

Touch Ventures Limited

ACN 612 559 958

Appendix 4D

Interim Financial Report for the period ended 30 June 2022

1. Company information

| | |
|--------------------------------|--------------------------------------|
| Name of entity: | Touch Ventures Limited |
| ABN: | 96 612 559 958 |
| Reporting period: | For the half year ended 30 June 2022 |
| Previous corresponding period: | For the half year ended 30 June 2021 |

2. Results for announcement to the market

In accordance with the ASX Listing Rule 4.2A, the Board and management of Touch Ventures Limited (the Company) have enclosed an Appendix 4D for the half year ended 30 June 2022.

| | 30 June 2022 | 30 June 2021 | Up / Down | Movement |
|--------------------------------------|--------------|--------------|-----------|----------|
| | \$000 | \$000 | | % |
| (Losses)/gains on financial assets | (31,949) | 14,766 | Down | (316%) |
| (Loss)/profit before tax | (29,749) | 14,102 | Down | (311%) |
| (Net loss)/net profit for the period | (29,749) | 14,102 | Down | (311%) |

Dividends

The Company does not propose to pay a dividend and no other dividend distribution plans are in operation.

3. Net tangible assets

| | 30 June 2022 | 31 December 2021 |
|--------------------------------------|--------------|------------------|
| Net tangible asset backing per share | \$0.22 | \$0.27 |

4. Control gained or lost over entities during the period

None.

5. Details of associates and joint venture entities

The Company does not have any investments in associates and joint ventures.

6. Attachments

This report is based on the attached Condensed Interim Financial Report for the half year ended 30 June 2022 which have been reviewed by the Company's independent auditors, KPMG.

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Condensed Interim Financial Report 30 June 2022

Touch Ventures Limited
(ASX:TVL)

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Contents

| | |
|--|----|
| Directors' Report | 4 |
| Lead Auditor's Independence Declaration | 8 |
| Condensed Statement of Profit or Loss and Other Comprehensive Income | 9 |
| Condensed Statement of Financial Position | 10 |
| Condensed Statement of Changes in Equity | 11 |
| Condensed Statement of Cash Flows | 12 |
| Notes to the Condensed Interim Financial Statements | 13 |
| Independent Auditor's Review Report..... | 23 |
| Independent Auditor's Review Report (continued) | 24 |
| Directors' Declaration | 25 |
| Corporate Directory..... | 26 |

Directors' Report

The Directors of Touch Ventures Limited (referred to hereafter as 'the Company') submit their report together with the Condensed Interim Financial Report for the half year ended 30 June 2022 and the independent auditor's review report.

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 |
| Sophie Karzis | Non-Executive Director |
| John McBain | Non-Executive Director |
| Hugh Robertson | Non-Executive Director |

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 includes 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. From time to time, the Company may make strategic investments that provide it with the ability to extend the Company's connectivity and increase deal flow.

Summary of investment objectives

The Company's current objective is to build a core portfolio of 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 investment objectives are to:

- deliver long-term absolute returns to shareholders primarily from the capital appreciation of its portfolio;
- provide shareholders with portfolio exposure to a concentrated group of growth-stage companies by building a portfolio of approximately 8 to 10 investments with a view of growing the value of these investments over a 3 – 5 year period;
- provide potential additional opportunities for returns to shareholders through investments in early-stage companies (up to 5% in aggregate total of its overall portfolio); and
- provide shareholders with the ability to invest in a structure that is more readily accessible and potentially liquid than may be typical for an unlisted investment holding company.

In addition to the core investment objectives, the Company also focuses on the quality of the team and culture, the shareholding interest of the management / founders, stickiness of the company's revenue and the marginal cost to scale the business.

Investment strategy

The Company has formulated an investment strategy focused on seeking to deploy capital towards high growth, scalable investment opportunities; in particular, investment opportunities within the retail innovation, consumer, finance and data segments in Australia and internationally.

The Company's investment strategy consists of a core investment strategy and an early-stage investment strategy which is summarised as follows:

| | Core Investment Strategy | Early-Stage Investment Strategy |
|-----------------------------|---|--|
| Stage of investment | <ul style="list-style-type: none">Companies with an existing revenue baseOpportunity to grow revenue and market position faster than more mature companies | <ul style="list-style-type: none">"Pre-seed" to "Series A" financing roundsEarlier stage businesses that may still be seeking consistent or proven revenues or product acceptanceArticulated business plan |
| Investment size | <ul style="list-style-type: none">Investment amount of \$10.0 - \$25.0 million | <ul style="list-style-type: none">Investment amount of \$0.5 – \$2.0 million |
| Portfolio allocation | <ul style="list-style-type: none">Approximately 8 to 10 investments over the short to medium term | <ul style="list-style-type: none">Approximately 5% of portfolio |
| Approach | <ul style="list-style-type: none">Aim to acquire a 10% - 40% non-controlling equity interest in a portfolio companyUndertake appropriate due diligence (commercial, financial and legal - outsourced to external advisers as required) | <ul style="list-style-type: none">More "passive" investor role compared to core portfolioCEO and Chair approval and a notification to the boardAggregate portfolio reporting |
| Special terms | <ul style="list-style-type: none">Negotiate the terms of the desired securityMinority protectionsBoard seat(s) | <ul style="list-style-type: none">May not require bespoke terms, board member or observer rights or extensive due diligence |
| Target focus | <ul style="list-style-type: none">Sector focus: Retail innovation, consumer, finance and data | <ul style="list-style-type: none">Similar to the core strategy |

Strategic investments

The Company continues to expand its reach and networks and looks for opportunities both locally and offshore which complements its investment strategy. From time to time, the Company may invest in companies that presents an opportunity for the Company to strengthen its network, increase deal flow and extend its connectivity.

Operating and financial review

Public market valuations, particularly for technology companies, have reduced significantly during the first half of 2022. Given the current economic and market conditions, the Company has slowed its deployment of capital which has enabled the Company to support its existing portfolio and to consider new opportunities as valuations of technology businesses revert to more attractive levels. For the half year ended 30 June 2022, the Company completed a total of one new investment (under its early-stage investment strategy) and four (2 core, 1 early stage and 1 strategic) follow-on investments.

Investments

The Company completed five investments during the current half year:

- In February 2022, the Company invested \$0.5 million in Her Black Book Pty Ltd under its early-stage investment strategy.
- In April 2022, the Company invested US\$5.0 million in Postpay Technology Limited (Postpay) via a convertible note. Postpay provides an interest-free BNPL service offering for eCommerce transactions in the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA).
- In June 2022, the Company participated in the equity raise of Refundid Pty Ltd (Refundid), investing \$0.9 million (the Company's pro-rata share of the total capital raise). Refundid is an instant returns platform for shoppers providing a full refund to consumers before their items are returned to the merchants. Refundid's merchant proposition is to maximise customer retention and increase gross sales.
- During the reporting period, the Company invested a further \$2.9 million of funding to LayAway Travel Australia Pty Ltd (referred to hereafter by its trading name, Play Travel). This investment represents the final tranche of the Company's \$5.0 million funding commitment made to Play Travel in the 2021 financial year.
- The Company also invested a further US\$0.2 million into funds managed by Sugar Capital Fund I, L.P. (Sugar Capital) as part of its original commitment of US\$1.0m.

Valuations

In June 2022, the Company revalued its investment in Happay (Cayman) Ltd (Happay) to US\$1.1 million (\$1.7 million), a decrease of US\$23.8 million (\$34.5 million) from the 31 December 2021 value of US\$24.9 million (\$34.4 million). The Company was carrying Happay based on its last valuation from its Series B capital raise of approximately US\$19m in July 2021 at a post-money valuation of US\$150m led by a Chinese investment group. Happay has been impacted by regulatory changes and market dynamics in China, which have led the business to pivot towards building a white-label BNPL product. The business has also been adversely affected by extended lockdowns in major cities in China. This has hampered Happay's ability to execute its new strategy and its development has been slow. As a result, the Company has revalued its investment in Happay to US\$1.1m (A\$1.7m) which approximates our share of net cash¹ in Happay.

The Company has also impaired the value of one of its early-stage portfolio companies during the current half year and has written its investment down by \$1.1 million.

In June 2022, the Company recognised an unrealised gain on its investment in Refundid of \$3.3m following the successful completion of its funding round led by Salesforce Ventures.

Company financial results and financial position

The net loss after tax of the Company for the half year ended 30 June 2022 was \$29.7 million (half year ended 30 June 2021: profit after tax of \$14.1 million). The net loss includes the non-cash impact of fair value adjustments of \$31.9 million and an unrealised foreign exchange gain of \$4.5 million on investments in financial assets as at the reporting date.

As at 30 June 2022, the Company had net assets of \$160.1 million (31 December 2021: \$189.7 million). The portfolio value (excluding cash) as at 30 June 2022 was \$96.1 million, a decrease of \$15.9 million from the 31 December 2021 value of \$112.0 million. The Company has no debt and has cash on hand at 30 June 2022 of \$64.1 million (31 December 2021: \$78.7 million).

¹ Net cash is inclusive of cash security deposits

Matters subsequent to the end of the financial period

In July 2022, the Company invested an additional \$0.6 million (in addition to its pro-rata investment) in Refundid's capital raise.

In August 2022, the Company invested an additional US\$2.4 million (\$3.4 million) in Sendle, PBC via a convertible note.

The Directors are not aware of any other matter or circumstance which has arisen since 30 June 2022 that has significantly affected or may significantly affect the operations of the Company in subsequent financial years, the results of those operations, or the state of affairs of the Company in future financial years.

Dividends

No dividends were paid or declared by the Company during the half year ended 30 June 2022 (half year ended 30 June 2021: nil).

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

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 report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Jefferies

Non-Executive Director and Chairman

Sydney

25 August 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Touch Ventures Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Touch Ventures Limited for the half year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Kristen Peterson

Partner

Sydney

25 August 2022

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Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half year ended **30 June 2022**

| | Notes | Half year ended 30 June 2022 \$000 | Half year ended 30 June 2021 \$000 |
|--|-------|---|---|
| Net (loss)/gain on financial assets at fair value through profit or loss | 6 | (31,949) | 14,766 |
| Other income | | - | 2 |
| Total (loss)/income | | (31,949) | 14,768 |
| Share based payment expense | 8(b) | (296) | (464) |
| Due diligence and acquisition costs | | (91) | (424) |
| Employee benefits expense | 3(a) | (921) | (553) |
| Professional fees | 3(b) | (122) | (74) |
| Insurance expense | | (239) | (14) |
| Legal expense | | (47) | (15) |
| Other expenses | 3(c) | (645) | (145) |
| Operating (loss)/profit | | (34,310) | 13,079 |
| Interest income | | 45 | 46 |
| Unrealised foreign exchange gain | 6 | 4,516 | 977 |
| (Loss)/profit before tax | | (29,749) | 14,102 |
| Income tax expense | 4 | - | - |
| (Loss)/profit for the period | | (29,749) | 14,102 |
| Total comprehensive (loss)/income for the period, net of tax | | (29,749) | 14,102 |
| | | Cents | Cents |
| Basic earnings per share | | (4.17) | 3.07 |
| Diluted earnings per share | | (4.17) | 3.01 |

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 2022

| | Notes | As at 30 June 2022 \$000 | As at 31 Dec 2021 \$000 |
|---|-------------|-----------------------------------|----------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 64,069 | 78,658 |
| Trade and other receivables | | 131 | 161 |
| Prepayments | | 176 | 359 |
| Other current assets | | 36 | 175 |
| Total current assets | | 64,412 | 79,353 |
| Non-current assets | | | |
| Intangible asset | | 25 | 20 |
| Financial assets at fair value through profit or loss | 6 | 96,085 | 111,980 |
| Total non-current assets | | 96,110 | 112,000 |
| TOTAL ASSETS | | 160,522 | 191,353 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 353 | 1,575 |
| Employee benefit liabilities | | 79 | 81 |
| Total current liabilities | | 432 | 1,656 |
| TOTAL LIABILITIES | | 432 | 1,656 |
| NET ASSETS | | 160,090 | 189,697 |
| EQUITY | | | |
| Issued capital | 10(a),10(b) | 197,192 | 197,346 |
| Accumulated losses | | (39,005) | (9,256) |
| Reserves | 10(b) | 1,903 | 1,607 |
| TOTAL EQUITY | | 160,090 | 189,697 |

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 2022**

| | <i>Issued capital (Note 10a)</i> | <i>Accumulated losses</i> | <i>Employee equity benefits reserve (Note 10b)</i> | <i>Total</i> |
|---|--|-------------------------------|--|-----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Balance at 1 January 2022 | 197,346 | (9,256) | 1,607 | 189,697 |
| Loss for the period | - | (29,749) | - | (29,749) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | (29,749) | - | (29,749) |
| Transactions with owners in their capacity as owners | | | | |
| Share buyback | (154) | - | - | (154) |
| Share-based payments ² | - | - | 296 | 296 |
| Balance at 30 June 2022 | 197,192 | (39,005) | 1,903 | 160,090 |
| Balance at 1 January 2021 | 82,517 | (23,144) | 809 | 60,182 |
| Profit for the period | - | 14,102 | - | 14,102 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | 14,102 | - | 14,102 |
| Transactions with owners in their capacity as owners | | | | |
| Issue of share capital | 18,500 | - | - | 18,500 |
| Share-based payments ² | - | - | 464 | 464 |
| Balance at 30 June 2021 | 101,017 | (9,042) | 1,273 | 93,248 |

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes

² This amount comprises share options and performance rights expensed during the period.

Condensed Statement of Cash Flows

For the half year ended **30 June 2022**

| | | Half year ended 30 June 2022 | Half year ended 30 June 2021 |
|---|-------|---------------------------------------|---------------------------------------|
| | Notes | \$000 | \$000 |
| Cash flows from operating activities | | | |
| Receipts from customers and other debtors | | - | 3 |
| Payments to suppliers and employees | | (2,936) | (1,104) |
| Interest received | | 46 | 46 |
| Net cash flows used in operating activities | 5 | (2,890) | (1,055) |
| Cash flows from investing activities | | | |
| Purchase of financial assets at fair value through profit or loss | | (11,538) | (44,488) |
| Redemption of term deposits | | - | 10,020 |
| Payment of security deposit | | (1) | - |
| Purchase of patents and trademarks | | (6) | - |
| Net cash flows used in investing activities | | (11,545) | (34,468) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | - | 18,500 |
| Payment for share buy-back | | (154) | - |
| Net cash flows (used in)/from financing activities | | (154) | 18,500 |
| Net decrease in cash and cash equivalents | | (14,589) | (17,023) |
| Cash and cash equivalents at beginning of the financial period | | 78,658 | 27,241 |
| Cash and cash equivalents at the end of the financial period | 5 | 64,069 | 10,218 |

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Interim Financial Statements

Note 1: Reporting entity

The Company is a for-profit entity and is domiciled in Australia. The Company is 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; in particular, investment opportunities within the retail innovation, consumer, finance and data segments in Australia and internationally.

Note 2: Summary of significant accounting policies

(a) Basis of preparation

The Condensed Interim Financial Statements (referred to hereafter as the 'Interim Financial Statements') of Touch Ventures Limited (referred to hereafter as 'the Company') for the half year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 25 August 2022.

The Interim Financial Statements are general purpose financial statements prepared in accordance with *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. 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 reflect the activities for the half year ended 30 June 2022. The comparative information represents the financial position of the Company as at 31 December 2021 and the Company's financial performance for the half year ended 30 June 2021.

The Interim Financial Statements of the Company for the half year ended 30 June 2022 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 2021.

The Interim Financial Statements should be read in conjunction with the Annual Financial Report of the Company for the year ended 31 December 2021 which is available from the Company's website at <https://investors.touchventures.com>.

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. 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 thousand dollars, unless otherwise indicated.

(b) New accounting standards and interpretations

The Company has 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.

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 2022. 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 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, including valuation methods and significant estimates and assumptions, are summarised in Notes 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 these Interim Financial Statements.

Note 3: Expenses

(a) Employee benefits expense

| | 30 June 2022 \$000 | 30 June 2021 \$000 |
|-----------------------|--------------------------|--------------------------|
| Salaries and wages | 816 | 429 |
| Superannuation | 54 | 47 |
| Payroll tax expense | 34 | 61 |
| Annual leave expenses | 17 | 16 |
| Total | 921 | 553 |

(b) Professional fees

| | 30 June 2022 \$000 | 30 June 2021 \$000 |
|---------------------------------------|--------------------------|--------------------------|
| Company secretarial and registry fees | 89 | 43 |
| Tax fees | 33 | 31 |
| Total | 122 | 74 |

(c) Other expenses

| | 30 June 2022 \$000 | 30 June 2021 \$000 |
|--|--------------------------|--------------------------|
| Expenses relating to short-term leases | 66 | 22 |
| Audit and accounting fees | 135 | 32 |
| Director fees | 162 | - |
| Other expenses | 282 | 91 |
| Total | 645 | 145 |

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 2022 (half year ended 30 June 2021: 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 2022 \$000 | 31 Dec 2021 \$000 |
|--------------------------|--------------------------|-------------------------|
| Cash at bank and on hand | 64,069 | 78,658 |
| | 64,069 | 78,658 |

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

| | 30 June 2022 \$000 | 30 June 2021 \$000 |
|--|--------------------------|--------------------------|
| Net (loss)/profit | (29,749) | 14,102 |
| Adjustments for: | | |
| Share-based payments expense | 296 | 464 |
| Net loss/(gain) on financial assets at fair value through profit or loss | 31,949 | (14,766) |
| Unrealised net foreign exchange gain | (4,516) | (977) |
| Changes in assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | 30 | (67) |
| Decrease in prepayments | 183 | - |
| Decrease/(increase) in other current assets | 140 | (15) |
| (Decrease)/increase in trade and other payables | (1,285) | 109 |
| Increase in employee benefit liabilities | 62 | 95 |
| Net cash used in operating activities | (2,890) | (1,055) |

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

(a) Financial assets

| | 30 June 2022 \$000 | 30 June 2022 % ownership interest ³ | 31 Dec 2021 \$000 | 31 Dec 2021 % ownership interest ³ |
|---|--------------------------|--|-------------------------|---|
| Investments in financial assets at fair value through profit or loss | | | | |
| Core Investments | | | | |
| Investment in LayAway Travel Australia Pty Ltd | 12,047 | 88.9 | 9,108 | 88.9 |
| Investment in Happay (Cayman) Ltd | 1,656 | 17.5 | 34,368 | 17.5 |
| Investment in Braavos Corporation (Basiq) P/L | 9,950 | - | 9,950 | - |
| Investment in Sendle, PBC | 36,290 | 12.1 | 34,454 | 12.1 |
| Investment in Postpay Technology Limited | 14,516 | 13.3 | 6,891 | 13.3 |
| Investment in Till Payments Global Pty Ltd | 5,326 | - | 5,000 | - |
| Investment in Preezie Pty Ltd | 4,500 | 17.6 | 4,500 | 17.6 |
| Investment in Refundid Pty Ltd | 5,406 | 10.8 | 1,200 | 10.4 |

3. The ownership interest represents the Company's equity interests in the investee and does not take into consideration any shareholding based on the conversion of any convertible notes or SAFE agreements.

| | 30 June 2022 | 30 June 2022 % | 31 Dec 2021 | 31 Dec 2021 % |
|--|-----------------|------------------------------------|----------------|------------------------------------|
| | \$000 | ownership interest ³ | \$000 | ownership interest ³ |
| Early-Stage Investments | 1,500 | various | 2,034 | various |
| Strategic Investments | 4,894 | N/A | 4,475 | N/A |
| Total financial assets at fair value through profit or loss | 96,085 | - | 111,980 | - |

(b) Fair Values

The below table summarises the valuation techniques applied for each investment at 30 June 2022:

| | 30 June 2022 Valuation Technique |
|---|--|
| Investments in financial assets at fair value through profit or loss | |
| Investment in LayAway Travel Australia Pty Ltd | Discounted cash flows of the underlying assets |
| Investment in Happay (Cayman) Ltd | NAV |
| Investment in Braavos Corporation (Basiq) P/L | Price of recent investments |
| Investment in Sendle, PBC | Price of recent investments |
| Investment in Postpay Technology Limited | Price of recent investments |
| Investment in Refundid Pty Ltd | Price of recent investments |
| Investment in Till Payments Global Pty Ltd | Price of recent investments |
| Investment in GotSkill Platforms Limited | Price of recent investments |
| Investment in Sugar Capital Fund I, L.P. | NAV |
| Investment in THEHOLD Inc | NAV |
| Investment in Preezie Pty Ltd | Price of recent investments |
| Investment in Skalata Ventures Pty Ltd | Price of recent investments |
| Investment in SF-II ESVC LP | NAV |
| Investment in Her Black Book Pty Ltd | Price of recent investments |

Play Travel

The Company has determined the fair value of the Company's investment in Play Travel by reference to a discounted cash flow (DCF) valuation of the Play Travel operating business as at 30 June 2022. The DCF valuation includes inputs to the valuation that are considered Level 3 of the fair value hierarchy as the DCF valuation requires assumptions to be made to determine certain inputs that are not based on observable market data.

The key unobservable inputs used by the Company within its DCF valuation in determining the fair value of the Play Travel business and a quantitative sensitivity analysis as at 30 June 2022, is summarised below:

| Unobservable inputs | Description | Sensitivity of the input to the fair value calculation | |
|--------------------------------|--|---|---|
| Cashflow forecasts | <p>Financial forecasts for a four-year period were prepared by the management team of Play Travel as part of the annual budgeting process for the business. This included an analysis of revenue growth rates and estimates of expenses, ultimately leading to a forecast of cashflows for the business over the forecast period.</p> <p>The net revenue Compound Annual Growth Rate (CAGR) for the period FY22 – FY26 is 265%.</p> | A 5% increase in free cash flows increases the calculated fair value by \$1.9 million and vice versa. | |
| Long-term growth rate | A long-term growth rate of 3% was used to extrapolate the cash flows of the business beyond the four-year forecast period. | A 1% increase in this input increases the calculated fair value by \$0.6 million. | A 1% decrease in this input decreases the calculated fair value by \$0.6 million. |
| Cost of equity / Discount rate | <p>A cost of equity of 30% is used to convert the forecast cash flow into present value terms. The cost of equity incorporates the early stage of the business and expected returns for the Company.</p> <p>Consideration has been given to the recent increase in Australia's rate of inflation and base cash rate, however this has not resulted in a significant change to the cost of equity input for Play Travel's DCF valuation as at 30 June 2022.</p> | A 1% increase in this input decreases the calculated fair value by \$0.9 million. | A 1% decrease in this input increases the calculated fair value by \$1.0 million. |

Happay

As at 31 December 2021, the Company had valued its investment in Happay consistent with its Series B capital raise of approximately US\$19 million in July 2021 at a post-money valuation of US\$150 million led by a Chinese investment group. Happay has since been negatively impacted by regulatory changes and market dynamics in China, which have led the business to pivot towards building a white-label BNPL product. The business has also been adversely affected by extended lockdowns in major cities in China. This hampered Happay's ability to execute its new strategy and its development has been slow.

As a result, the Company has revalued its investment in Happay to US\$1.1 million (\$1.7 million) which approximates the Company's share of the net cash (including security deposits) in Happay as at 30 June 2022, resulting in the recognition of a fair value loss of US\$23.8 million (\$34.5 million) during the current period.

Refundid

In June 2022, Refundid conducted a Series A capital raise of \$8.6 million at a pre-money valuation of \$46.4 million led by Salesforce Ventures. The Company participated in the equity raise, investing \$0.9 million (the Company's pro-rata share of the total capital raise).

Based on the successful completion of the funding round, the Company recognised an unrealised gain on its investment in Refundid of \$3.3 million.

Early-stage and strategic investments

During the current half year, the Company recognised a fair value loss in respect of one of its early-stage portfolio companies and has written its investment down by \$1.1 million.

Reconciliation of Level 3 recurring fair values

| | Financial assets at FVTPL \$000 |
|--|--|
| Balance at 1 January 2022 | 111,980 |
| Purchases | 11,538 |
| Net loss recognised in profit or loss ⁴ | (27,433) |
| Balance at 30 June 2022 | 96,085 |

| | Financial assets at FVTPL \$000 |
|--|--|
| Balance at 1 January 2021 | 23,190 |
| Purchases | 44,488 |
| Net gain recognised in profit or loss ⁵ | 15,743 |
| Balance at 30 June 2021 | 83,421 |

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

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 2022, 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 2021.

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 financial statements including their fair value hierarchies are as follows:

⁴ The net loss for the period recognised in profit or loss includes a fair value loss of \$31,949,000 and an unrealised foreign exchange gain of \$4,516,000 due to movements in foreign exchange rates.

⁵ The net gain for the period recognised in profit or loss includes a fair value gain of \$14,766,000 and an unrealised foreign exchange gain of \$977,000 due to movements in foreign exchange rates.

| | Notes | Measurement Basis | Carrying amount | | Level | Fair value | |
|---|-------|-------------------|-----------------|-------------|-------|--------------|-------------|
| | | | 30 June 2022 | 31 Dec 2021 | | 30 June 2022 | 31 Dec 2021 |
| | | | \$000 | \$000 | | \$000 | \$000 |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 5 | Amortised cost | 64,069 | 78,658 | | 64,069 | 78,658 |
| Security deposit | | Amortised cost | 11 | 10 | | 11 | 10 |
| Term deposit | | Amortised cost | 25 | 25 | | 25 | 25 |
| Trade and other receivables | | Amortised cost | 131 | 161 | | 131 | 161 |
| Financial assets at fair value through profit or loss (FVTPL) | 6 | Fair value | 96,085 | 111,980 | 3 | 96,085 | 111,980 |
| Financial liabilities | | | | | | | |
| Trade and other payables | 9 | Amortised cost | 353 | 1,575 | | 353 | 1,575 |

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

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 expenses

| | 30 June 2022 \$000 | 30 June 2021 \$000 |
|---|-----------------------|-----------------------|
| Expenses arising from equity-settled share-based payment transactions | 296 | 464 |

No options or performance rights were granted, exercised, expired or cancelled during the half year ended 30 June 2022.

Note 9: Trade and other payables

| | 30 June 2022 \$000 | 31 Dec 2021 \$000 |
|----------|-----------------------|----------------------|
| Accruals | 353 | 1,575 |

Note 10: Contributed equity and reserves

(a) Ordinary shares of no par value

| | 30 June 2022 \$000 | 30 June 2021 \$000 |
|-----------------------|--------------------------|--------------------------|
| Issued and fully paid | 197,192 | 101,017 |

Movement in ordinary shares on issue

| | Number | \$000 |
|----------------------------------|----------------------|----------------|
| At 1 January 2021 | 1,668,479,315 | 82,517 |
| Share issue | 185,000,000 | 18,500 |
| Share consolidation ⁶ | (1,390,109,447) | - |
| At 30 June 2021 | 463,369,868 | 101,017 |

| | Number | \$000 |
|-----------------------------|--------------------|----------------|
| At 1 January 2022 | 713,369,868 | 197,346 |
| Share buy-back ⁷ | (1,364,885) | (154) |
| At 30 June 2022 | 712,004,983 | 197,192 |

(b) Employee equity benefits reserve

| | \$000 |
|-----------------------------|--------------|
| At 1 January 2021 | 809 |
| Share based payment expense | 464 |
| At 30 June 2021 | 1,273 |

| | \$000 |
|-----------------------------|--------------|
| At 1 January 2022 | 1,607 |
| Share based payment expense | 296 |
| At 30 June 2022 | 1,903 |

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.

(c) 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.

⁶ A share and option consolidation was 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).

⁷ In June 2022, the Company implemented a share buy-back programme.

Note 11: Commitments and contingencies

The Company has no contingencies as at 30 June 2022 (31 December 2021: nil).

The Company has agreed to provide a \$1 million term loan facility to Refundid. As at 30 June 2022 the facility is undrawn.

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 current and previous periods.

| <i>Related party</i> | | Reimbursement from related parties | Purchases from related parties | Amounts owed by related parties | Amounts owed to related parties |
|--|------|---|---|--|--|
| | | \$ | \$ | \$ | \$ |
| Director related entities | | | | | |
| Sophie Karzis Corporate Counsel ⁸ | 2022 | - | - | - | - |
| | 2021 | - | 26,400 | - | - |
| Companies | | | | | |
| Sendle, PBC ⁹ | 2022 | - | - | - | - |
| | 2021 | 66,699 | - | - | - |
| Postpay ¹⁰ | 2022 | 41,849 | - | - | - |
| | 2021 | - | - | - | - |

Note 13: Events after the reporting period

In July 2022, the Company invested an additional \$0.6 million (in addition to its pro-rata investment) in Refundid's capital raise.

In August 2022, the Company invested an additional US\$2.4 million (\$3.4 million) in Sendle, PBC via a convertible note.

The financial statements have been prepared based upon conditions existing at 30 June 2022 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 2022 that has significantly affected or may significantly affect the operations of the Company in subsequent financial years, the results of those operations, or the state of affairs of the Company in future financial years.

⁸ During the half year ended 30 June 2021, Sophie Karzis, Corporate Counsel and Non-Executive Director, supplied secretarial and other general legal services to the Company. Invoices were settled on terms in line with other creditors.

⁹ In June 2021, the Company invested US\$25 million in Sendle via Series C preferred stock. Under the terms of the investment, Sendle, PBC agreed to reimburse the Company for legal and due diligence costs incurred on its behalf.

¹⁰ In April 2021, the Company invested US\$5 million in Postpay via a convertible note. Under the terms of the investment, Postpay agreed to reimburse the Company for legal and due diligence costs incurred on its behalf.



Independent Auditor's Review Report

To the Directors of Touch Ventures Limited

Conclusion

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

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the 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 2022, 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 2022
- 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 Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of 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 these requirements.

Responsibilities of management for the Condensed Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and 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 we have become aware of any matter that makes us 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 2022 and its performance and its cash flows for the half year ended on that date, in accordance with the 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

Kristen Peterson

Partner

Sydney

25 August 2022

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Directors' Declaration

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

- a) the Condensed Interim Financial Statements and notes set out on pages 9 to 22 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the half year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, International Reporting Standard IAS 34 *Interim Financial Reporting*, and the Corporations Regulations 2001; 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.

Signed in accordance with a resolution of the Directors:



Michael Jefferies

Non-Executive Director and Chairman

Sydney

25 August 2022

Corporate Directory

Touch Ventures Limited

ACN 612 559 958

Company website

www.touchventures.com

Directors

Michael Jefferies, Non-Executive Director and Chairman

Jim Davis, Non-Executive Director

Hugh Robertson, Non-Executive Director

Sophie Karzis, Non-Executive Director

John McBain, Non-Executive Director

Company Secretary

Alyn Tai

Registered office

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Level 36, 1 Macquarie Place

Sydney NSW 2000

Australia

Auditors

KPMG

Level 38, Tower Three

300 Barangaroo Avenue

Sydney NSW 2000

Australia

Share Registry

Link Market Services Limited

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Sydney NSW 2000

Australia

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