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touchventures

Appendix 4E and 2021 Annual Report

Touch Ventures Limited

(formerly known as AP Ventures Limited)

(ASX:TVL)

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Touch Ventures Limited
Appendix 4E
Preliminary final report for the year ended 31 December 2021

1. Company information

Name of entity:	Touch Ventures Limited
ABN:	96 612 559 958
Reporting period:	For the year ended 31 December 2021
Previous period:	For the year ended 31 December 2020

2. Results for announcement to the market

	31 December 2021 $000	31 December 2020 $000	Up/Down	Movement %
Gains on financial assets	15,690	–	Up	**n/a**
Profit/(loss) before tax	13,888	(3,407)	Up	**>100%**
Net profit/(loss) for the year	13,888	(3,407)	Up	**>100%**

Dividends

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

3. Net tangible assets

	31 December 2021	31 December 2020
Net tangible asset backing per share	$0.27	$0.13

4. Control gained or lost over entities

None

5. Details of associates and joint venture entities

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

6. Basis of preparation

The financial statements have been audited and an unqualified opinion has been issued.

7. Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 2021 Annual Report which accompanies this Appendix 4E.

8. Attachments

The Annual Report of Touch Ventures Limited for the year ended 31 December 2021 is attached.

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Chairman's Letter

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24 February 2022

Dear shareholders,

Touch Ventures Limited (formerly known as AP Ventures Limited and referred to hereafter as **Touch Ventures** or the **Company**) is an investment company with an experienced investment team and board of directors. Touch Ventures operates with an internalised management structure and also benefits from having a collaboration agreement with Afterpay Limited (**Afterpay**, acquired by Block, Inc).

Touch Ventures made its first investment in January 2020 – two years ago – and since then we have been laying the foundations for the strategy outlined to investors in the Prospectus as part of our listing on the Australian Securities Exchange (**ASX**).

While Touch Ventures has significant flexibility in its investing activities, our core focus is to acquire minority positions in unlisted companies in the retail innovation, consumer, finance and data segments, that Touch Ventures considers to be in the growth-stage of their development.

2021 was a significant year for the company. Touch Ventures raised $118.5 million of capital to execute on its strategy, the company listed on the ASX, has grown its investment team and also expanded its portfolio of investments by adding 10 new companies during year ended 31 December 2021 across our various strategies (including the early-stage investment strategy).

As we head into 2022, Touch Ventures is well positioned with $78.7 million cash on hand as the Company focuses on building out a portfolio of 8 – 10 material investments under our core strategy. We have seen an adjustment in equity market valuations since the start of this year and believe that we will be able to deploy capital into good investment opportunities as we grow the portfolio and support our existing companies.

I want to take this opportunity to thank our shareholders for their support as we continue to grow our business and portfolio. The team is highly motivated and focused on increasing the scale and reach of Touch Ventures. We believe that Touch Ventures will become a leading venture investor out of Australia, providing shareholders with exposure to venture backed companies in our chosen markets.

We look forward to working with leading entrepreneurs globally who are building the next generation of companies and thank you for joining as shareholders in our journey.

Yours faithfully





Michael Jefferies
Chair, Touch Ventures Limited

Report from the CEO

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Dear shareholders,

It is a pleasure to report on our full year results for 2021 (**FY21**) and provide our inaugural report as a listed company.

Introduction to Touch Ventures

While Touch Ventures has significant flexibility in its investing activities, its "core investment strategy" is to target minority positions, typically investing $10 million – $25 million or more in unlisted companies in the retail innovation, consumer, finance and data segments, that Touch Ventures considers to be in the growth-stage of their development. There are no geographic or industry limitations within Touch Ventures' investment strategy, and Touch Ventures has a preference for global ventures.

We also make smaller investments in earlier-stage companies under our "early-stage investment strategy" with a view to seed opportunities before they are ready for larger investment under the core strategy or into opportunities generated from key relationships, including from the relationship with Afterpay (with whom Touch Ventures has a collaboration agreement).

We have been actively investing in companies both in Australia and internationally and having started FY21 with 2 investments and $24.3 million of capital deployed, we have grown this to 12 investments and $93.7 million of capital deployed as at 31 December 2021.

Touch Ventures is uniquely positioned in the Australian and global market with long-term permanent capital to deploy. We are one of few listed entities globally that invest in privately held growth companies, with an internal management team (as opposed to an outsourced manager), focused on long-term shareholder returns. Our structure provides us with the ability to be patient with our capital and self-sustaining once we are at scale (by allowing us to recycle capital). We provide investors exposure to an asset class that is hard to access and liquidity as our shareholders are able to trade in our shares.

Our later stage, core strategy means we typically invest in companies where product-market fit has generally been proven and the risk shifts towards execution and scaling. Our partnership with Afterpay and access to its executives and alumni provides us with access to deep expertise, strong skillsets and deep networks.

While Touch Ventures has its roots in Australia, we believe that the trend towards globalisation will continue to gain speed. We are attracted to Australian businesses that have global aspirations, particularly expanding into North America and/or Europe, where we can add the most value and bring a competitive edge through the Touch Ventures network which we continue to strengthen.

Our Key Objectives

When we listed Touch Ventures in September 2021, we outlined the following as our investment objectives:

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

I am delighted to report that we have made some good progress against these objectives. Our business and portfolio are young and there is much more that we are hoping to achieve in 2022 as we look to grow and scale.

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FY21 Highlights

Key Statistics

- Net Tangible Asset per share: $0.27
- Net gains on investments (excluding foreign exchange movements): $15.7 million
- Profit for the year: $13.9 million
- Cash on hand: $78.7 million
- Capital raised: $118.5 million
- Capital deployed (FY21): 10 new investments, 2 follow-ons ($69.4 million)
  - Core strategy: 5 new investments, 2 follow-ons ($62.7 million)
  - Early-stage strategy: 3 new investments ($3.0 million)
  - Strategic investments: 2 new investments ($3.7 million)

FY21 has been a significant year for Touch Ventures. Highlights for the period to 31 December 2021 include:

- We have had a net positive fair value movement of $15.7 million (excluding foreign exchange movements) due to an increase in the value of our investment in Happay (our Chinese BNPL investment), after providing for an impairment in the value of our investment in Play Travel. We have also had some small uplifts in Refundid and Sugar Capital.
- We completed two capital raises which include an $18.5 million placement to Woodson Funds[1] and $100.0 million from existing and new investors as part of the listing of Touch Ventures.
- The core portfolio has grown from two companies (Play Travel and Happay) to seven through the addition of Basiq, Sendle, Postpay, Till Payments and Preezie. See page 10 for an overview of our portfolio assets.
- We added an early-stage strategy in late 2021 and added three investments in this category which include Refundid, The List and Credshare. Further details on our early-stage portfolio is available on page 25.
- We made strategic investments into Sugar Capital and Skalata Ventures to further extend our reach and access to opportunities. Further details on our strategic investments are available on page 25.
- We expanded our team from three to five and notably adding Carl Scheible (ex-CEO of Clearpay, ex-EVP International at Afterpay and founding team of PayPal Europe) who is based in Europe.

1. Woodson Capital Master Fund LP, Woodson Capital Partners II and Woodson Capital Partners LP (together the Woodson Funds).

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Portfolio Update

We have grown our investment portfolio to a total of twelve, which includes seven in our core strategy, and having deployed $93.7 million of capital. Six of our twelve investments have been referred to us by Afterpay, which uniquely has a collaboration agreement in place with Touch Ventures and also holds a 24.3% interest in Touch Ventures. Afterpay was recently acquired by Block, Inc and now controls Afterpay's interest in Touch Ventures. We look forward to engaging with Block, Inc to develop a relationship with Afterpay's new parent company.

In early 2022, we added a new early-stage investment into a business called Her Black Book. Refer to page 33 of this report for further details.

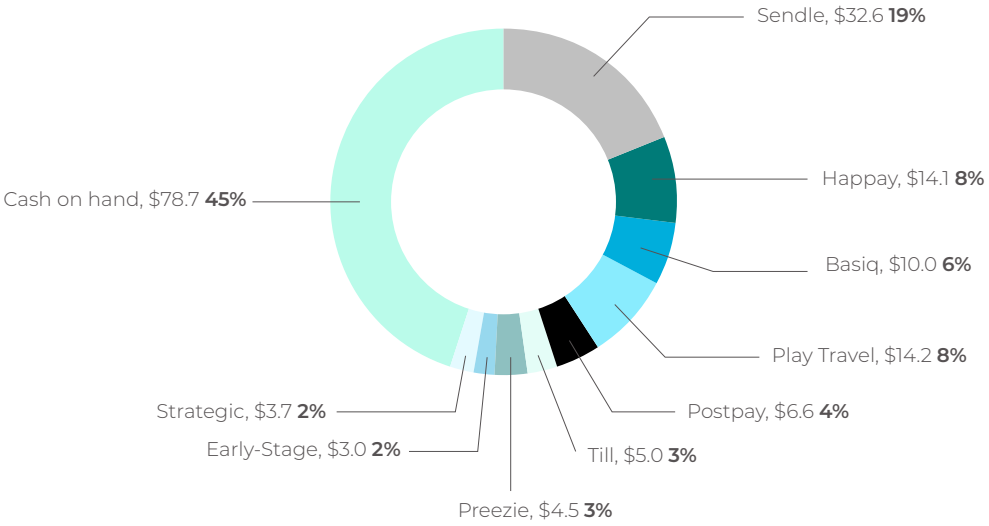
2021 has been a significant year for Touch Ventures. We completed our IPO, raised $118.5 million, added 10 new investments, completed 2 follow-on investments and expanded our team.



A recently hosted portfolio company lunch with Nick Molnar and Mark Teperson from Afterpay. Founders and management from our portfolio companies include James Moody (Sendle), Shadi Haddad (Till Payments), Damir Cuca (Basiq), Gary Burrows and Gerhard Beukes (Play Travel), Michael Tutek and Quoc Nguyen (Preezie), Sali Sasi and Julie Stevanja (Her Black Book).

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Capital invested and cash on hand ($m)

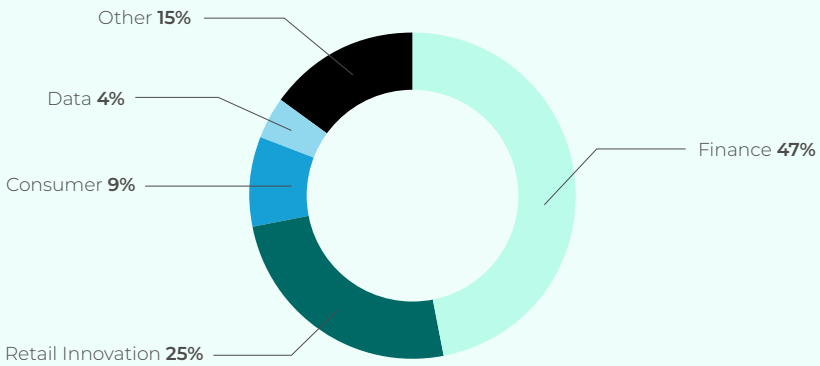


Pipeline and market commentary

The investment team remained focused on new investment opportunities and management of the current portfolio.

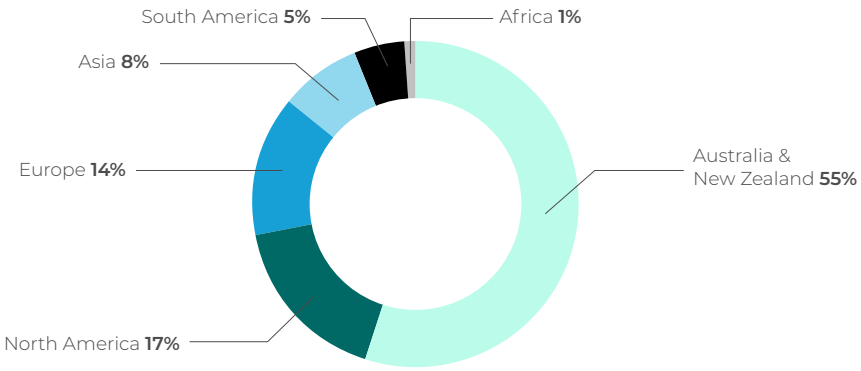
We reviewed more than 175 investment opportunities in 2021, both in Australia and overseas. These opportunities were sourced by the investment team or referred through networks, shareholders (including Afterpay) or inbound enquiries. As at the date of this report, the team was reviewing 17 opportunities across retail innovation, payments, BNPL and lending across the US, Europe, South America, Asia and Australia

Opportunities (by segment)

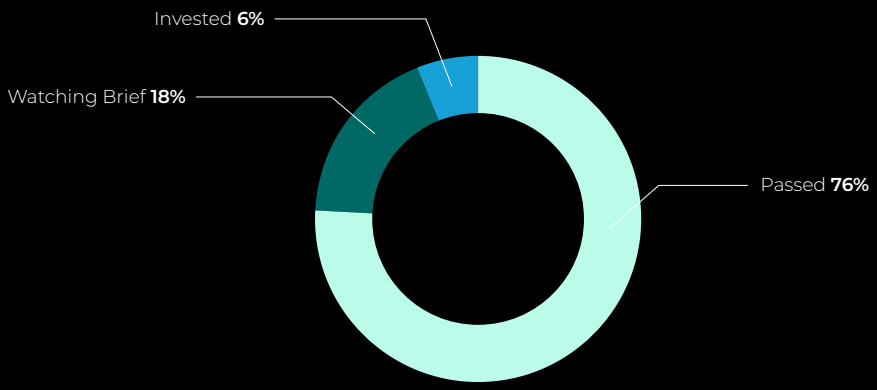


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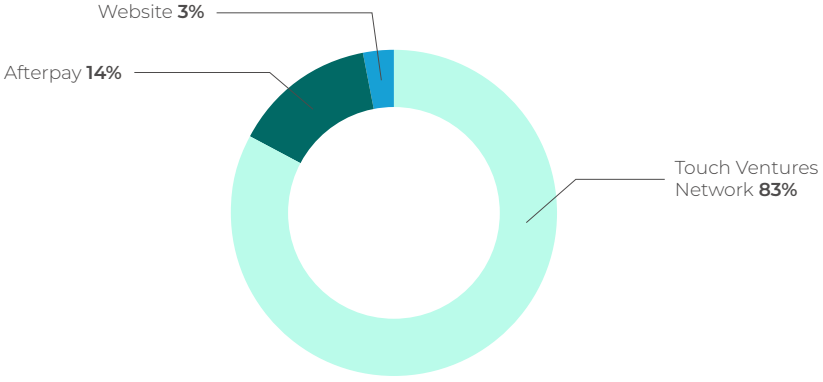
Opportunities (by geographic location)



Opportunities (by outcome of screening)



Opportunities (by referral source)



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Early 2021 saw increased enthusiasm in the market and economy as a result of vaccine rollouts and general easing of COVID-19 cases. Significant amounts of capital were deployed, particularly within the venture capital space as companies raised capital for growth. We believe that this trend led to stretched valuations, particularly within the growth and technology sectors and we chose to be very strategic with our investment choices, choosing to pass on highly competitive opportunities in favour of proprietary deals and opportunities where we could add strategic value.

Towards the end of 2021, with the onset of the Delta strain of COVID-19 and then the Omicron strain, along with central banks globally signalling increasing interest rates, sentiment has begun to turn more bearish. This has particularly impacted the valuations of high growth and technology businesses (including the buy-now, pay-later segments).

Looking forward

Our focus in 2022 will be to continue engaging with our portfolio companies and extending our networks (including Afterpay) to help them scale faster and drive their growth and find opportunities that will generate strong returns over our investment horizon. We are particularly focused on making more core investments in companies with operations outside of Australia.

We reviewed 175 opportunities in 2021 without a significant investment in marketing as we built out our strategy and prepared for our listing on the ASX. With our listing complete, we expect to have increased capacity to extend our networks in the US, Europe and Australia and deal flow opportunities this year. We plan to increase our marketing efforts, further expand the team and spend more time on key relationships including Afterpay/Block, Inc.

With cash on hand of $78.7 million, Touch Ventures is well-positioned to capitalise on opportunities and create value for shareholders. We will however continue be selective as we deploy capital into new and follow-on opportunities to achieve the company's objectives and gain further scale.



Yours sincerely,



Hein Vogel
CEO, Touch Ventures Limited

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Our focus in 2022 is to continue engaging with our portfolio companies and finding opportunities that will generate strong returns. We are well-positioned to capitalise on opportunities and create value for our shareholders.

Portfolio Review

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Touch Ventures' Portfolio (as at 31 December 2021)

Company	Initial Investment	Business Description
sendle	June 2021	Sendle is an Australian & U.S. based virtual parcel courier platform targeting SMB eCommerce merchants.
Happay	October 2020	Happay is a buy-now, pay-later business based in China which allows consumers to pay for purchases in four instalments payments with no upfront fees or interest.
BASIQ	January 2021	Basiq operates a financial data platform which allows financial institutions and fintechs to access, enrich and analyse their customers' financial data.
play travel	February 2020	Play Travel sells travel products using its lay-by payment system. It allows travellers to book travel packages and pay in instalments prior to departure, with no hidden fees or interest charges.
postpay	July 2021	Postpay is a UAE based BNPL business offering 'Pay in 3' instalment plans to online shoppers with no upfront interest or fees.
till.	November 2021	Till Payments is an omni-channel, end-to-end Australian non-bank payments provider.
preezie	November 2021	Preezie is an Australian eCommerce technology company which provides an online guided selling customer engagement platform.
Early-Stage Portfolio	Various	refundid THE LIST CredShare All credentials. One place.
Strategic Investments	Various	SKALATA VENTURES SUGAR CAPITAL
Total Portfolio Value		

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	Shareholding	Investment Amount	FY20 Carrying Value	FY21 Carrying Value
	12.1%	US$25.0 million/ $32.6 million	n/a	US$25.0 million/ $34.4 million
	17.5%	US$10.0 million/ $14.1 million	US$10.0 million/ $13.0 million	US$24.9 million/ $34.4 million
	N/A, subject to conversion	$10.0 million	n/a	$10.0 million
	88.9%	$14.2 million	$10.2 million	$9.1 million
	13.3%	US$5.0 million/ $6.6 million	n/a	US$5.0 million/ $6.9 million
	N/A, subject to conversion	$5.0 million	n/a	$5.0 million
	17.6%	$4.5 million	n/a	$4.5 million
	Various	$3.0 million	n/a	$3.2 million
	Various	$3.7 million	n/a	$4.5 million
		$93.7 million	**$23.2 million**	**$112.0 million**

Overview of Portfolio Assets

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Core Portfolio

sendle

Valuation (31 December 2021)	US$25.0 million/$34.4 million
Total investment	US$25.0 million/$32.6 million
Basis for valuation	Price of recent investments
Securities held	Series C Preferred Shares
Shareholding	12.1%



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Company overview

Sendle positions itself as a 100% carbon neutral digital parcel courier platform business which targets the eCommerce small and medium business (**SMB**) merchant market segment in Australia and the United States. Sendle is seeking to disrupt traditional courier options with superior shipping rates and customer experience.

Sendle was launched in 2015 in Sydney by its co-founder and chief executive officer James Chin Moody and co-founder and chief technology officer Sean Geoghegan.

Business update

Sendle continues to add product enhancements and launched new products including:

1. Returns for small businesses: launched in Australia and the United States in January 2022. Through this service Sendle allows a simple returns service for its merchants allowing returns at designated locations like newsagencies, pharmacies, etc.
2. Sendle Swift: launched in the United States in August 2021 and expanded in November 2021. Using Sendle Swift, businesses can access faster, more affordable 2-day shipping across Western US.
3. Printer Free with eBay: launched in Australia in May 2021. Through this product innovation, sellers on eBay can send parcels through Sendle without needing access to a printer and can simply write details on the package and hand over the product to Sendle's partner drivers.

Sendle also continued expanding its partnerships adding Squarespace, Poshmark and Kidizen to its expanding partner list over the course of 2021. Sendle also launched a peak season shipping and logistics TV series called Ticker eComm which was broadcasted weekly on Ticker TV from September to November 2021.

In November 2021, Sendle was named as one of the best shipping companies for small businesses in the United States by The Balance Small Business. Sendle also joined the Intuit Climate Action Marketplace to continue its mission of helping small businesses reduce their carbon footprint.

Sendle was named as one of the best shipping companies for small businesses in the United States by The Balance Small Business.

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Valuation (31 December 2021)	US$24.9 million/$34.4 million
Total investment	US$10.0 million/$14.1 million
Basis for valuation	Price of recent investments
Securities held	Ordinary Shares
Shareholding	17.5%

Company overview

Happay provides interest-free BNPL products at the point of sale for retailers (particularly retailers located in shopping malls) in mainland China. Happay's BNPL offering allows consumers to pay for purchases in 4 instalments with no upfront fees or interest charged to the consumer. Happay was founded in 2020 by entrepreneurs and business operators Yang Tang, Jin Chen and Bryan Huang. Between them, the founders have experience operating shopping malls in China, micro-finance and investment businesses, and providing business advisory services. The founders are based in China and manage the business's operations in Shanghai and Shenzhen.

Business update

In July 2021, Happay conducted a Series B capital raise of approximately US$19 million at a post-money valuation of US$150 million led by a Chinese investment group. As such, Happay has a well capitalised balance sheet amidst a backdrop of an evolving business environment.

The core BNPL product has been underperforming in changing regulatory environment and market dynamics in China. In response, the Happay team has begun exploring other opportunities to complement its existing direct-to-consumer strategy. Happay is currently developing a white-label BNPL product for shopping mall landlords to leverage existing offline retail relationships and grow demand for BNPL services. Happay is also looking to build a shopping directory capability within the WeChat mini program to support customer leads generation for merchants. By focusing on B2B, Happay has an opportunity to move away from the heavily regulated fintech landscape and become a more technology focussed business.

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Happay raised US$19 million in July 2021.

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BASIQ

Valuation (31 December 2021)	$10.0 million
Total investment	$10.0 million
Basis for valuation	Price of recent investments
Securities held	Convertible Notes
Shareholding	N/A, subject to conversion

Company overview

Basiq has developed an open-banking data platform that enables financial institutions and financial technology companies to access, enrich and analyse their customers' financial data to help these companies drive customer acquisition and revenue growth. Basiq provides a single platform to Basiq's clients to access financial data and provide insights for their end-customers, many of whom hold relationships with multiple financial institutions, with their data being scattered amongst them, making it difficult to access and extract value without using services like those offered by Basiq. Basiq's clients include Afterpay, Wisr, Zip, UBank, Beforepay and Spaceship.

Basiq was established in 2016 by its founder and CEO, Damir Cuca and is based in Sydney, Australia. Damir Cuca has over 15 years' experience in technology and software companies, with a focus on software solutions development and enterprise sales.

Basiq announced a strategic investment from Visa, which will accelerate Basiq's ability to meet growing API demand as the CDR and Open Banking plays out in the Australian market.

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Business update

2021 was a milestone year for Basiq as the business continued to grow adding new customers to the platform. Basiq has helped over 1.5m Australians share their data with various financial institutions and scaled to support over 700,000 active monthly users.

In July 2021, Basiq announced that it is now accredited under the Consumer Data Right (CDR) regime. Basiq's implementation expertise and industry knowledge will provide data recipients with the tools and support they need to accelerate their Open Banking use case and deliver the value of Open Banking to consumers. Basiq also launched a Start-up Launchpad program, providing early-stage Start-ups with the ability to integrate with the Basiq platform at reduced prices.

In November 2021, Basiq announced an investment from Visa. Visa's strategic investment will accelerate Basiq's ability to meet growing API demand as the CDR and Open Banking plays out in the Australian market.

As Open Banking continues to evolve, Basiq's platform and capabilities entered new segments of the market including PropTech, Crypto, Payments and Collections. In early 2022, Version 3.0 of the Basiq platform was launched, providing new features and capabilities to support current and future customer growth.



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play travel

Valuation (31 December 2021)	**$9.1 million**
Total investment	$14.2 million
Basis for valuation	Internal valuation
Securities held	Ordinary Shares
Shareholding	88.9%



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Company overview

Play Travel is an Australian online platform that sells travel products including holiday packages, accommodation, tours and activities. Using its lay-by payment system, Play Travel allows travellers to book travel products and pay in instalments prior to departure, with no hidden fees or interest charges. In addition, travellers can also choose to pay upfront or use Afterpay. The business was founded in 2015, is headquartered in Sydney, Australia and the Play Travel brand was launched in March 2019 through a partnership with Afterpay offering pay-by-instalment travel products to consumers.

Business update

Play Travel has been adversely impacted by COVID-19 and related travel restrictions since March 2020 (and related cancellations of existing domestic and international travel bookings) with the total transaction value and revenue for the business being much lower than expected. However, the outlook for a recovery in the international and domestic travel markets in Australia has recently improved significantly with the opening of local and international borders.

Play Travel launched their new website in April 2021. The new Play website was re-launched in a joint marketing campaign with Afterpay to increase its brand awareness and site traffic.

Play Travel's founder resigned as CEO and as a director during 2021. The company recently confirmed the appointment of Gary Burrows as the new CEO for Play Travel, who started with the business in late February 2022. Gary brings a wealth of experience with previous senior positions at TheFork (TripAdvisor); Event Group and Groupon. Play Travel has continued to strengthen its senior leadership team with key hires across business development and partnerships.

Play Travel is also looking to expand its PlanPay offering to external customers. An early trial is being conducted with a launch customer and expected to go live in Q2 CY22 before a broader release to market. Through PlanPay, Play Travel will look to expand outside of a pure travel business into financial payments opportunities.

Over the course of 2021, Touch Ventures committed a further $7.0 million of funding to Play Travel. $4.9 million of the committed funding has been paid up to the date of this report with the remaining amount to be settled by October 2022. We have continued to support the business and remain optimistic about the long-term opportunity for Play Travel.

Whilst being adversely impacted by COVID-19, Play Travel launched their new website and products and brought on Gary Burrows as their new CEO.

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postpay

Valuation (31 December 2021)	US$5.0 million/$6.9 million
Total investment	US$5.0 million/$6.6 million
Basis for valuation	Price of recent investments
Securities held	Pre-Series A Preferred Shares
Shareholding	13.3%

Company overview

Postpay offers its interest-free BNPL product payment option for eCommerce sales in the United Arab Emirates (UAE). Postpay's main product consists of a pay-in-3 model whereby customers pay in 3 instalments after purchasing their products. The company was founded in 2019 and is based in the UAE. Postpay is led by founders, Tariq Sheikh, who has over 12 years' experience in management consulting and international business across EMEA, and Daniel Molina, who has over 10 years' experience developing APIs and scalable, secure web applications.

Business update

During the year, Postpay solidified its position as a leading BNPL provider in the Middle East region by rapidly expanding its merchant base which includes multinational and prominent regional retail groups, including Alshaya, Al Tayer, Chalhoub, Apparel and Namshi amongst others.

Postpay completed a US$10 million raised led by Touch Ventures and Afterpay in 2021.

In late 2021, Postpay launched the region's first BNPL virtual card solution, in collaboration with the Commercial Bank of Dubai and Mastercard. This is a first-of-its-kind "Shop Anywhere" BNPL solution to the Middle East, which enables customers to shop on eCommerce sites such as Amazon and Noon. The Postpay card will also be enabled in-store where customers tap-to-pay using NFC technology on native wallets (Apple, Samsung, Google Pay). Postpay is also doubling down on regional expansion (within the GCC and beyond), starting with the Kingdom of Saudi Arabia followed by Kuwait, Qatar and others.

In February 2022, Postpay announced that it had secured a debt financing facility from the Commercial Bank of Dubai, a leading bank based in the UAE, which would help fuel the company's regional growth. This partnership also supports Postpay with transaction banking and e-commerce solutions.

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Postpay launched the region's first BNPL virtual card solution, in collaboration with the Commercial Bank of Dubai and Mastercard. This is a first-of-its-kind "Shop Anywhere" BNPL solution to the Middle East.

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Valuation (31 December 2021)	**$5.0 million**
Total investment	$5.0 million
Basis for valuation	Price of recent investments
Securities held	Convertible Notes
Shareholding	N/A, subject to conversion



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Company overview

Till Payments is an Australian founded and headquartered payments fintech company which provides a single-source solutions platform enabling its customers to accept payments on any device and wherever consumers shop, be it online, in-store or a combination of both. Till Payments is an omni-channel, full-stack payments provider.

Till Payments was founded in 2012 by Shadi Haddad (CEO) and has a team of employees across Australia, London, Manila and the US. It currently serves hundreds of merchants across 12 countries and over 500 cities and has an active strategy to expand further into the US and European markets.

Till Payments has a unique value proposition by acting as a unified and simplified true omni-channel solution enabling them to accept any type of payment across any platform. Till Payments allows merchants to seamlessly integrate using their existing technology whilst providing rich visualised customer data.

Business update

Till Payments completed a $125 million Series C funding round backed by Avenir Growth, Woodson Capital, Akuna Capital and Regal Funds Management.

Till has made several key hires across the business with executive appointments in Australia, United States, United Kingdom and New Zealand. In November 2021, the business successfully launched in New Zealand with a domestic acquiring licence making it just one of five non-bank merchant acquirers in the country.

In December 2021, Till announced the acquisition of US-based Ziosk Integrated Payment Services (ZIPS), the payment processing arm of the hospitality technology platform company Ziosk. The acquisition establishes Till's North American presence and payment capability and adds a further 45 staff in the US.

Till continued its strong growth over the last 12 months with processed volume growing 83% from Q3 CY21 to Q4 CY21, and 303% from Q4 CY20. In 2021, Till added 6 partner Independent Software Providers (live) and 30 new partner Independent Software Providers (being onboarded) with a potential base of 600 merchants per month.

Till Payments completed a $125 million Series C funding round backed by Avenir Growth, Woodson Capital, Akuna Capital and Regal Funds Management and completed the acquisition of US-based ZIPS establishing Till Payments' North American presence.

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preezie

Valuation (31 December 2021)	$4.5 million
Total investment	$4.5 million
Basis for valuation	Price of recent investments
Securities held	Series A Preference Shares
Shareholding	17.6%

Company overview

Preezie is an Australian eCommerce technology company which provides an online guided selling customer engagement platform. Preezie enables retail merchants to significantly enhance sales conversion and customer experience by helping customers discover products and offering personalised product recommendations.

Preezie was founded in 2016 by co-founders Michael Tutek, Quoc Nguyen and Luke Milkovic.

Business update

In November 2021, preezie completed an A$5.5 million Series A raise backed by Touch Ventures and TEN13.

Post funding, Preezie has expanded its team with key hires such as a new head of people and a new head of product. Preezie had strong customer growth in 2021, adding Adore Beauty, Shaver Shop, JB Hi-Fi, Temple and Webster, Healthy Life, Woolworths, Lego and Canon to name a few. In 2022, Preezie plans to continue its growth by adding to its existing team of 22 staff and exploring a potential expansion to the United States.



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Early-stage investments

The Company may allocate up to approximately 5% in aggregate of its overall portfolio for investments in early-stage companies. Under this strategy, the Company has invested $3.0 million with a current valuation of $3.2 million.

Valuation (31 December 2021)	$3.2 million	Description
Refundid (Australia)	$1.2 million	Refundid is an instant returns platform for shoppers providing a full refund to consumers before their items are returned to the merchants.
Credshare (Australia)	$1.0 million	Credshare is a secure credentials sharing platform which allows organisations to manage compliance documents and individuals to store their documents in a single space.
The List (USA/UAE)	US$0.7 million/ $1.0 million	The List is a social commerce platform for luxury fashion connecting professional sellers and consumers to entertain, engage and transact.

Strategic investments

The Company may invest in opportunities that strengthen its local and global network and provide greater visibility to early-stage opportunities. The Company has invested $3.7 million into strategic investments with a current valuation of $4.5 million.

Valuation (31 December 2021)	$4.5 million	Description
Sugar Capital (USA)	US$1.8 million/ $2.5 million	Sugar Capital is a venture capital firm based in San Francisco, USA. Sugar Capital primarily invests in seed-stage companies with a focus on e-commerce and consumer businesses.
Skalata Ventures (Australia)	$2.0 million	Skalata Ventures is a seed investment program based in Melbourne, Australia. Skalata invests in and supports early-stage companies through its seed investment program.

Directors' Report

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The Directors of Touch Ventures Limited (referred to hereafter as 'the Company') submit their report for the year ended 31 December 2021 and the auditor's report thereon.

Directors

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

Name, role and independence status	Experience, special responsibilities and other directorships
Michael Jefferies *Chairman and Independent Non-executive Director* 	Michael has 30+ years of public company experience including that he was previously the Chairman of Touchcorp Limited and a non-executive director of Afterpay Limited. Michael has extensive experience in finance and investment including more than 20 years as an executive of Guinness Peat Group plc, an international investment group that listed on the major stock exchanges in London, Australia and New Zealand. He is currently a non-executive director of Ozgrowth Limited. In addition, he was previously a non-executive director of Resimac Limited, ClearView Wealth Limited, Tower Australia Limited and Metals X Limited. Michael is a Chartered Accountant and Fellow of the Australian Institute of Company Directors, has a Bachelor of Commerce degree and is based in Perth. Michael joined the Board on 29 July 2019.
Jim Davis *Independent Non-executive Director* 	Jim is the founder and portfolio manager of Woodson Capital Management, a global fund manager with a focus on the consumer and technology sectors. Woodson Capital's flagship long/short fund (one of the Woodson Funds) launched in January 2010 with a seed investment from Tiger Management where Jim previously served as an Analyst. The Woodson Capital Entities act as investment manager and general partner to the Woodson Funds, a substantial Shareholder of the Company. Jim graduated from Davidson College and received a Masters of Science in Accounting and an MBA in Finance from Wake Forest University. Jim currently serves as a Trustee for two private philanthropic foundations: Tiger Foundation, based in New York City, and the Margaret C. Woodson Foundation in North Carolina. Jim joined the Board on 17 March 2021 and is based in Greenwich, Connecticut in the United States.
Sophie Karzis *Independent Non-executive Director* 	Sophie is a corporate and commercial lawyer who is experienced in the areas of equity capital markets, mergers and acquisitions, and corporate governance for ASX-listed entities. Sophie acts as company secretary and general counsel for a number of ASX-listed and unlisted entities. Sophie is member of the Law Institute of Victoria and the Governance Institute of Australia, has a Bachelor of Jurisprudence and a Bachelor of Laws degree, and is based in Melbourne. Sophie joined the Board on 23 May 2016.

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Name, role and independence status	Experience, special responsibilities and other directorships
John McBain *Independent Non-executive Director* 	John is the former Head of Reproductive Services at Melbourne's Royal Women's Hospital. He is also a former President of the Fertility Society of Australia, and was a founder of Melbourne IVF, now Virtus Health, and served as Chairman of Melbourne IVF and subsequently as a director of Virtus Health prior to its listing on the ASX. John is a member of The Royal College of Obstetricians and Gynaecologists and fellow of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists, has a MB ChB and is based in Melbourne. John joined the Board on 14 June 2018.
Hugh Robertson *Non-Independent Non-executive Director* 	Hugh has over 30 years' experience in financial services as an investor, advisor and company director across a broad range of businesses. Hugh's deep experience and knowledge in capital markets with a particular concentration on small cap industrials is highly valued. Hugh is also currently on the board of Maggie Beer Limited and Envirosuite Limited. His former directorships of note include AMA Group Limited, TasFoods Limited and Hub24 Limited. Hugh is a stockbroker and investment adviser working with a variety of firms including Bell Potter, Investor First and Wilson HTM. Hugh joined the Board on 14 June 2018 and is based in Melbourne.
Alyn Tai *Company Secretary* 	Alyn is a practising lawyer who specialises in the areas of corporate and commercial law, and the provision of company secretarial and legal counsel services to ASX-listed entities. She holds a Bachelor of Laws from the University of Exeter and was called to the Bar of England and Wales before being admitted to the Supreme Court of Victoria as an Australian lawyer.

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Meetings of directors

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 14 Board meetings, 1 Nomination and Remuneration Committee meeting, and 1 Audit and Risk Committee meeting were held.

	Board		Remuneration and Nomination Committee[2]		Audit & Risk Committee[3]	
	No. of meetings attended	No. of meetings held while a Director	No. of meetings attended	No. of meetings held while a Director	No. of meetings attended	No. of meetings held while a Director
Michael Jefferies	14	14	1	1	1	1
Jim Davis	13	13	1	1	1	1
Sophie Karzis	14	14	1	1	1	1
John McBain	14	14	1	1	1	1
Hugh Robertson	13	14	1	1	–	1

Directorships of other listed companies

Directorships of other listed companies held by the Company's Directors in the 3 years immediately before the end of the financial year are as follows:

Director	Company	Period of directorship
Michael Jefferies	Ozgrowth Limited (ASX: OZG)	Since 31 October 2007
Sophie Karzis	RAS Technology Holdings Limited (ASX: RAS)	Since 18 June 2021
John McBain	Rhinomed Limited (ASX: RNO, OTCQB: RHNMF)	Since 14 May 2021
Hugh Robertson	Maggie Beer Holdings Limited (ASX: MBH)	Since 26 October 2015
	Envirosuite Limited (ASX: EVS)	Since 1 November 2018
	Credit Clear Limited (ASX: CCR)	Since 23 September 2021

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report section of this Directors' Report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

2. As at the date of this report, the current members of the Remuneration and Nomination Committee are Sophie Karzis (Chair), Hugh Robertson and Jim Davis. John McBain and Mike Jefferies, whilst not members of the Remuneration and Nomination Committee, attended all Remuneration and Nomination Committee meetings by invitation from the Committee.
3. As at the date of this report, the current members of the Audit and Risk Committee are Mike Jefferies (Chair), Sophie Karzis and John McBain. Jim Davis, whilst not a member of the Audit and Risk Committee, attended all Audit and Risk Committee meetings by invitation from the Committee.

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Share options granted to Directors and senior management

During the financial year, 1,250,000 share options were granted to Jim Davis and 3,250,000 to senior management as part of remuneration. The number of ordinary shares under these options as at the date of approval of this report are 4,500,000.

The table below summarises the outstanding options and their expiry dates as of 31 December 2021 and includes share options granted during the financial year:

Expiry date	Exercise price	Number of shares
16 October 2022	$2.00	25,000
31 December 2024	$0.08	2,500,000
31 December 2024	$0.20	2,500,000
31 December 2024	$0.60	2,500,000
31 December 2024	$0.80	2,500,000
17 September 2025	$0.40	6,250,000
4 November 2025	$0.20	2,000,000
4 November 2025	$0.40	500,000
26 April 2026	$0.40	3,250,000
Total		**22,025,000**

All unissued shares are ordinary shares of the Company.

All options expire on the earlier of their expiry date or termination of the employee's employment. Further details about share-based payments to directors and key management personnel are included in the Remuneration Report.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

No other options were issued since the end of the financial year and no options were exercised during or since the end of the financial year.

Principal activities and state of affairs

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. 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.

On 6 September 2021, the Company changed its name from AP Ventures Limited to Touch Ventures Limited. In September 2021, the Company successfully listed on the Australian Securities Exchange (ASX) under the ticker ASX: TVL. There has been no significant change in the state of affairs of the Company during the financial year, other than the above.

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Operating and financial review

Summary of business model and 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 over the short to medium term 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.

As an investment holding company, the Company does not seek to generate revenues from operating a business. Its key expenses are related to remunerating its management and investment team and professional fees related to acquiring portfolio companies and administration of the Company.

The Company will remain flexible as to the timing and form of exit to provide it with the opportunity to realise the strongest returns having regard to the circumstances of the investment. Exits may, for example, involve sale of investments to other private investors or as part of or following initial public offerings, potentially in one or more tranches.

The Company believes its collaboration agreement with Afterpay and having Afterpay as a material shareholder differentiates the Company from other investors and uniquely positions the Company to access investment opportunities which few others in the Australian market will be able to pursue.

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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	• Companies with an existing revenue base • Opportunity to grow revenue and market position faster than more mature companies	• "Pre-seed" to "Series A" financing rounds • Earlier stage businesses that may still be seeking consistent or proven revenues or product acceptance • Articulated business plan
Investment size	• Investment amount of $10.0 – $25.0 million	• Investment amount of $0.5 – $2.0 million
Portfolio allocation	• Aim to invest in approximately 8 to 10 investments over the short to medium term	• Approximately 5% of portfolio
Approach	• Aim to acquire a 10% – 40% non-controlling equity interest in a portfolio company • Undertake appropriate due diligence (commercial, financial and legal – outsourced to external advisers as required)	• More "passive" investor role compared to core portfolio • CEO and Chair approval and a notification to the board • Aggregate portfolio reporting
Special terms	• Negotiate the terms of the desired security • Minority protections • Board seat(s)	• May not require bespoke terms, board member or observer rights or extensive due diligence
Target focus	• Sector focus: Retail innovation, consumer, finance and data	• Similar to the core strategy • However, Afterpay ecosystem and benefits may be less apparent or proved up at the time of investment

The Company's preferred investment methods are through equity (including ordinary or preference shares), convertible securities (including convertible or converting notes or preference shares), other securities or structures with equity-like features (for example simple agreements for future equity (SAFEs)), or options or warrants over securities of this nature.

The Company's investment strategy criteria are guidelines rather than rules. Other factors, including price, the perceived value of the potential opportunity or factors relevant to particular investments, will also be considered by the Company as determined appropriate before investments are made. The Company may alter its investment strategies and underlying criteria over time where the Company believes such changes are to be in the interests of the Company and shareholders as a whole.

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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.

Review of activities and events during the year ended 31 December 2021

In September 2021, the Company raised $100 million in capital through the successful listing on the Australian Securities Exchange (ASX), adding to the $18.5 million raised in January 2021. The proceeds from the funds raised have provided the Company with a strong cash position to follow its investment objectives. The Company completed a total of ten new investments and two follow-on investments.

New investments

During the year, the Company invested $69.4 million in ten new portfolio companies and two follow-on investments in Play Travel. The Company's new core investments include:

- Basiq
- Sendle
- Postpay
- Till Payments
- Preezie

The Company also completed investments under its early-stage strategy in Refundid, Credshare and The List and made strategic investments in Sugar Capital and Skalata Ventures.

Valuations

In June 2021, the Company revalued its original investment in Happay based on the share price of a recent investment round, resulting in the recognition of a fair value gain of US$14.9 million ($19.9 million).

In December 2021, the Company revalued its investment in the Sugar Capital Fund I, L.P. to reflect the latest fund Net Asset Value (NAV) of the fund. The Company recognised a fair value gain of US$0.5 million ($0.7 million). The Company also revalued its investment in Refundid Pty Ltd. Following the Company's investment, Refundid Pty Ltd raised a further $0.5 million from other external investors at a higher valuation, as a result, the Company recognised a fair value gain of $0.2 million.

Financial results and financial position

The net profit after tax of the Company for the year ended 31 December 2021 was $13.9 million (year ended 31 December 2020: net loss after tax $3.4 million). The net profit includes the non-cash impact of fair value adjustments of $15.7 million and an unrealised foreign exchange gain of $3.7 million on investments in financial assets as at the reporting date. At 31 December 2021, the Company reported net assets of $189.7 million (31 December 2020: $60.2 million).

The Gross Portfolio Value as at 31 December 2021 was $112.0 million, an uplift of $88.8 million from the 31 December 2020 value of $23.2 million. The Company has no debt and has cash on hand at 31 December 2021 of $78.7 million.

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The performance of the Company, measured as the change in the Net Tangible Assets (NTA) per share between 1 January and 31 December was as follows:

	2021	2020
NTA per share	$0.27	$0.13

For the year ended 31 December 2021, the Company's NTA was $0.27, representing a $0.14 increase from 31 December 2020. The NTA movement is attributable to the $118.5 million in additional capital raised by the Company in 2021. The NTA increase also includes the non-cash impact of fair value adjustments of $15.7 million and unrealised foreign exchange gains of $3.7 million.

The performance of the Company is dependent primarily on the performance of our portfolio companies. For an overview of the individual investee companies refer to the Core Portfolio Overview section of this report.

Matters subsequent to the end of the financial year

In January 2022, the Company completed an additional $0.8 million investment in Play Travel. The investment was made as part of the $5.0 million capital raise completed by Play Travel in December 2021. The Company also invested US$0.1 million ($0.2 million) as part of a capital call initiated by Sugar Capital Fund I, L.P in January 2021.

In February 2022, the Company invested $0.5 million in Her Black Book. Her Black Book is a retail deal coupon and cash back platform which specialises in women's fashion, beauty & lifestyle brands. Her Black Book is focused on creating a loyal, engaged and higher value base of discerning female shoppers.

The Directors are not aware of any other matter or circumstance which has arisen since 31 December 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.

Future developments and expected results

The Company has cash available for additional investments and will continue to support existing portfolio companies in line with its stated investment objectives. The future performance of the Company is dependent primarily on the performance of our portfolio companies.

In accordance with section 299(3) of the *Corporations Act 2001*, the Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years as the Directors have reasonable grounds to believe that such information would be likely to result in unreasonable prejudice to the Company.

Environmental regulations

The operations of the Company are not subject to any significant environmental regulations under either Commonwealth, State or Territory laws.

Dividends

No dividends were paid or declared by the Company during the year ended 31 December 2021 (year ended 31 December 2020: nil).

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Indemnification of Directors and officers

During or since the end of the financial year, the Company has entered into Deeds of Indemnity, Insurance and Access with each Director (as named above), the Chief Executive Officer, Chief Financial Officer, officers and the Company Secretary against a liability incurred as an officer. The Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The details of the nature of the liability and the amount of the premium are confidential between the insurer and the Company and have therefore not been disclosed.

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such an auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 14 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 44.

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.

Corporate Governance Statement

The Corporate Governance Statement for the year ended 31 December 2021 can be accessed in the Corporate Governance section of the Company's website at https://investors.touchventures.com.

Relevant governance charters, policies and codes are also available in this section of the website.

Remuneration Report – Audited

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This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's Director's and key management personnel for the financial year ended 31 December 2021. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly. The prescribed details for each person covered by this report are detailed below under the following headings:

- Directors and key management personnel
- Remuneration governance
- Executive remuneration policy and framework
- Non-executive Director remuneration policy
- Remuneration of key management personnel

A. Directors and key management personnel (KMP) – Audited

The Directors and KMP of the Company during or since the end of the financial year were:

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

Executive officers	Position
Hein Vogel	Chief Executive Officer
Gerard Pais	Chief Financial Officer

B. Remuneration governance – Audited

The key purpose of the Remuneration and Nomination Committee is to ensure the Board is structured so as to be effective and add value, that formal and transparent renewal processes are in place and that Directors and management are being remunerated fairly and responsibly.

The Remuneration and Nomination Committee will assist the Board by reviewing and making recommendations to the Board in relation to a number of matters, which most notably includes:

- the Company's remuneration policy
- remuneration packages of senior executives and non-executive Directors
- the review and evaluation of the performance of the Board and senior executives
- the size and composition of the Board

The Remuneration and Nomination Committee may seek external advice to determine the appropriate level and structure of the remuneration packages.

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Securities Trading Policy

The trading of shares issued to eligible employees under any of company's employee equity plans is subject to, and conditional upon, compliance with company's Securities Trading Policy. KMP must not use the Company's securities in connection with a margin loan or similar financing arrangement, nor are they permitted to engage in hedging activities, deal in derivatives or enter into other arrangements that limit the economic risk associated with the Company's securities.

C. Executive remuneration policy and framework – Audited

The Company is committed to attracting and retaining the best people to work in the organisation, including directors and senior management. A key element in achieving that objective is to ensure that the Company is able to appropriately remunerate its key people.

The Company's philosophy on executive remuneration is that it should be aligned with shareholder interests by providing levels of fixed remuneration and 'at risk' pay sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy. It aims to achieve this by ensuring 'at risk' remuneration is contingent on outcomes that grow and/or protect shareholder value and by aligning the interests of executives and shareholders by ensuring a suitable proportion of their remuneration is received in the form of equity-based remuneration.

The Remuneration and Nomination Committee recommends to the Board the remuneration packages of the executives. It is intended that market-based remuneration benchmarks will be reviewed annually. The Remuneration and Nomination Committee may seek external advice to determine the appropriate level and structure of the remuneration packages.

For the executives, remuneration packages will typically consist of:

- fixed base salary, including superannuation;
- short-term incentives (STI); and
- long-term incentives (LTI) through participation in the Long-Term Incentive Plan (LTIP).

The Remuneration and Nomination Committee reviews the remuneration packages for executive KMP annually by reference to performance against individual objectives and the Company's results. The performance review of the Chief Executive Officer is undertaken by the Remuneration and Nomination Committee.

The combination of these components comprise the total remuneration package of executive KMP.

Fixed base pay

Fixed base pay may be delivered as a combination of cash and prescribed non-financial benefits at the discretion of the KMP. Executive KMP are offered a fixed base pay that comprises of a cash salary and superannuation. Base pay for executive KMP is reviewed annually by the Remuneration Committee, which takes into account capability, experience, value to the organisation and performance of the individual.

Retirement benefits for KMP

There are no retirement benefits made available to KMP, other than as required by law.

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Short-term incentive (STI)

To ensure that remuneration for executive KMP is aligned to company's performance, a significant component of each executive KMP's remuneration package is performance based and therefore "at risk". The STI is performance-linked remuneration awarded annually to executives and is determined by reference to both the Company's financial performance and an executive's individual performance.

The annual target STI amount is between 50% and 70% of fixed base salary. Performance conditions in relation to each year's STI will be determined by the Board before the commencement of each financial year and will be payable in cash.

For 2021, executives were entitled to receive a cash STI in addition to the fixed base salary up to the amount of 70% of the fixed base salary. The key performance measure for the 2021 STI was the successful listing of the Company.

Long-term Incentive Plan (LTIP)

The objective of the LTI scheme is to deliver long-term shareholder value by incentivising executive KMP to achieve sustained financial performance. The Company grants directors and key employees' options under its LTIP. Any grant that vests over a performance period of 3 years will be subject to the terms of the LTIP applicable at the time. Any performance conditions in relation to each year's LTI will be determined before the commencement of each relevant financial year.

A service condition applies to the LTI options and performance rights, which means vesting is subject to the individual executives remaining in service.

Key terms of the CEO and CFO's employment

Hein Vogel has been engaged by the Company on a full-time basis as Chief Executive Officer and Chief Investment Officer under an employment contract dated 23 August 2021. The key terms of his employment are as follows:

Term	Description
Base salary	The CEO is entitled to receive a base salary of including statutory superannuation for a total employment cost of $450,000.
Short-term incentives (STI)	The CEO is eligible to participate annually in the Company's short-term incentive plan. Performance conditions in relation to each year's STI will be determined by the Board before the commencement of each financial year and will be payable in cash.
Long-term incentives (LTI)	Subject to any relevant performance or other conditions, restrictions or requirements, the CEO is entitled to participate in the Company's LTIP.
Termination	The CEO's employment may be terminated by the Company or the CEO at any time on the giving of 6 months' notice in writing, or immediately by the Company for serious misconduct.
Restraints	When the CEO's employment ends, he is prohibited from accepting approaching or approaching clients for up to 6 months throughout Australia, except with the prior written consent of the Company.

Gerard Pais has been appointed as Touch Ventures' Chief Financial Officer (CFO) and investment director. He is employed full time under a similar contract as the CEO (but with a base salary of $350,000, and a notice period and restraint of 3 months). The CFO is entitled to STI's under the Company's short-term incentive plan and LTIs under the LTIP.

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Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the Remuneration and Nomination Committee have regard to the following indices in respect of the current financial year and the previous two financial years.

	2021	2020	2019
NTA per share	**$0.27**	$0.13	$0.004
Net profit/(loss) ('000)	**13,888**	(3,407)	(1,941)
Dividends paid	**–**	–	–
Movement in share price[a]	**$0.08**	n/a	n/a

a Share price movement is based on the observed listed share price on 31 December 2021 of $0.28 and implied share price of $0.20 per share as at 31 December 2020 (based on the $50 million capital raise completed by the Company in September 2020).

In 2019, the Company changed its primary objective and become an investment holding company and changed its business to what is now known as Touch Ventures. The Company entered into a Collaboration and Partnership Agreement with Afterpay and appointed a new CEO to pursue transaction opportunities under the guidance of the Board since changing its primary objective.

D. Non-executive Director remuneration policy – Audited

Under the Company's Constitution, each Director may receive remuneration for services performed as a non-executive director. Each of the independent Directors will receive remuneration in the form of director fees and fees for serving as a member on the Audit and Risk Committee and Remuneration and Nomination Committee, as described in below. Remuneration is reviewed annually and any increase will be at the discretion of the Board. The fees are within the aggregate annual limit per the Company's Constitution ($800,000). Excluding Superannuation, there are no retirement allowances paid to Non-executive Directors.

Annual fees (inclusive of superannuation where required)

Chair	$90,000
Other Non-executive Directors	$60,000
Committee chair (per committee)	$10,000
Committee member (per committee)	$Nil

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E. Remuneration of key management personnel – Audited

Table A: Directors' and executive KMP's remuneration

		Short-term employee benefits		Other long-term benefits	Post-Employment benefits	Share-based payments[c]	
		Salary and fees $	STI[b] $	Annual leave $	Super-annuation[a] $	LTI[d] $	Total $
Non-executive Directors							
Michael Jefferies	**2021**	**23,232**	**–**	**–**	**2,323**	**–**	**25,555**
	2020	–	–	–	–	38,000	38,000
Jim Davis[e]	**2021**	**15,333**	**–**	**–**	**–**	**165,000**	**180,333**
	2020	–	–	–	–	–	–
Sophie Karzis	**2021**	**16,263**	**–**	**–**	**1,626**	**–**	**17,889**
	2020	–	–	–	–	53,701	53,701
John McBain	**2021**	**13,939**	**–**	**–**	**1,394**	**–**	**15,333**
	2020	–	–	–	–	38,000	38,000
Hugh Robertson	**2021**	**13,939**	**–**	**–**	**1,394**	**–**	**15,333**
	2020	–	–	–	–	38,000	38,000
Executive Officers							
Hein Vogel	**2021**	**409,207**	**315,000**	**19,421**	**23,274**	**375,505**	**1,142,407**
	2020	406,224	200,000	4,076	9,487	119,954	739,741
Gerard Pais[f]	**2021**	**130,002**	**150,000**	**9,574**	**10,802**	**35,317**	**335,695**
	2020	–	–	–	–	–	–

(a) Superannuation contributions made on behalf of Non-executive Directors to satisfy the Company's obligations under the Superannuation Guarantee Charge legislation.

(b) STI cash payments are paid in December each year.

(c) The Accounting Standards require that the expense relating to the share-based incentive instruments be reflected over the performance period, regardless of whether the executive ever receives any actual value from them. If the share-based incentive instruments lapse, the expense is reversed and the amount previously recognised for individual executives is also reversed.

(d) The values of the LTI share options and performance rights are calculated at the date of grant using the Black Scholes option-pricing model and allocated evenly to each reporting period from the commencement of the performance period to the vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

(e) 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.

(f) Gerard Pais became the Chief Financial Officer (KMP) for the Company on 16 July 2021 and his remuneration from 16 July 2021 to 31 December 2021 has been included in KMP remuneration.

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Table B: Executive performance percentages

		Performance based remuneration as proportion of total remuneration	Total performance related remuneration
Hein Vogel	**2021**	**60%**	**$690,505**
	2020	43%	$319,954
Gerard Pais	**2021**	**55%**	**$185,317**
	2020	–	–

F. Share-based compensation – Audited

Options and performance rights

The Company operates an LTIP which provides the framework under which future individual grants of equity incentives (awards) may be made to executives and employees of the Company. The LTIP has been designed to attract and retain executives and employees, and to provide additional incentive to executives and employees of the Company. Executives and employees are eligible under the plan and grants will be determined by the Board from time to time. The conditions, exercise price or purchase price will be determined by the Board.

Further information on options and performance rights are set out in Note 9 of the financial statements.

The assessed fair value at the grant date of options awarded to individuals is allocated over the period from grant date to expiry date, and the amount for the current period is included in the remuneration table in this report. Fair values are determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

Table C: Right and options over equity instruments granted as compensation

Details on rights and options over ordinary shares in the Company that were granted as compensation to each key management person during the financial year and details on options that vested during the financial year are as follows:

Award recipient	Grant date	Number of options	Exercise price	Fair value per option at grant date	Total fair value of options granted	Vesting date	Expiry date
Jim Davis	23 April 2021	1,250,000	$0.40	$0.13	$165,000	23 April 2021	17 September 2025

These options became exercisable upon vesting.

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G. Equity instruments held by Key Management Personnel (Shares) – Audited

Table D: Key Management Personnel equity holdings

The number of ordinary shares, options and performance rights in the Company held or controlled by key management personnel or their related parties during the financial year were as follows:

Shareholdings

	Balance at 31 Dec 2020	Received on exercise of options	Number of shares acquired	Number of shares disposed	Balance at 31 Dec 2021
Michael Jefferies	9,686,890	–	3,522,506	–	13,209,396
Jim Davis	–	–	–	–	–
Sophie Karzis	711,283	–	258,649	–	969,932
John McBain	10,094,269	–	3,920,645	–	14,014,914
Hugh Robertson	10,945,250	–	3,980,092	–	14,925,342
Hein Vogel	850,000	–	250,000	–	1,100,000
Gerard Pais	300,000	–	109,091	–	409,091

There have been no movements to Director shareholdings or share option holdings since 31 December 2021.

Share option holdings

	Balance at 31 Dec 2020	Granted as compen-sation	Expired	Exercised	Balance at 31 Dec 2021	Vested during the year	Vested and exer-cisable to date	Unvested at 31 Dec 2021
	No	No	No	No	No	No	No	No
Michael Jefferies	1,250,000	–	–	–	1,250,000	–	1,250,000	–
Jim Davis[(a)]	–	1,250,000	–	–	1,250,000	1,250,000	1,250,000	–
Sophie Karzis	1,312,500	–	62,500	–	1,250,000	–	1,250,000	–
John McBain	1,250,000	–	–	–	1,250,000	–	1,250,000	–
Hugh Robertson	1,250,000	–	–	–	1,250,000	–	1,250,000	–
Hein Vogel	10,000,000	–	–	–	10,000,000	2,500,000	5,000,000	5,000,000
Gerard Pais	2,500,000	–	–	–	2,500,000	833,332	833,332	1,666,668

There have been no movements to Director shareholdings or share option holdings since 31 December 2021. No options have been exercised during or after the financial year.

(a) Jim Davis is the appointed representative of 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.

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Performance rights holdings

	Balance at 31 Dec 2020	Granted as compen-sation	Exercised	Expired	Balance at 31 Dec 2021	Vested during the year	Vested and exer-cisable to date	Unvested at 31 Dec 2021
	No	No	No	No	No	No	No	No
Hein Vogel	7,000,000	–	–	–	7,000,000	–	–	7,000,000

Performance rights – milestones

Award recipient	Performance milestone	Status	Number
Hein Vogel	Deployment of 70% of the cash balance of $50 million (as at September 2020) into Board approved investments by 30 June 2021. 90% of the $50 million must have been deployed in Board approved investments by 31 December 2021.	Satisfied	1,400,000
	Achievement of an ASX listing (or similar liquidity transaction including that 100% of the Company's shares are acquired by another party, a merger, or other event that allows shareholders to receive cash or the securities of another company listed on a recognised stock exchange as full or partial consideration for some or all of their shares) by 31 December 2021.	Satisfied	2,100,000
	Achieve investment returns on capital at 30 September 2020 in the three years to 31 December 2023, with 100% vesting for investment returns over 20% per annum, 50% vesting for investment returns between 15% and 19.99% per annum, and 25% vesting for investment returns between 10% and 14.99%.	Not yet satisfied	3,500,000

All share options issued to key management personnel were made in accordance with the provisions of the Company's LTIP.

Further details of the LTIP and of share options granted during the 2021 and 2020 financial years are contained in Note 9 to the financial statements.

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H. Additional information – Audited

Loans to KMP and their related parties

There were no loans to any KMP and their related parties during the year.

Other transactions with KMP

Certain KMP and their related parties transacted with the Company during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

During the financial year, a related entity to Sophie Karzis (Sophie Karzis Corporate Counsel) supplied secretarial and other general legal services to the Company worth $63,800.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the *Corporations Act 2001*.



Michael Jefferies
Non-Executive Director and Chairman

Sydney
24 February 2022

Lead Auditor's Independence Declaration

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KPMG

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 audit of Touch Ventures Limited for the financial year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Kristen Peterson

Partner

Sydney

24 February 2022

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

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	Notes	2021 $000	2020 Restated* $000
Net gain on financial assets at fair value through profit or loss	7	15,690	–
Other income		2	–
Total income/(loss)		**15,692**	**–**
Share based payment expense	8b	(798)	(302)
Due diligence and acquisition costs		(567)	(719)
Employee benefits expense	3a	(2,020)	(518)
Professional fees	3b	(178)	(102)
Insurance expense		(184)	(32)
Legal expense		(131)	(10)
Listing expenses		(1,047)	–
Other expenses	3c	(629)	(671)
Operating profit/(loss)		**10,138**	**(2,354)**
Interest income		73	46
Unrealised foreign exchange gain/(loss) on financial assets at fair value through profit or loss		3,677	(1,099)
Profit/(loss) before tax		**13,888**	**(3,407)**
Income tax expense	4	–	–
Profit/(loss) for the year		**13,888**	**(3,407)**
Total comprehensive income/(loss) for the year, net of tax		**13,888**	**(3,407)**

	Notes	Cents	Cents
Basic earnings per share	5	2.62	(1.52)
Diluted earnings per share	5	2.58	(1.52)

* Refer to Note 2(u).

The above Statement of Profit or Loss and Other Comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2021

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	Notes	2021 $000	2020 $000
ASSETS			
Current assets			
Cash and cash equivalents	6	78,658	27,241
Trade and other receivables		161	–
Prepayments		359	2
Other current assets		175	10,051
Total current assets		**79,353**	**37,294**
Non-current assets			
Intangible assets		20	–
Property, plant and equipment		–	2
Financial assets at fair value through profit or loss	7	111,980	23,190
Total non-current assets		**112,000**	**23,192**
TOTAL ASSETS		**191,353**	**60,486**
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,575	297
Employee benefit liabilities		81	7
Total current liabilities		**1,656**	**304**
TOTAL LIABILITIES		**1,656**	**304**
NET ASSETS		**189,697**	**60,182**
EQUITY			
Issued capital	11a, 11b	197,346	82,517
Accumulated losses		(9,256)	(23,144)
Reserves	11c	1,607	809
TOTAL EQUITY		**189,697**	**60,182**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2021

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	Issued capital (Note 11b) $000	Accumulated losses $000	Employee equity benefits reserve (Note 11c) $000	Total $000
Balance at 1 January 2021	**82,517**	**(23,144)**	**809**	**60,182**
Profit for the year	–	13,888	–	13,888
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	**–**	**13,888**	**–**	**13,888**
Transactions with owners in their capacity as owners				
Issue of share capital	118,500	–	–	118,500
Share-based payments[4]	–	–	798	798
Transaction costs	(3,671)	–	–	(3,671)
Balance at 31 December 2021	**197,346**	**(9,256)**	**1,607**	**189,697**
Balance at 1 January 2020	**19,446**	**(19,737)**	**507**	**216**
Loss for the year	–	(3,407)	–	(3,407)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	**–**	**(3,407)**	**–**	**(3,407)**
Transactions with owners in their capacity as owners				
Issue of share capital	65,000	–	–	65,000
Share-based payments[4]	–	–	302	302
Transaction costs	(1,929)	–	–	(1,929)
Balance at 31 December 2020	**82,517**	**(23,144)**	**809**	**60,182**

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

4. This amount comprises share options and performance rights expensed during the year.

Statement of Cash Flows

For the year ended 31 December 2021

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	Notes	2021 $000	2020 $000
Cash flows from operating activities			
Receipts from customers and other debtors		3	–
Payments to suppliers and employees (gross of GST)		(4,062)	(3,457)
Interest received		73	26
Net cash flows used in operating activities	6	**(3,986)**	**(3,431)**
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(69,422)	(24,146)
Redemption of/(investment in) term deposits		10,020	(10,025)
Purchase of property, plant and equipment		–	(2)
Payment of security deposit		(4)	(6)
Purchase of patents and trademarks		(20)	–
Net cash flows used in investing activities		**(59,426)**	**(34,179)**
Cash flows from financing activities			
Proceeds from issue of shares		118,500	65,000
Transaction costs on issue of shares		(3,671)	(1,929)
Net cash flows from financing activities		**114,829**	**63,071**
Net increase in cash and cash equivalents		51,417	25,461
Cash and cash equivalents at beginning of the financial year		27,241	1,780
Cash and cash equivalents at the end of the financial year	6	**78,658**	**27,241**

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

Notes to the Financial Statements

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Note 1: Corporate Information

The Financial Statements ('Financial Statements') of Touch Ventures Limited (formerly known as AP Ventures Limited and referred to hereafter as 'the Company') for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 24 February 2022.

The Financial Statements reflect the activities for the year ended 31 December 2021.

Note 2: Summary of significant accounting policies

(a) Basis of preparation

The Annual Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

The 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 financial statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

(b) Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

(c) 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.

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 do not have a material impact to the Company's financial statements.

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Note 2: Summary of significant accounting policies continued

(d) Significant accounting judgements, estimates and assumptions

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses an appropriate valuation model to determine the fair value. The model and assumptions used to estimate the fair value for share-based payment transactions are disclosed in Note 9.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to the tax effect accounting determinations made to date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Status as an investment entity

The Company is an investment entity under AASB 10 *Consolidated Financial Statements*, which means that it measures its investments on a fair value basis through profit or loss, in accordance with AASB 9 *Financial Instruments*. In determining whether the Company meets the definition of an investment entity, management has taken into consideration the typical characteristics set forth by this accounting standard as well as other essential elements, including the Company's purpose, commitments to its investors, and how it measures and evaluates the performance of its investments. Refer to Note 7 for further discussion.

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(e) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest income is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(f) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company has applied the exemption criteria under AASB 16 Leases and recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(g) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Prepayments

Prepayments are advance payments for goods and services (e.g., business insurance and subscriptions) which the Company will receive in the future. The Company recognises prepayments as current assets within the Statement of Financial Position.

Prepayments are expensed over the period of time the goods and services are received by the Company in profit or loss in line with the benefit that is derived from the related asset.

(i) Financial assets

Recognition and initial measurement

The Company initially recognises its investments in unlisted private equities as financial assets at fair value through profit or loss ("FVTPL") on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. Other financial assets are recognised on the date on which they originated.

A financial asset is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

All other financial assets of the Company are measured at FVTPL.

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Note 2: Summary of significant accounting policies continued

(i) Financial assets continued

Classification and subsequent measurement

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense are recognised in profit or loss in 'Net gain/(loss) on financial assets at fair value through profit or loss' in the Statement of Profit or Loss and Other Comprehensive Income. Investments in unlisted private equities are included in this category.

ii. Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(j) Financial liabilities

Recognition and initial measurement

Financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(k) Foreign currency translation

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on translation of the Company's financial assets at FVTPL are recognised in profit or loss as either unrealised or realised foreign exchange gain/(loss) on financial assets at fair value through profit or loss. If incurred in the future, foreign currency differences arising on translation of other classes of assets or liabilities will be recognised in profit or loss as 'Other net foreign exchange gain/(loss)'.

Both the functional and presentation currency of the Company is in Australian dollars (A$).

(l) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Note 2: Summary of significant accounting policies continued

(l) Income tax continued

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments, the Company determines fair value using other valuation techniques.

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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. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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 Note 8.

(o) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised losses may no longer exist or may have decreased. If such indication exits, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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Note 2: Summary of significant accounting policies continued

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost. Due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(r) Short-term and other long-term employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Equity-settled transactions

The Company provides benefits to employees (including key management personnel) and Directors of the Company, in the form of share-based payments, whereby employees and Directors render services in exchange for shares or rights over shares (equity-settled transactions).

The Long-Term Incentive Plan (LTIP) provides benefits to Directors, senior executives and other staff as agreed by the Board of Directors.

The cost of these equity-settled transactions with employees and Directors is measured by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined using a Black Scholes model.

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The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled (vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised in the statement of comprehensive income for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) 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 Annual Financial Statements.

(u) Reclassification of prior period balances

During the current year, the Company changed its accounting policy in respect of where foreign exchange gains and losses on financial assets at fair value through profit or loss are presented within the Statement of Profit or Loss and Other Comprehensive Income. These were previously included within 'Net gain/(loss) on financial assets at fair value through profit or loss' as a single amount and are now presented separately from other fair value changes in the line item 'Unrealised foreign exchange gain/(loss) on financial assets at fair value through profit or loss'. The impact of this change on the previously reported comparative period is shown below (note a).

In addition, certain types of expenses previously presented within professional fees have been reclassified to other expenses within the Statement of Profit or Loss and Other Comprehensive Income. The impact of this change on the previously reported comparative period in shown below (note b).

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Note 2: Summary of significant accounting policies continued

(u) Reclassification of prior period balances continued

Statement of Profit or Loss and Other Comprehensive Income line item	Income/ (expense) for the year ended 31 December 2020 (previously reported)	Reclassification $000	Income/ (expense) for the year ended 31 December 2020 (restated) $000	Note
Net loss on financial assets at fair value through profit or loss	(1,099)	1,099	–	(a)
Professional fees	(719)	617	(102)	(b)
Other expenses	(54)	(617)	(671)	(b)
Unrealised foreign exchange loss on financial assets at fair value through profit or loss	–	(1,099)	(1,099)	(a)
Loss after tax	(3,407)	–	(3,407)	

Note 3: Expenses

(a) Employee benefits expense

	2021 $000	2020 $000
Salaries and wages	1,766	482
Superannuation	94	18
Payroll tax expense	116	11
Annual leave expenses	44	7
Total	**2,020**	**518**

(b) Professional fees

	2021 $000	2020 Restated* $000
Company secretarial and registry fees	121	74
Tax fees	57	28
Total	**178**	**102**

* Refer to Note 2(u).

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(c) Other expenses

	2021 $000	2020 Restated* $000
Expenses relating to short-term leases	66	1
Other expenses	563	670
Total	**629**	**671**

* Refer to Note 2(u)

Note 4: Income tax expense

(a) Income tax expense

	2021 $000	2020 $000
The major components of income tax expense are:		
Current income tax charge		
Current income tax charge	(631)	(675)
Deferred income tax		
Non recognition of deferred tax asset in relation to tax losses and temporary differences	631	675
Income tax expense/(benefit) as reported in the Statement of Profit or Loss and Other Comprehensive Income	**–**	**–**

(b) Numerical reconciliation between aggregate tax benefit recognised in the Statement of Profit or Loss and Other Comprehensive Income and Tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:

	2021 $000	2020 $000
Accounting profit/(loss) before tax	13,888	(3,407)
At the Company's statutory rate of 30%	4,166	(1,022)
Expenditure not allowed for income tax purposes	415	347
Changes in estimates related to prior years	(5,212)	–
Tax loss and temporary differences not previously brought to account	631	675
Income tax expense/(benefit)	**–**	**–**

At 31 December 2021, there were unrecognised net deferred tax assets of $1,402,000 (2020: $5,208,000). The Company has not recognised a deferred tax asset for previously incurred losses of $4,700,000 as at 31 December 2021 as they are not deemed recoverable based on current expectations of future taxable income. These tax losses do not expire under current tax rules.

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Note 5: Earnings per share

Basic earnings per share

	2021 number '000	2020 number '000
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	530,901	223,789

	$000	$000
Profit/(loss) for the year	13,888	(3,407)
	cents	cents
Basic earnings per share	2.62	(1.52)

Weighted-average number of ordinary shares (basic)

	2021 number '000	2020 number '000
Issued ordinary shares at 1 January 2021	417,120	54,163
Effect of shares issued	113,781	169,626
Weighted-average number of ordinary shares at 31 December 2021	530,901	223,789

Diluted earnings per share

	2021 number '000	2020 number '000
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	538,268	223,789

	$000	$000
Profit/(loss) for the year	13,888	(3,407)
	cents	cents
Diluted earnings per share	2.58	(1.52)

Weighted-average number of ordinary shares (diluted)

	2021 number '000	2020 number '000
Weighted-average number of ordinary shares (basic)	530,901	223,789
Effect of share options	2,836	–
Effect of performance rights	4,531	–
Weighted-average number of ordinary shares at 31 December 2021 (diluted)	538,268	223,789

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Note 6: Cash and cash equivalents

	2021 $000	2020 $000
Cash at bank and on hand	78,658	27,241
	78,658	**27,241**

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

	2021 $000	2020 $000
Net profit/(loss)	13,888	(3,407)
Adjustments for:		
Depreciation expense	3	–
Write-off of related party receivables	–	10
Interest received	–	(20)
Share-based payments expense	798	302
Net gain on financial assets at fair value through profit or loss	(15,690)	–
Unrealised net foreign exchange gain/(loss)	(3,677)	1,099
Changes in assets and liabilities:		
Increase in trade and other receivables	(161)	–
Increase in prepayment	(357)	(2)
(Increase)/decrease in other current assets	(142)	13
Increase/(decrease) in trade and other payables	1,278	(1,433)
Increase in employee benefit liabilities	74	7
Net cash used in operating activities	**(3,986)**	**(3,431)**

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Note 7: Financial assets at fair value through profit or loss (FVTPL)

(a) Financial assets

	2021 $000	2021 % ownership interest	2020 $000	2020 % ownership interest
Investments in financial assets at fair value through profit or loss				
Core Investments				
Investment in LayAway Travel Australia Pty Ltd	9,108	88.9	10,206	77.9
Investment in Happay (Cayman) Ltd	34,368	17.5	12,984	20.0
Investment in Braavos Corporation (Basiq) P/L	9,950	–	–	–
Investment in Sendle, PBC	34,454	12.1	–	–
Investment in Postpay Technology Limited	6,891	13.3	–	–
Investment in Till Payments Global Pty Ltd	5,000	–	–	–
Investment in Preezie Pty Ltd	4,500	17.6	–	–
Early-Stage Investments	3,234	various	–	–
Strategic Investments	4,475	various	–	–
Total financial assets at fair value through profit or loss	**111,980**	**–**	**23,190**	**–**

(b) Fair Values

Valuation Techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value.

The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities including ongoing discussions with potential purchasers.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The Australian Private Equity and Venture Capital Association (AVCAL) has prepared the International Private Equity and Venture Capital Guidelines (Valuation Guidelines). The Valuation Guidelines set out recommendations on the valuation of private equity investments which are intended to represent current best practice. The Company has referred to the Valuation Guidelines in order to determine the "fair value" of the Company's financial assets measured at FVTPL.

In addition to the AVCAL Valuation Guidelines, the Board has given consideration to detailed analysis and up to date information that may impact the fair value of the portfolio due to the impacts of COVID-19. In doing so, the Board also considered special COVID-19 valuation guidance issued by the International Private Equity and Venture Capital Valuation Guidelines Board (IPEV).

In referring to the Valuation Guidelines and guidance issued by the IPEV, consideration is given to ensure that the determination of fair value remains consistent in all material respects with Australian Accounting Standards and International Financial Reporting Standards.

The "fair value" of financial assets is assumed to be the price that would be received for the financial asset in an orderly transaction between knowledgeable and willing but not anxious market participants acting at arm's length given current market conditions at the relevant measurement date. Fair value for unquoted or illiquid investments is often estimated with reference to the potential realisation price for the investment or underlying business if it were to be realised or sold in an orderly transaction at the measurement date, regardless of whether an exit in the near future is anticipated and without reference to amounts received or paid in a distressed sale.

AVCAL suggests that one or more techniques should be adopted to calculate a private equity investment based on the valuer's opinion of which method or methods are considered most appropriate given the nature, facts and circumstances of the particular investment. In considering the appropriateness of each technique, AVCAL suggests the economic substance of the investment should take priority over the strict legal form.

AVCAL provides guidance on a range of valuation methodologies that are commonly used to determine the value of private equity investments in the absence of an active market, including:

- price of recent investments;
- earnings multiples;
- revenue multiples;
- net asset values (NAV);
- discounted cash flows of the underlying assets;
- discounted cash flows of the investment; and
- industry valuation benchmarks.

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Note 7: Financial assets at fair value through profit or loss (FVTPL) continued

(b) Fair Values continued

Valuation Techniques continued

An assessment will be made at each measurement date as to the most appropriate valuation methodology, including that for investee companies owned by third party funds that the Company invests in and which are valued on a look-through basis. As of 31 December 2021:

- Financial instruments measured using the most recent round price valuation methodology were $99.4 million (2020: $13.0 million);
- Financial instruments measured using the discounted cash flows of the underlying assets were $9.1 million (2020: $10.2 million); and
- Financial instruments measured at the NAV of the underlying fund were $3.5 million (2020: nil).

Financial instruments, measured at fair value, categorised as Level 3 within the fair value hierarchy can be split into two main valuation techniques. Valuation techniques can be categorised as based on last round price and at NAV of the underlying fund (adjusted where relevant). Each portfolio company will be subject to individual assessment. Management is responsible for ensuring that each investment is valued in accordance with the Company's policy.

The below table summarises the valuation techniques applied for each investment at 31 December 2021:

	2021 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	Price of recent investments
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	Price of recent investments
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

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Play Travel (LayAway Travel Australia Pty Ltd)

The Company completed a follow-on investment in LayAway Travel Australia Pty Ltd (referred to hereafter by its trading name, 'Play Travel') in June 2021 and December 2021. Whilst the Company would typically determine the fair value of its investments using the price of these recent investments given their proximity to the reporting date, due to the significant disruption of the COVID-19 pandemic to the travel market and in the absence of other market participants in these investment rounds, 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 31 December 2021. The outcome of this DCF valuation was consistent with the price of both the follow-on investments.

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.

At reporting date, the key unobservable inputs used by the Company within its DCF valuation in determining the fair value of the Play Travel business, together with a quantitative sensitivity analysis as at 31 December 2021 is summarised below:

- Underlying business FY22-FY26 forecasts in October 2021, to which we have further risk-adjusted Play Travel management's assumptions by applying a 50% discount given the current uncertain environment with Omicron.
- The underlying forecasts received from Play Travel and the discount rate applied by management has been risk adjusted to reflect the market conditions and Play Travel's size and performance.

Unobservable inputs	Description	Sensitivity of the input to the fair value calculation	
Cashflow forecasts	Financial forecasts for a five-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. The net revenue Compound Annual Growth Rate (CAGR) for the period FY21 – FY26 is 165%.	A 5% increase in free cash flows increases the calculated fair value by $3.4 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 five-year forecast period.	A 1% increase in this input increases the calculated fair value by $1.1 million.	A 1% decrease in this input decreases the calculated fair value by $1.0 million.
Cost of equity/ Discount rate	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 as well as an additional risk weighting for the impact that the COVID-19 pandemic is likely to have on the domestic and overseas travel industry over the short-term.	A 1% increase in this input decreases the calculated fair value by $1.8 million.	A 1% decrease in this input increases the calculated fair value by $1.9 million.

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Note 7: Financial assets at fair value through profit or loss (FVTPL) continued

(b) Fair Values continued

Play Travel (LayAway Travel Australia Pty Ltd) continued

Reconciliation of Level 3 recurring fair values

	Financial assets at FVTPL $000
Balance at 1 January 2021	23,190
Purchases	69,423
Net gain recognised in profit or loss[5]	19,367
Balance at 31 December 2021	111,980

	Financial assets at FVTPL $000
Balance at 1 January 2020	–
Purchases	24,289
Net loss recognised in profit or loss[6]	(1,099)
Balance at 31 December 2020	23,190

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

Note 8: Financial instruments – fair values and risk management

The Company's principal financial instruments comprise of cash and cash equivalents, financial assets designated at fair value through profit or loss, and payables.

The Company manages its exposure to key financial risks, including interest rate, credit, liquidity and currency risk in accordance with the Company's financial risk management policy. The objective of which is to support the delivery of the Company's financial targets, whilst protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Company uses different methods to measure and manage different types of risks to which it is exposed.

5. The net gain for the year recognised in profit or loss includes an unrealised gain of $3,677,000 due to movements in foreign exchange rates.
6. The net loss for the year recognised in profit or loss is due to the unrealised movements in foreign exchange rates.

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(a) Measurement Basis

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:

		Measurement Basis	Carrying amount			Fair value	
	Notes		2021 $000	2020 $000	Level	2021 $000	2020 $000
Financial assets							
Cash and cash equivalents	6	Amortised cost	78,658	27,241		78,658	27,241
Security deposit		Amortised cost	10	6		10	6
Term deposit		Amortised cost	25	10,045		25	10,045
Trade and other receivables		Amortised cost	161	–		161	–
Financial assets at fair value through profit or loss (FVTPL)	7	Fair value	111,980	23,190	3	111,980	23,190
Financial liabilities							
Trade and other payables	10	Amortised cost	1,575	297		1,575	297

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

(b) Risk Exposures and Responses

Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the statement of Financial Position as financial assets at fair value through profit or loss.

The Company seeks to manage and constrain market risk by diversification of its investment portfolio. Refer to Note 7(b) for disclosures relating to unobservable input sensitivities in respect of the Company's equity securities.

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Note 8: Financial instruments – fair values and risk management continued

(b) Risk Exposures and Responses continued

Credit risk

Credit risk arises from the financial assets of the Company. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

To minimise the credit risk exposure the Company attempts to trade with recognised, creditworthy parties. Receivable balances are monitored on an ongoing basis with the result that the exposure to future expected credit losses is not significant. Ageing analysis and monitoring of specific credit allowances are also undertaken to manage credit risk. Cash and cash equivalents are held with a credit worthy reputable bank counterparties based in Australia.

Interest rate risk

The Company's exposure to market interest rates relates primarily to the Company's cash and cash equivalents and term deposits. At balance date, the Company had the following financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2021 $000	2020 $000
Financial Assets		
Cash at bank and on hand	78,658	27,241
Term deposit	25	10,045
Net exposure	**78,683**	**37,286**

The Company's policy to manage its interest rate exposure by placing funds into at-call or term deposits. The Company also monitors levels of exposure to interest rate risk and market forecasts for interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At balance date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit/(loss) and equity would have been affected as follows:

	Profit/(loss) Higher/(lower)		Equity Higher/(lower)	
	2021 $000	2020 $000	2021 $000	2020 $000
-0.25% (25 basis points)	(195)	(65)	(195)	(65)
+0.25% (25 basis points)	195	65	195	65

Significant assumptions used in the interest rate sensitivity analysis include:

- Management believes that interest rates will likely be similar or higher during the 12-month period subsequent to balance date.
- The net exposure at balance date is representative of what the Company was and is expecting to be exposed to in the next twelve months from balance date.

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Foreign currency risk

The Company's Statement of Financial Position can be affected by movements in the United States (US) dollar as a result of its investments. The Company has transactional currency exposures arising from expenses in with international vendors. The Company monitors levels of exposure to foreign exchange risk.

A 5% weakening of the US dollar against the Australian dollar would result in a decrease in net assets of $3.8 million arising from the Company's US dollar denominated investments (assuming all other variables remain constant). A strengthening of the US dollar against the Australian dollar would result in an equal but opposite effect.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due. Liquidity risk is monitored through cash flow forecasts.

The table below reflects all contractually fixed payoffs, repayments and interest resulting from recognised financial liabilities. The remaining contractual maturities of the Company's financial liabilities are:

	Note	Carrying amount $000	Total contractual cash flows $000	1 year or less $000
31 December 2021				
Trade and other payables	10	1,575	1,575	1,575
31 December 2020				
Trade and other payables	10	297	297	297

Note 9: 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 other than where disclosed otherwise in Note 9(c) and Note 9(d). The share-based payment plan is described further below.

(b) Share-based payment expenses

	2021 $000	2020 $000
Expenses arising from equity-settled share-based payment transactions	**798**	302

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Note 9: Share-based payments continued

(c) Summary of options under the LTIP

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2021 No.	2021 WAEP	2020 No.	2020 WAEP
Outstanding at beginning of the year	17,900,000	$0.36	5,400,000	$0.40
Granted during the year	4,500,000	$0.40	13,125,000	$0.48
Exercised during the year	–	–	–	–
Cancelled during the year	–	–	(625,000)	$0.01
Expired during the year	(375,000)	$2.00	–	–
Outstanding at 31 December	**22,025,000**	**$0.34**	**17,900,000**	**$0.47**
Exercisable at the end of the year	**12,083,332**	**$0.35**	**5,000,000**	**$0.47**

A share option and performance right 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). The numbers of options outstanding, granted, cancelled, and exercisable in 2020 have also been updated on a 1 for 4 basis.

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The terms and conditions of the share options outstanding as of 31 December 2021 are as follows:

Grant date	Number of options	Exercise price	Vesting date	Expiry date
16 September 2020	5,000,000	$0.40	16 September 2020	17 September 2025
23 April 2021	1,250,000	$0.40	23 April 2021	17 September 2025
23 January 2020	2,500,000	$0.08	31 March 2020	31 December 2024
23 January 2020	2,500,000	$0.20	30 June 2021	31 December 2024
23 January 2020	2,500,000	$0.60	31 December 2022	31 December 2024
23 January 2020	2,500,000	$0.80	31 December 2023	31 December 2024
4 November 2020	666,666	$0.20	1 November 2021	4 November 2025
4 November 2020	666,667	$0.20	1 November 2022	4 November 2025
4 November 2020	666,667	$0.20	1 November 2023	4 November 2025
4 November 2020	166,666	$0.40	1 November 2021	4 November 2025
4 November 2020	166,667	$0.40	1 November 2022	4 November 2025
4 November 2020	166,667	$0.40	1 November 2023	4 November 2025
26 April 2021	250,000	$0.40	31 March 2022	26 April 2026
26 April 2021	250,000	$0.40	31 March 2023	26 April 2026
26 April 2021	250,000	$0.40	31 March 2024	26 April 2026
26 April 2021	625,000	$0.40	1 May 2022	26 April 2026
26 April 2021	625,000	$0.40	1 May 2023	26 April 2026
26 April 2021	625,000	$0.40	1 May 2024	26 April 2026
26 April 2021	625,000	$0.40	1 May 2025	26 April 2026
12 December 2017	25,000	$2.00	12 December 2017	16 October 2022

During the year, 375,000 options expired. No other options or performance rights were exercised, expired or cancelled during the year ended 31 December 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 weighted average remaining contractual life for the share options outstanding as at 31 December 2021 was 3.5 years (2020: 4.3 years). The exercise price for options outstanding at the end of the year ranges from $0.08 to $2.00 per share (2020: $0.08 to $2.00 per share). This is after taking into account the effect of the 1 for 4 basis share and option consolidation approved on 19 May 2021. The number of options in 2020 has also been updated accordingly for comparison purposes.

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Note 9: Share-based payments continued

(c) Summary of options under the LTIP continued

The following table lists the inputs to the models used for new options granted during the year ended 31 December 2021:

	2021[(a)]	2020[(a)]
Dividend yield (%)	–	–
Expected volatility (%)	40%	40%-75%
Risk-free interest rate (%)	0.10%	0.25%-0.75%
Expected life of option (years)	5 years	5 years
Contractual life (years)	5 years	5 years
Option exercise price ($)	$0.40	$0.08 to $2.00
The estimated fair value of each option at grant date ($)	$0.13 to $0.14	$0.008 to $0.07
Weighted average share price at measurement date ($)	$0.40	$0.12

Each option award requires the recipient to be continually employed by the Company at the vesting date in order to be able to be exercised.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(d) Summary of performance rights under the LTIP

The LTIP provides for the grant by the Company at no cost to senior employees of the Company certain rights to acquire ordinary shares in the Company (Rights). Subject to satisfying certain performance and vesting criteria, these Rights provide participating employees with the ability to acquire a specified number of fully paid ordinary shares in the Company (Shares).

During 2021, no LTIP performance rights were vested or exercised. The following of performance rights remain outstanding:

Grant date	Number of performance rights	Fair value	Expiry date
24 December 2020	7,000,000[a]	$1,050,000	31 December 2025

Each Right is entitled to acquire one Share, subject to adjustment in accordance with the rules of the Company's LTIP. The earliest possible exercise date for the rights issued on 18 December 2020 is 31 December 2023 and is subject to the vesting conditions. The exercise price of each Right is set at $nil.

The Rights will lapse if they are not exercised before the applicable Expiry Date. The Rights may lapse before the applicable Expiry Date in the event that employment at the Company is ceased by the employee.

(a) A share, option and performance right 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). The numbers of options outstanding, granted, cancelled, and exercisable in 2020 have also been updated on a 1 for 4 basis.

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Note 10: Trade and other payables

	2021 $000	2020 $000
Accruals	1,575	297

Information regarding interest rate, foreign exchange and liquidity risk are set out in Note 8(b).

Note 11: Contributed equity and reserves

(a) Ordinary shares of no par value

	2021 $000	2020 $000
Issued and fully paid	197,346	82,517

(b) Movement in ordinary shares on issue

	Number	$000
At 1 January 2020	216,651,133	19,446
Share issue	1,451,828,182	65,000
Share issue expenses	–	(1,929)
At 31 December 2020	**1,668,479,315**	**82,517**

	Number	$000
At 1 January 2021	1,668,479,315	82,517
Share issue	435,000,000	118,500
Share consolidation[(a)]	(1,390,109,447)	–
Share issue expenses	–	(3,671)
At 31 December 2021	**713,369,868**	**197,346**

(a) 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).

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Note 11: Contributed equity and reserves continued

(c) Employee equity benefits reserve

	$000
At 1 January 2020	507
Share based payment expense	302
At 31 December 2020	**809**

	$000
At 1 January 2021	809
Share based payment expense	798
At 31 December 2021	**1,607**

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 12: Commitments and contingencies

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

Operating lease commitments

During the financial year, the Company entered into a commercial lease for a period of no more than 12 months. This lease is recognised in accordance with the short term lease exemption allowed by AASB 16 *Leases* whereby the Company has not recognised any right of use asset or lease liability and instead has recognised the associated expense in 'Other expenses' within the Statement of Profit or Loss and Other Comprehensive income.

Future minimum lease payments under these non-cancellable operating leases as of 31 December are, as follows:

	2021 $000	2020 $000
Within one year	50	64
After one year but not more than two years	–	4
Total	**50**	**68**

Other commitments

In December 2021, LayAway Travel Australia Pty Ltd undertook a $5.0 million equity capital raise. The Company invested a further $2.1 million and has committed to invest up to an additional $2.9 million over the next twelve months.

In November 2021, the Company committed to invest US$1.5 million in Sugar Capital Fund I, L.P. via a limited partnership agreement. At the date of this report, the Company has a remaining capital commitment amount of US$0.2 million.

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Note 13: Related parties

(a) Key Management Personnel

Key Management Personnel compensation comprised the following:

	2021 $000	2020 $000
Short-term employee benefits	1,087	606
Other long-term benefits	29	4
Post-employment benefits	41	9
Share-based payment transactions	576	288
Total compensation paid to key management personnel	**1,733**	**907**

Share-based payment transactions disclosed in the table above are expenses recognised during the reporting period in relation to share options and performance rights granted to key management personnel.

(b) 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 years.

Related party		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[a]	2021	–	63,800	–	–
	2020	–	86,460	–	–
Shareholders					
Touchcorp Limited (a wholly owned subsidiary of Afterpay Limited)[b]	2021	–	–	–	–
	2020	–	150,000	–	–
Companies					
Sendle, LLC.[c]	2021	66,699	–	–	–
	2020	–	–	–	–
LayAway Travel Australia Pty Ltd (Play Travel)[d]	2021	173,188	–	173,188	–
	2020	–	–	–	–
Happay (Cayman) Limited[e]	2021	–	–	–	–
	2020	27,134	–	–	–

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

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

(c) 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 its behalf. In September and October 2021, LayAway Travel Australia Pty Ltd agreed to reimburse the Company for legal and professional costs incurred on its behalf.

(d) In September and October 2021, LayAway Travel Australia Pty Ltd agreed to reimburse the Company for legal and professional costs incurred on its behalf.

(e) In October 2020, the Company invested US$10 million in Happay. Under the terms of the investment, Happay (Cayman) Limited agreed to reimburse the Company for legal and due diligence costs incurred on its behalf.

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Note 14: Auditor's Remuneration

	2021 $	2020 $
Audit services:		
Auditors of the Company – KPMG		
• Audit or review of the financial statements of the Company	191,925	75,000
Other Services:		
Auditors of the Company – KPMG		
• Transactional services as Investigating Accountant for the public offering of the Company	210,000	–
• Accounting advice	–	8,539
Predecessor auditors		
• Tax compliance and planning and other consulting services	–	12,000

Note 15: Interests in unconsolidated subsidiaries

The following interest are held in unconsolidated subsidiaries by the Company:

Name	Principal place of business	Ownership interests
Play Travel (legally LayAway Travel Australia Pty Ltd)	Sydney, NSW Australia	88.9%

There are no significant restrictions on the ability of Play Travel to pay cash dividends to the Company or to repay loans or advances made by the Company. Any commitment or intention to provide financial or other support to Play Travel and the type and amount of financial or other support provided during the reporting period without a contractual obligation to do so, including the reasons for providing support, is disclosed in Note 12.

Note 16: Events after the reporting period

In January 2022, the Company completed an additional $0.8 million investment in Play Travel. The investment was made as part of the $5.0 million capital raise completed by Play Travel in December 2021. The Company also invested US$0.1 million ($0.2 million) as part of a capital call initiated by Sugar Capital Fund I, L.P in January 2021.

In February 2022, the Company invested $0.5 million in Her Black Book. Her Black Book is a retail deal coupon and cash back platform which specialises in women's fashion, beauty & lifestyle brands. Her Black Book is focused on creating a loyal, engaged and higher value base of discerning female shoppers.

Independent Auditor's Report

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Independent Auditor's Report

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

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Touch Ventures Limited (formerly known as AP Ventures Limited) (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of Financial Position as at 31 December 2021
- Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of financial assets at fair value through profit or loss ($111,980,000)	
Refer to Note 7 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Financial assets at fair value through profit or loss comprise investments in equity securities and other financial instruments ("investments"). Valuation of investments is a key audit matter due to the: • Size of the Company's portfolio of investments. These investments represent 59% of the Company's total assets at year end; • Importance of the performance of these investments in driving the Company's investment income and capital performance, as reported in the Financial Report; and • The investment classification as 'Level 3' in accordance with AASB 13 *Fair Value Measurement*. The measurements of Level 3 financial assets are based on unobservable inputs which requires a higher level of judgement. We have focussed on this area due to the value and the inherent judgement involved in determining the fair value of investments. We involve our valuations specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • We assessed the appropriateness of the accounting policies applied by the Company, including those relevant to the fair value hierarchy of investments against the requirements of the accounting standards. • For new investments made during the year, we compared the initial value, as recorded in the general ledger, to the underlying contractual arrangements. • For the Company's determination of fair value of its investment in Play Travel using discounted cash flows of the underlying assets, we involved our valuations specialists and challenged the Company's key inputs, such as revenue growth rates, to published studies of industry forecasts along with our understanding of the business and industry experience. • For other investments held at year end, we evaluated the conditions since acquisition to year end for matters which may significantly change the recorded value and where available, to information generated by market transactions for equity securities of the same investment where we considered the specific characteristics to be similar. • We evaluated the Company's disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.

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Other Information

Other Information is financial and non-financial information in Touch Ventures Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Touch Ventures Limited (formerly known as AP Ventures Limited) (the Company) for the year ended 31 December 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 35 to 43 of the Directors' Report for the year ended 31 December 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Kristen Peterson

Partner

Sydney

24 February 2022

Directors' Declaration

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1. In the opinion of the Directors of Touch Ventures Limited (the 'Company):
   a) The Financial Statements and notes that are set out on pages 45 to 76 and the Remuneration Report in pages 35 to 42 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards 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.
2. The Directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2021.
3. The Directors draw attention to Note 2(a) to the Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Michael Jefferies
Non-Executive Director and Chairman

Sydney
24 February 2022

Shareholder Information

as of 31 December 2021

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Number of holders of equity securities

Ordinary share capital

713,369,868 fully paid ordinary shares are held by 2,326 individual shareholders. All issued ordinary shares carry one vote per share.

Options and performance rights

22,025,000 options are held by 10 individual option holders and 7,000,000 performance rights are held by 1 individual performance rights holder. Options and performance rights do not carry a right to vote.

Distribution of shares

Holder name	Ordinary shareholders
Number of shareholders holding:	
1-1,000 shares	179
1,001 – 5,000	786
5,001 – 10,000	404
10,001 – 100,000	681
100,001 or more shares	276
Total number of shareholders (entitled to one vote per share)	**2,326**
Number of shareholders holding less than a marketable parcel	370

Substantial shareholders

Holder name	Ordinary shareholders
Touchcorp Limited (a wholly owned subsidiary of Afterpay Limited)	173,395,431
Woodson Funds[7]	71,203,069
Thorney Technologies Limited[8]	45,122,428
HWM (NZ) Holdings Limited	41,750,000

7. Woodson Capital Master Fund LP, Woodson Capital Partners II and Woodson Capital Partners LP (together the Woodson Funds).
8. Thorney Technologies Ltd and Tiga Trading Pty Ltd (together the Thorney Technologies Limited).

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20 largest shareholders of ordinary shares

Holder name	No. of shares	% of total issued Shares
Touchcorp Limited	173,395,431	24.3
Woodson Capital Master Fund LP	43,798,750	6.1
HWM (NZ) Holdings Limited	41,750,000	5.9
HSBC Custody Nominees (Australia) Limited – A/C 2	34,102,559	4.8
Tiga Trading Pty Ltd	27,722,250	3.9
HSBC Custody Nominees (Australia) Limited	20,102,933	2.8
Bodhi Investment Limited	18,684,395	2.6
Citicorp Nominees Pty Limited	14,311,517	2.0
Rubi Holdings Pty Ltd	13,904,279	2.0
Allectus Capital Limited	13,750,064	1.9
J P Morgan Nominees Australia Pty Limited	12,454,011	1.8
National Nominees Limited	9,523,351	1.3
Thorney Technologies Ltd	9,240,750	1.3
Michael Jefferies & Julie Jefferies	9,159,654	1.3
UBS Nominees Pty Ltd	8,159,428	1.1
Buduva Pty Ltd	7,913,354	1.1
Bungeeltap Pty Ltd	7,369,919	1.0
Thirty-Fifth Celebration Pty Ltd	7,355,052	1.0
Crassula Ovata Pty Ltd	6,605,706	0.9
Bicheno Investments Pty Ltd	5,000,000	0.7
	484,303,403	**67.8**

Restricted Securities under escrow

Escrowed Party	Number of escrowed Shares	% of total issued Shares
Touchcorp Limited	148,395,431	20.8
Woodson Funds	46,250,000	6.5
Directors	31,437,692	4.4
Hein Vogel	850,000	0.1
Other employees	400,000	0.1
Total	**227,333,123**	**31.9**

Use of Funds

For the purposes of ASX Listing Rule 4.10.19, the Comp any confirms that it has used its cash and assets in a form readily convertible to cash, that it had at the time of admission, in a manner consistent with its business objectives, for the financial year.

Corporate Directory

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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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