales in the UAE. Postpay's main product consists of a pay-in-3 model whereby customers pay in 3 instalments after purchasing their products.

In July 2021, Happay conducted a Series B capital raise of approximately US\$19 million at a post-money valuation of US\$150m led by a local Chinese investment group. The Company has the right to invest up to a further US\$6.25m by October 2021. Management determined that this capital raise provided evidence of conditions that existed as at the balance sheet date. As a result, the Company has revalued its original investment in Happay based on the share price of this recent investment round, resulting in the recognition of a fair value gain of US\$14.94m as at 30 June 2021.

In September 2021, the Company invested \$1 million to acquire a 10.36% holding in Refundid. In addition to the equity investment, the Company also agreed to provide a \$1 million term loan facility. Refundid is a product returns platform that provides eCommerce customers instant cash refunds for their online returns.

On 6 September 2021, the Company changed its name from AP Ventures Limited to Touch Ventures Limited.

The Company has lodged a prospectus with ASIC on 6 September 2021 and intends on listing with the ASX in late September 2021.

The financial statements have been prepared based upon conditions existing at 30 June 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

The Directors are not aware of any other matter or circumstance which has arisen since 30 June 2021 that has significantly affected or may significantly affect the operations of the consolidated entity in subsequent financial years, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

**Rounding off of amounts**

The Company is of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument, amounts in the Directors' Report and the financial statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

This Directors' Report is made out in accordance with a resolution of the Directors:



Michael Jefferies  
Non-Executive Director and Chairman  
Sydney  
22 September 2021

## Condensed statement of profit or loss and other comprehensive income

For the half year ended 30 June 2021

	Notes	Half year ended 30 June 2021 \$000	Half year ended 30 June 2020 \$000
Net gains on financial assets at fair value through profit or loss	6, 7	14,766	-
Other income		2	-
<b>Total income</b>		<b>14,768</b>	-
Share based payment expense	8(b)	(464)	(111)
Due diligence and acquisition costs		(424)	(188)
Employee benefits expense	3(a)	(553)	-
Professional fees	3(b)	(74)	(42)
Insurance expense		(14)	(17)
Legal expense		(15)	(10)
Other expenses	3(c)	(145)	(354)
<b>Operating profit/(loss)</b>		<b>13,079</b>	<b>(722)</b>
Interest income		46	1
Unrealised foreign exchange gain	7	977	-
<b>Profit/(loss) before tax</b>		<b>14,102</b>	<b>(721)</b>
Income tax expense	4	-	-
<b>Profit/(loss) for the period</b>		<b>14,102</b>	<b>(721)</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>		<b>14,102</b>	<b>(721)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		3.07	(0.54)
Diluted earnings per share		3.01	(0.54)

*The above Condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

## Condensed statement of financial position

As at 30 June 2021

	Notes	As at 30 June 2021 \$000	As at 31 December 2020 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	10,218	27,241
Trade and other receivables		67	-
Prepayments		16	2
Other current assets		31	10,051
<b>Total Current Assets</b>		<b>10,332</b>	<b>37,294</b>
<b>Non-current assets</b>			
Property, plant and equipment		2	2
Financial assets at fair value through profit or loss	6	83,421	23,190
<b>Total Non-current Assets</b>		<b>83,423</b>	<b>23,192</b>
<b>TOTAL ASSETS</b>		<b>93,755</b>	<b>60,486</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	467	297
Employee benefit liabilities		40	7
<b>Total current liabilities</b>		<b>507</b>	<b>304</b>
<b>TOTAL LIABILITIES</b>		<b>507</b>	<b>304</b>
<b>NET ASSETS</b>		<b>93,248</b>	<b>60,182</b>
<b>EQUITY</b>			
Issued capital	10(a),10(b)	101,017	82,517
Accumulated losses		(9,042)	(23,144)
Reserves	10(c)	1,273	809
<b>TOTAL EQUITY</b>		<b>93,248</b>	<b>60,182</b>

The above Condensed statement of financial position should be read in conjunction with the accompanying notes.

## Condensed statement of changes in equity

For the half year ended 30 June 2021

	<i>Issued capital (note 10(b))</i>	<i>Accumulated losses</i>	<i>Employee equity benefits reserve (note 10(c))</i>	<i>Total</i>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 January 2021</b>	<b>82,517</b>	<b>(23,144)</b>	<b>809</b>	<b>60,182</b>
Profit for the period	-	14,102	-	14,102
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>14,102</b>	<b>-</b>	<b>14,102</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	18,500	-	-	18,500
Share-based payments (i)	-	-	464	464
Transaction costs	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>101,017</b>	<b>(9,042)</b>	<b>1,273</b>	<b>93,248</b>
<b>Balance at 1 January 2020</b>	<b>19,446</b>	<b>(19,737)</b>	<b>507</b>	<b>216</b>
Loss for the period	-	(721)	-	(721)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(721)</b>	<b>-</b>	<b>(721)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	15,000	-	-	15,000
Share-based payments (i)	-	-	111	111
Transaction costs	(447)	-	-	(447)
<b>Balance at 30 June 2020</b>	<b>33,999</b>	<b>(20,458)</b>	<b>618</b>	<b>14,159</b>

(i) This amount comprises share options and performance rights expensed during the period.

*The above Condensed statement of changes in equity should be read in conjunction with the accompanying notes.*

## Condensed statement of cash flows

For the half year ended 30 June 2021

		Half year ended 30 June 2021	Half year ended 30 June 2020
	Notes	\$000	\$000
<b>Cash flows from operating activities</b>			
Receipts from customers and other debtors		3	-
Payments to suppliers and employees (gross of GST)		(1,104)	(2,304)
Interest received		46	1
<b>Net cash flows used in operating activities</b>	5	<b>(1,055)</b>	<b>(2,303)</b>
<b>Cash flows from investing activities</b>			
Purchase of financial assets at fair value through profit or loss		(44,488)	(10,062)
Redemption of term deposit		10,020	-
Payment of security deposit		-	(6)
<b>Net cash flows used in investing activities</b>		<b>(34,468)</b>	<b>(10,068)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		18,500	15,000
Transaction costs on issue of shares	10(b)	-	(447)
<b>Net cash flows from financing activities</b>		<b>18,500</b>	<b>14,553</b>
Net (decrease)/increase in cash and cash equivalents		(17,023)	2,182
Cash and cash equivalents at beginning of the financial period		27,241	1,780
<b>Cash and cash equivalents at the end of the financial period</b>	5	<b>10,218</b>	<b>3,962</b>

*The above Condensed statement of cash flows should be read in conjunction with the accompanying notes.*

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## Notes to the Condensed Interim Financial Statements

### Note 1: Corporate Information

The Condensed Interim Financial Statements ('Interim Financial Statements') of Touch Ventures Limited (formerly known as AP Ventures Limited and referred to hereafter as 'the Company') for the half year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 22 September 2021.

The Interim Financial Statements reflect the activities for the half year ended 30 June 2021.

The Company will likely be publicly traded on the Australian Securities Exchange under the ticker TVL. The Company's registered office is at Level 36, 1 Macquarie Place, Sydney NSW 2000.

The Company is an Australian investment holding company with flexibility as to how it deploys its capital in seeking to achieve its investment objectives. The Company has formulated an investment strategy focused on seeking to deploy capital towards high growth, scalable investment opportunities, including but not limited to opportunities that are referred to the Company by Afterpay Limited.

No dividends were paid or declared by the Company during the half year ended 30 June 2021 (half year ended 30 June 2020: nil).

### Note 2: Summary of significant accounting policies

#### (a) Basis of preparation

The Interim Financial Statements are special purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* for the purpose of providing historical financial information on the Company for disclosure in conjunction with an initial public offering. The accounting policies have been applied consistently by the Company for the purposes of preparation of these Interim Financial Statements. The Interim Financial Statements also comply with International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

The Interim Financial Statements of the Company for the half year ended 30 June 2021 do not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing and financing activities of the Company as a full financial report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last Annual Financial Report as at and for the year ended 31 December 2020.

The Interim Financial Statements should be read in conjunction with the Annual Financial Report of the Company for the year ended 31 December 2020. The Annual Financial Report of the Company as at and for the year ended 31 December 2020 is available upon request from the Company's registered office.

The Interim Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain investments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

All amounts are presented in Australian dollars, unless otherwise noted. The Company is of the kind referred to in ASIC Corporations (*Rounding in Financials/Directors' Reports*) Instrument 2016/191, and in accordance with that instrument, amounts in the Interim Financial Statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

#### (b) New accounting standards and interpretations

Management considered all new accounting standards, interpretations and amendments.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

**Note 2: Summary of significant accounting policies (continued)**

*Accounting Standards and Interpretations issued but not yet effective*

Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Company's financial statements are not expected to have a significant impact on the preparation of the Company's financial statements. The Company intends to adopt these standards, as applicable, when they become effective.

*New, revised or amended Accounting Standards and Interpretations*

A number of new standards are effective from 1 January 2021. These standards have not had a material impact on the Company's Interim Financial Statements.

**(c) Significant accounting judgements, estimates and assumptions**

In preparing the Interim Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results made differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last Annual Financial Report.

**(d) Fair value measurement**

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Interim Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 6 and 7

**(e) Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Chief Executive Officer.

There is only one reportable segment based on the internal reports that are reviewed by the Chief Executive Officer, being Australia as this is where it operates and manages investing in high growth securities.

The assets, revenues and results of this segment are those of the Company as a whole and are set out in the Interim Financial Statements.

**Note 3: Expenses**

**(a) Employee benefits expense**

	30 June 2021	30 June 2020
	\$000	\$000
Salaries and wages	429	-
Superannuation	47	-
Payroll tax expense	61	-
Annual leave expenses	16	-
<b>Total</b>	<b>553</b>	<b>-</b>

**(b) Professional fees**

	30 June 2021	30 June 2020
	\$000	\$000
Company secretarial fees	43	28
Tax fees	31	14
<b>Total</b>	<b>74</b>	<b>42</b>

**(c) Other expenses**

	30 June 2021	30 June 2020
	\$000	\$000
Expenses relating to short-term leases	22	1
Other expenses	123	353
<b>Total</b>	<b>145</b>	<b>354</b>

**Note 4: Income tax expense**

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The effective tax rate is estimated to be 0% for the half year ended 30 June 2021 (half year ended 30 June 2020: 0%). The Company has incurred tax losses which are not deemed recoverable based on current expectations of future taxable income.

**Note 5: Cash and cash equivalents**

	30 June 2021	31 December 2020
	\$000	\$000
Cash at bank and on hand	10,218	27,241
	<b>10,218</b>	<b>27,241</b>

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**Note 5: Cash and cash equivalents (continued)**

**Reconciliation from the net profit/(loss) after tax to the net cash flows from operations**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$000</b>	<b>\$000</b>
Net profit/(loss)	14,102	(721)
Adjustments for:		
Write-off of related party receivables	-	10
Share based payments expense	464	111
Gain on financial assets at fair value through profit or loss	(14,766)	0
Foreign exchange gains unrealised	(977)	-
Changes in assets and liabilities:		
Increase in trade and other receivables	(67)	-
Increase in other current assets	(15)	(4)
Increase/(decrease) in trade and other payables	109	(1,699)
Increase in employee benefit liabilities	95	-
<b>Net cash used in operating activities</b>	<b>(1,055)</b>	<b>(2,303)</b>

**Note 6: Financial assets at fair value through profit or loss (FVTPL)**

**(a) Financial assets**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Investments in financial assets at fair value through profit or loss</b>		
Investment in Layaway Travel Australia Pty Ltd	7,047	10,206
Investment in Happay (Cayman) Ltd	33,170	12,984
Investment in Braavos Corporation (Basiq) P/L	9,950	-
Investment in Sendle, PBC	33,254	-
<b>Total financial assets at fair value through profit or loss</b>	<b>83,421</b>	<b>23,190</b>

**LayAway Travel Australia Pty Ltd (LayAway)**

The Company completed the acquisition of 77.9% of the issued ordinary shares of LayAway in February 2020 for \$10,206,000.

In June 2021, the Company completed an additional investment in LayAway for \$1,944,257 to increase its shareholding to 82.4% of the issued shares. The Company has valued its investment in LayAway as at 30 June 2021 based on the share price used during the recent investment round, resulting in the recognition of a fair value loss of \$5,103,000 during the current period.

**Happay (Cayman) Ltd (Happay)**

The Company completed the acquisition of 20% of the issued shares of Happay in September 2020. The acquisition was completed by way of the issue of 250,000 fully paid ordinary shares by Happay to the Company for an aggregate subscription price of US\$10,000,000.

In July 2021, Happay conducted a Series B capital raise of approximately US\$19 million at a post-money valuation of US\$150m led by a local Chinese investment group. The Company has the right to invest up to a further US\$6.25m by October 2021. Management determined that the July 2021 capital raise provided evidence of conditions that existed as at the balance sheet date which indicate the fair value of the Company's investment. As a result, the Company has revalued its investment in Happay as at 30 June 2021 based on the share price used during the recent investment round, resulting in the recognition of a fair value gain of US\$14,937,500 during the current period.

**Note 6: Financial assets at fair value through profit or loss (FVTPL) (continued)**

**Braavos Corporation Pty Ltd (Basiq)**

The Company completed the subscription of the convertible notes of Basiq in January and February 2021. The investment was split between two tranches with \$7,000,000 million funded in January 2021 and a further \$2,950,000 million funded in February 2021.

The Company has valued the convertible notes at the agreed valuation cap, which resulted in a valuation consistent with the initial cost. The notes are convertible into preference shares of Basiq in November 2022 at the option of the holder. The conversion rate of the convertible notes will depend on a number of factors including the timing of conversion of the notes, Basiq's valuation and capital structure at the time of conversion; unconverted notes become payable on demand. If its convertible notes had been converted into shares at the agreed valuation cap as at 30 June 2021, the Company would have held approximately 19.9% of Basiq's shares.

**Sendle, PBC (Sendle)**

The Company completed the acquisition of 12.1% of the issued shares of Sendle in June 2021. The acquisition was completed by way of the issue of preferred stock by Sendle to the Company for an aggregate amount of US\$25 million.

There being no significant changes to the business between the date of the Company's investment and the reporting date, the Company has valued its investment of Sendle as at 30 June 2021 based on the price of its recent investment into Sendle with changes in fair value arising only from unrealised foreign exchange translation differences over the current period.

**Note 7: Financial instruments – fair values and risk management**

Exposure to key financial risks, including interest rate, credit, liquidity and currency risk, arises in the normal course of the Company's business. During the half year ended 30 June 2021, the Company continued to apply the risk management objectives and policies that were disclosed in the Annual Financial Report of the Company for the year ended 31 December 2020.

The total for each category of financial instrument, measured in accordance with AASB 9 *Financial instruments* on a recurring basis as detailed in the accounting policies to these Interim Financial Statements, including their fair value hierarchies, are as follows:

	Notes	Measurement Basis	Carrying amount		Level	Fair value	
			30 June 2021	31 Dec 2020		30 June 2021	31 Dec 2020
			\$000	\$000		\$000	\$000
<b>Financial assets</b>							
Cash and cash equivalents	5	Amortised cost	10,218	27,241		10,218	27,241
Security deposit		Amortised cost	6	6		6	6
Financial assets at fair value through profit or loss (FVTPL)	6	Fair value	83,421	23,190	3	83,421	23,190
Term deposit		Amortised cost	25	10,045		25	10,045
Receivables due from related party		Amortised cost	67	-		67	-
<b>Non financial assets</b>							
Prepayments		Amortised cost	16	2		16	2
Property, plant and equipment		Amortised cost	2	2		2	2
<b>Financial liabilities</b>							
Accruals	9	Amortised cost	467	297		467	297
<b>Non financial liabilities</b>							
Employee benefit liabilities		Amortised cost	40	7		40	7

There were no transfers of financial instruments between the fair value hierarchies in the current and previous reporting period.

**Note 7: Financial instruments - fair values and risk management (continued)**

**Reconciliation of Level 3 recurring fair values**

	Note	Financial assets at FVTPL \$000
Balance at 1 January 2021		23,190
Purchases		44,488
Gain recognised in profit or loss <sup>1</sup>		15,743
Balance at 30 June 2021	6	<u>83,421</u>
<b>Financial assets at FVTPL \$000</b>		
	Note	Financial assets at FVTPL \$000
Balance at 1 January 2020		-
Purchases		10,206
Gain recognised in profit or loss		-
Balance at 30 June 2020	6	<u>10,206</u>

Level 3 financial assets consist of equity securities in unlisted entities.

**Note 8: Share-based payments**

**(a) Share-based payment plans**

The Company has a Long-Term Incentive Plan (LTIP) that include options and performance rights, with a view to aligning the interests of employees with the objectives of the Company and to provide incentives to Directors, senior executives and staff. The Company's LTIP applies to both past and present employees and Directors and is subject to vesting conditions for option holders.

**(b) Share-based payment expense**

	30 June 2021 \$000	31 December 2020 \$000
Expenses arising from equity-settled share-based payment transactions	<u>464</u>	<u>111</u>

**(c) Summary of options granted under the LTIP**

The terms and conditions of the share options granted during the half year ended 30 June 2021 are as follows:

Award recipient	Grant date	Number of options	Exercise price	Vesting date	Expiry date
Jim Davis <sup>2</sup>	17 March 2021	1,250,000	\$0.40c	17 March 2021	17 September 2025
Senior employees	16 April 2021	250,000	\$0.40c	31 March 2022	16 April 2026
	16 April 2021	250,000	\$0.40c	31 March 2023	16 April 2026
	16 April 2021	250,000	\$0.40c	31 March 2024	16 April 2026
	16 April 2021	625,000	\$0.40c	1 May 2022	16 April 2026
	16 April 2021	625,000	\$0.40c	1 May 2023	16 April 2026
	16 April 2021	625,000	\$0.40c	1 May 2024	16 April 2026
	16 April 2021	625,000	\$0.40c	1 May 2025	16 April 2026

<sup>1</sup> The net gain includes a non-cash impact of fair value adjustment of \$14,766,000 and unrealised foreign exchange gain of \$977,000 on investments in financial assets.

<sup>2</sup> Jim Davis is the appointed representative of the Woodson Capital Master Fund and Woodson Capital Partners (together the Woodson Funds) on the Company's board of directors. Options were allocated to Jim Davis in his capacity as a Board member and are held by the Woodson Funds.

**Note 8: Share-based payments (continued)**

No options or performance rights were exercised, expired or cancelled during the half year ended 30 June 2021.

The fair value of the equity-settled share options granted under the LTIP is estimated as at the grant date using the Black Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the models used for new option granted during the half year period ended 30 June 2021:

	<u>June 2021</u>
Dividend yield (%)	-
Expected volatility (%)	40%
Risk-free interest rate (%)	0.10%
Expected life of option (years)	5 years
Contractual life (years)	5 years
Option exercise price (\$)	\$0.40
The estimated fair value of each option at grant date (\$)	\$0.033 to \$0.035
Weighted average share price at measurement date (\$)	\$0.40

**Note 9: Trade and other payables**

	<u>30 June 2021</u>	<u>31 December 2020</u>
	<u>\$000</u>	<u>\$000</u>
Accruals	<u>467</u>	<u>297</u>

**Note 10: Contributed equity and reserves**

**(a) Ordinary shares of no par value**

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>\$000</u>	<u>\$000</u>
Issued and fully paid	<u>101,017</u>	<u>33,999</u>

**(b) Movement in ordinary shares on issue**

	<u>Number</u>	<u>\$000</u>
<b>At 1 January 2020</b>	<b>216,651,133</b>	<b>19,446</b>
Share issue	451,828,182	15,000
Share issue expenses	-	(447)
<b>At 30 June 2020</b>	<b>668,479,315</b>	<b>33,999</b>
	<u>Number</u>	<u>\$000</u>
<b>At 1 January 2021</b>	<b>1,668,479,315</b>	<b>82,517</b>
Share issue	185,000,000	18,500
Share consolidation	(1,390,109,447)	-
Share issue expenses	-	-
<b>At 30 June 2021</b>	<b>463,369,868</b>	<b>101,017</b>

A share and option consolidation were approved by shareholders on 19 May 2021. As a result, the number of ordinary shares, performance rights and options (in each individual holding) have been consolidated on a 1 for 4 basis (with fractions of a share or option rounded up to the nearest whole number of shares or options).

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**Note 10: Contributed equity and reserves (continued)**

**(c) Ordinary shares of no par value**

	<b>\$000</b>
<b>At 1 January 2020</b>	<b>507</b>
Share based payment expense	111
<b>At 30 June 2020</b>	<b>618</b>
	<b>\$000</b>
<b>At 1 January 2021</b>	<b>809</b>
Share based payment expense	464
<b>At 30 June 2021</b>	<b>1,273</b>

The employee equity benefits reserve is used to record the fair value of equity options and performance rights granted to employees, senior executives and Directors as part of their remuneration.

**(d) Capital management**

When managing capital, management's objective is to ensure the Company continues as a going concern, as well as to provide optimal returns to shareholders and benefits for other stakeholders. The Company constantly reviews the capital structure and the level of return on assets.

**Note 11: Commitments and contingencies**

The Company has no contingencies as at the end of the half year (31 December 2020: nil).

**Note 12: Related parties**

**(a) Other related parties**

The following table provides the total amount of transactions which have been entered into with related parties for the relevant period.

<i>Related party</i>		<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
		\$	\$	\$	\$
<b>Director related entities</b>					
Sophie Karzis Corporate Counsel	2021	-	26,400	-	-
	2020	-	40,810	-	-
<b>Shareholders</b>					
Touchcorp Limited (a wholly owned subsidiary of Afterpay Limited)	2021	-	-	-	-
	2020	-	150,000	-	-
<b>Companies</b>					
Sendle, LLC.	2021	66,699	-	-	-
	2020	-	-	-	-

Sophie Karzis Corporate Counsel supplies secretarial and other general legal services to the Company. Invoices are settled on terms in line with other creditors.

The opportunity to invest in LayAway was referred to the Company by Afterpay pursuant to the Collaboration and Partnership Agreement. At the time the opportunity was referred to the Company, Afterpay had invested time and costs to enter into a trial with and to conduct due diligence on LayAway; the Company agreed to reimburse to

The GST amount (\$150,000) is in recognition of costs incurred as part of the transaction under which the Company acquired 77.9% of the issued share capital of LayAway.



**Note 12: Related parties (continued)**

In June 2021, the Company invested US\$25 million in Sendle via Series C preferred stock. Under the terms of the investment, Sendle, LLC agreed to reimburse the Company for legal and due diligence costs incurred on their behalf.

**Note 13: Events after the reporting period**

In July 2021, the Company invested US\$5 million to acquire a 13.3% holding in Postpay. Postpay offers its interest-free BNPL product payment option for eCommerce sales in the UAE. Postpay's main product consists of a pay-in-3 model whereby customers pay in 3 instalments after purchasing their products.

In July 2021, Happay conducted a Series B capital raise of approximately US\$19 million at a post-money valuation of US\$150m led by a local Chinese investment group. The Company has the right to invest up to a further US\$6.25m by October 2021. Management determined that this capital raise provided evidence of conditions that existed as at the balance sheet date. As a result, the Company has revalued its original investment in Happay based on the share price of this recent investment round, resulting in the recognition of a fair value gain of US\$14.94m as at 30 June 2021.

In September 2021, the Company invested \$1 million to acquire a 10.36% holding in Refundid. In addition to the equity investment, the Company also agreed to provide a \$1 million term loan facility. Refundid is a product returns platform that provides eCommerce customers instant cash refunds for their online returns.

On 6 September 2021, the Company changed its name from AP Ventures Limited to Touch Ventures Limited.

The Company has lodged a prospectus with ASIC on 6 September 2021 and intends on listing with the ASX in late September 2021.

The financial statements have been prepared based upon conditions existing at 30 June 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Management is not aware of any other matter or circumstance which has arisen since 30 June 2021 that has significantly affected or may significantly affect the operations of the consolidated entity in subsequent financial years, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

## Management Assertion Statement

In the opinion of the Management of Touch Ventures Limited ('the Company'):

- a) the Condensed Interim Financial Statements and notes set out on pages 5 to 17:
  - (i) are not prepared for statutory reporting purposes;
  - (ii) are prepared in accordance with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and International Reporting Standard *IAS 34 Interim Financial Reporting*;
  - (iii) present fairly the Company's financial position as at 30 June 2021 and of its performance for the six months period ended on that date; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Hein Vogel  
Chief Executive Officer  
22 September 2021

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# Independent Auditor's Review Report

To the Directors of Touch Ventures Limited (formerly known as AP Ventures Limited)

## Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Touch Ventures Limited (formerly known as AP Ventures Limited) (the Company).

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Report of Touch Ventures Limited does not present fairly, in all material respects, the financial position of the Company as at 30 June 2021, and of its performance and its cash flows for the half year ended on that date, in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

The **Condensed Interim Financial Report** comprises:

- Condensed statement of financial position as at 30 June 2021
- Condensed statement of profit or loss and other comprehensive income, Condensed statement of changes in equity and Condensed statement of cash flows for the half year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Condensed Interim Financial Report* section of our report.

We are independent of the Company in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Restriction on use and distribution

The Condensed Interim Financial Report has been prepared to assist the Directors of Touch Ventures Limited to fulfil the ASX's Conditions of Admission in connection with an Initial Public Offering.

As a result, the Condensed Interim Financial Report and this Auditor's Review Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.



Our report is intended solely for the Directors of Touch Ventures Limited and should not be used by or distributed to parties other than the Directors of Touch Ventures Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Condensed Interim Financial Report to which it relates, to any person other than the Directors of Touch Ventures Limited or for any other purposes than that for which they were prepared.

#### Responsibilities of management for the Condensed Interim Financial Report

Management of the Company are responsible for:

- the preparation and fair presentation of the Condensed Interim Financial Report in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and have determined that the financial reporting framework is appropriate to meet the needs of the Directors to fulfil the ASX's Conditions of Admission in connection with an Initial Public Offering; and
- such internal control as management determine is necessary to enable the preparation and fair presentation of the Condensed Interim Financial Report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Condensed Interim Financial Report does not present fairly, in all material respects, the financial position of the Company as at 30 June 2021 and of its performance and its cash flows for the half year ended on that date, in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

A review of a Condensed Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Sydney

22 September 2021

## Corporate Information

### Directors

Michael Jefferies, Non-Executive Director and Chairman  
Jim Davis, Non-Executive Director  
Sophie Karzis, Non-Executive Director  
John McBain, Non-Executive Director  
Hugh Robertson, Non-Executive Director

### Registered office

Level 36, 1 Macquarie Place  
Sydney, NSW 2000  
Australia

### Auditors

KPMG  
Level 38, Tower Three  
300 Barangaroo Avenue  
Sydney NSW 2000  
Australia

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