Touch Ventures Limited

ACN 612 559 958

Appendix 4D

Interim Financial Report for the period ended 30 June 2023

1. Company information

Name of entity:	Touch Ventures Limited
ABN:	96 612 559 958
Reporting period:	For the half year ended 30 June 2023
Previous corresponding period:	For the half year ended 30 June 2022

2. Results for announcement to the market

In accordance with the ASX Listing Rule 4.2A, the Board and management of Touch Ventures Limited (the Company) have enclosed an Appendix 4D for the half year ended 30 June 2023.

	30 June 2023	30 June 2022	Up / Down	Movement
	$000	$000		%
Gains/(losses) on financial assets	4,186	(31,949)	Up	n.m.
Loss before tax	(1,104)	(29,749)	Up	n.m.
Net loss for the period	(1,104)	(29,749)	Up	n.m.

Dividends

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

3. Net tangible assets

	30 June 2023	31 December 2022
Net tangible asset backing per share	$0.17	$0.18

4. Control gained or lost over entities during the period

None.

5. Details of associates and joint venture entities

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

6. Attachments

This report is based on the attached Condensed Interim Financial Report for the half year ended 30 June 2023 which have been reviewed by the Company's independent auditors, KPMG.

touchventures

Condensed Interim Financial Report

30 June 2023

Touch Ventures Limited

(ASX:TVL)

Level 36, 1 Macquarie Place,
Sydney NSW 2000

ABN 96 612 559 958

touchventures.com

Contents

Directors' Report

The Directors of Touch Ventures Limited (referred to hereafter as 'the Company') submit their report together with the Condensed Interim Financial Report for the half year ended 30 June 2023 and the independent auditor's review report.

Directors

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

Michael Jefferies	Non-Executive Director and Chairman
Jim Davis	Non-Executive Director
Sophie Karzis	Non-Executive Director
John McBain	Non-Executive Director
Hugh Robertson	Non-Executive Director (resigned on 17 April 2023)

Principal activity

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

The Company intends to build a portfolio of investments of high growth, scalable companies. In particular, it believes there are compelling investment opportunities within the retail innovation, e-commerce enablement, finance/fintech, consumer, B2B software and data segments.

The Company currently has investments in 6 core companies and is looking to expand its portfolio through acquisitions of securities in new portfolio companies. The Company's key objective is to create long-term shareholder value from the capital appreciation of its portfolio. From time to time, the Company may make strategic investments that provide it with the ability to extend the Company's connectivity and increase deal flow.

Summary of investment objectives

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

The Company's investment objectives are to:

- deliver long-term absolute returns to shareholders primarily from the capital appreciation of its portfolio;
- provide shareholders with portfolio exposure to growth-stage companies 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.

Operating and financial review

Over the course of the half year the private capital environment remained challenging for high growth companies as a result of high inflation and restrained economic growth.

The Company has focused on its existing portfolio, working with companies to extend their cash runway to withstand the current economic environment and/or pursue options to create liquidity.

The Company has actively assessed new investment opportunities, having reviewed in excess of 120 opportunities during the half. Notably, there has been an increase in the number of deals and a reduction in valuation expectations and/or more attractive investment terms on offer. The Company is well positioned to take advantage of these opportunities and is actively looking to deploy capital into new opportunities that meets its investment criteria. Taking the current investment climate into account, the Company has broadened its investment scope to include investment sectors outside of fintech and retail tech.

The Company has taken steps to reduce its operating costs and also invested excess cash in term deposits to generate a return on capital until deployed.

Investments

The Company participated in one follow-on investment in Sendle investing $0.5m alongside existing investors.

The Company funded the remaining $3.0 million loan to PlanPay which fully satisfied the $5.1 million loan commitment made to PlanPay in October 2022.

Realisations

In March 2023, the Company agreed to sell its investment in Basiq as part of a broader transaction with Cuscal Limited. The Company received $14.1 million of cash proceeds from the sale. The Company is also entitled to a further $0.8 million as part of the final cash consideration[1], which remains subject to escrow arrangements for a period of up to two years and will be released subject to any claims made by the buyer against the sellers of Basiq. As a result of the sale, the Company recognised a fair value gain of $4.5 million[2].

Including the escrowed amount, the sale represents a 50% return on invested capital of $9.95 million and an IRR of 19.7%.

Valuations

The following investments were revalued in line with the Company's valuation policy:

Sendle

As a result of its convertible note investment in Sendle, the Company has recognised accrued interest which has resulted in a fair value gain of $0.2 million.

Till Payments

In March 2023, Till Payments completed a Series D equity raise of $70 million. Based on the successful completion of the funding round, the Company revalued its investment in Till Payments to $1.0 million, resulting in the recognition of a fair value loss of $0.2 million (including accrued interest).

1. The total amount held in escrow that the Company is contractually entitled to from the sale of Basiq is $0.8 million. 'Amount held in escrow from sale of financial asset' of $0.4 million have been accounted for within the Condensed Interim Financial Statements which reflects management's best estimate of the fair value of the amount that will be received in respect of this additional consideration entitlement.
2. The fair value gain recognised in profit or loss includes a realised fair value gain of $4.1 million and an unrealised fair value gain of $0.4 million in relation to the escrow.

ESM and strategic investments

During the current half year, the Company recognised a total fair value loss of $0.3 million (excluding foreign exchange impacts) in relation to the companies within the ESM and Strategic Investments.

Loan Provisioning

In accordance with AASB 9 *Financial Instruments*, the Company recognised an impairment provision against the loan receivable plus accrued interest of $5.4 million owing from PlanPay.

Company financial results and financial position

The net loss after tax of the Company for the half year ended 30 June 2023 was $1.1 million (half year ended 30 June 2022: net loss of $29.7 million). The net loss includes the impact of the positive fair value adjustments of $4.2 million[3], impairment provision of $5.4 million and an unrealised foreign exchange gain of $0.7 million on investments in financial assets as at the reporting date.

As at 30 June 2023, the Company had net assets of $123.1 million (31 December 2022: $124.5 million). The Gross Portfolio Value (excluding cash) as at 30 June 2023 was $59.4 million, a decrease of $11.3 million from the 31 December 2022 value of $70.7 million which includes the sale of Basiq. The Company has no debt and has total cash (including term deposits) at 30 June 2023 of $62.8 million (31 December 2022: $53.7 million).

Matters subsequent to the end of the financial period

In July 2023, the Company invested an additional $0.5 million in Wrapd (previously Her Black Book).

The Directors are not aware of any other matter or circumstance which has arisen since 30 June 2023 that has significantly affected or may significantly affect the operations of the Company in subsequent financial years, the results of those operations, or the state of affairs of the Company in future financial years.

Dividends

No dividends were paid or declared by the Company during the half year ended 30 June 2023 (half year ended 30 June 2022: nil).

Auditor's independence declaration

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

Rounding off of amounts

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

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3. As a result of the sale of investment in Basiq, fair value adjustments of $4.2 million includes a realised fair value gain of $4.1 million.

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

On behalf of the Directors

Michael Jefferies

Non-Executive Director and Chairman

Sydney

10 August 2023

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

To the Directors of Touch Ventures Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Touch Ventures Limited for the half year ended 30 June 2023 there have been:

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

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

KPMG

Kristen Peterson
Partner
Sydney
10 August 2023

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half year ended **30 June 2023**

	Notes	Half year ended 30 June 2023 $000	Half year ended 30 June 2022 *Restated $000
Net gain/(loss) on financial assets at fair value through profit or loss	8	4,186	(31,949)
Total income/(loss)		**4,186**	**(31,949)**
Impairment provision of loan receivable	7	(5,392)	-
Share based payment expense	10	(102)	(296)
Due diligence and acquisition costs		(57)	(91)
Directors fees		(159)	(162)
Employee benefits expense	3(a)	(739)	(921)
Professional fees	3(b)	(339)	(278)
Insurance expense		(238)	(239)
Legal and regulatory expense		(36)	(47)
Other expenses	3(c)	(159)	(327)
Operating loss		**(3,035)**	**(34,310)**
Interest income		1,213	45
Unrealised foreign exchange gain on financial assets at fair value through profit or loss	8	718	4,516
Loss before tax		**(1,104)**	**(29,749)**
Income tax expense	4	-	-
Loss for the period		**(1,104)**	**(29,749)**
Other comprehensive income		-	-
Total comprehensive loss for the period, net of tax		**(1,104)**	**(29,749)**

	Cents	Cents
Basic loss per share	(0.16)	(4.17)
Diluted loss per share	(0.16)	(4.17)

* Refer to Note 2(g).

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

Condensed Statement of Financial Position

As at **30 June 2023**

	Notes	As at 30 June 2023 $000	As at 31 Dec 2022 $000
ASSETS			
Current assets			
Cash and cash equivalents	5	7,773	38,721
Prepayments		174	453
Other current assets	6	55,630	15,077
Loan to portfolio company	7	-	-
Total current assets		**63,577**	54,251
Non-current assets			
Intangible assets		43	35
Property, plant and equipment		73	-
Right-of-use asset		120	-
Financial assets at fair value through profit or loss	8	59,394	68,506
Loan to portfolio company	7	-	2,146
Amount held in escrow from sale of financial asset		406	-
Total non-current assets		**60,036**	70,687
TOTAL ASSETS		**123,613**	124,938
LIABILITIES			
Current liabilities			
Trade and other payables	11	299	342
Lease liability		81	-
Employee benefit liabilities		91	78
Total current liabilities		**471**	420
Non-current liabilities			
Lease liability		40	-
Total Non-current liabilities		**40**	-
TOTAL LIABILITIES		**511**	420
NET ASSETS		**123,102**	124,518
EQUITY			
Issued capital	12(a)	196,571	196,985
Accumulated losses		(75,525)	(74,421)
Reserves	12(b)	2,056	1,954
TOTAL EQUITY		**123,102**	124,518

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

Condensed Statement of Changes in Equity

For the half year ended **30 June 2023**

	Issued capital (Note 12a)	*Accumulated losses*	*Employee equity benefits reserve (Note 12b)*	*Total*
	$000	$000	$000	$000
Balance at 1 January 2023	**196,985**	**(74,421)**	**1,954**	**124,518**
Loss for the period	-	(1,104)	-	(1,104)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**-**	**(1,104)**	**-**	**(1,104)**
Transactions with owners in their capacity as owners				
Share buyback	(414)	-	-	(414)
Share-based payments[4]	-	-	102	102
Balance at 30 June 2023	**196,571**	**(75,525)**	**2,056**	**123,102**
Balance at 1 January 2022	**197,346**	**(9,256)**	**1,607**	**189,697**
Loss for the period	-	(29,749)	-	(29,749)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**-**	**(29,749)**	**-**	**(29,749)**
Transactions with owners in their capacity as owners				
Share buyback	(154)	-	-	(154)
Share-based payments[4]	-	-	296	296
Balance at 30 June 2022	**197,192**	**(39,005)**	**1,903**	**160,090**

The above Condensed 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 period.

Condensed Statement of Cash Flows

For the half year ended **30 June 2023**

	Notes	**Half year ended 30 June 2023** $000	**Half year ended 30 June 2022** $000
Cash flows from operating activities			
Receipts from customers and other debtors		-	-
Payments to suppliers and employees (gross of GST)		(1,446)	(2,936)
Interest paid		(5)	-
Interest received		412	46
Net cash flows used in operating activities	5	**(1,039)**	(2,890)
Cash flows from investing activities			
Sale/(purchase) of financial assets at fair value through profit or loss		13,609	(11,538)
Investment in term deposits		(40,000)	-
Loan to portfolio company		(3,000)	-
Purchase of property, plant and equipment		(63)	-
Purchase of patents and trademarks		(8)	(6)
Payment of security deposit		(17)	(1)
Net cash flows used in investing activities		**(29,479)**	(11,545)
Cash flows from financing activities			
Payment for share buy-back		(400)	(154)
Lease principal repayments		(30)	-
Net cash flows used in financing activities		**(430)**	(154)
Net decrease in cash and cash equivalents		(30,948)	(14,589)
Cash and cash equivalents at beginning of the financial period		38,721	78,658
Cash and cash equivalents at the end of the financial period	5	**7,773**	64,069

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

Notes to the Condensed Interim Financial Statements

Note 1: Reporting entity

The Company is a for-profit entity and is domiciled in Australia. The Company is publicly traded on the Australian Securities Exchange under the ticker TVL. The Company's registered office is at Level 36, 1 Macquarie Place, Sydney NSW 2000.

The Company is an Australian investment holding company with flexibility as to how it deploys its capital in seeking to achieve its investment objectives. The Company has formulated an investment strategy focused on seeking to deploy capital towards high growth, scalable investment opportunities; in particular, investment opportunities within the retail innovation, e-commerce enablement, finance/fintech, consumer, B2B software and data segments in Australia and internationally.

Note 2: Summary of significant accounting policies

(a) Basis of preparation

The Condensed Interim Financial Statements (referred to hereafter as the 'Interim Financial Statements') of Touch Ventures Limited (referred to hereafter as 'the Company') for the half year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 4 August 2023.

The Interim Financial Statements are general purpose financial statements prepared in accordance with *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. The accounting policies have been applied consistently by the Company for the purposes of preparation of these Interim Financial Statements (noting that the Company has adopted a new accounting policy during the current half year in respect of lease accounting as disclosed in Note 2(e) as a result of entering into a new lease arrangement). The Interim Financial Statements also comply with International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

The Interim Financial Statements reflect the activities for the half year ended 30 June 2023. The comparative information represents the financial position of the Company as at 31 December 2022 and the Company's financial performance for the half year ended 30 June 2022.

The Interim Financial Statements of the Company for the half year ended 30 June 2023 do not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing and financing activities of the Company as a full financial report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last Annual Financial Report as at and for the year ended 31 December 2022.

The Interim Financial Statements should be read in conjunction with the Annual Financial Report of the Company for the year ended 31 December 2022 which is available from the Company's website at https://investors.touchventures.com.

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

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

(b) New accounting standards and interpretations

The Company has considered all new accounting standards, interpretations and amendments.

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

Accounting Standards and Interpretations issued but not yet effective

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

New, revised or amended Accounting Standards and Interpretations

A number of new standards are effective from 1 January 2023. These standards have not had a material impact on the Company's Interim Financial Statements.

(c) Significant accounting judgements, estimates and assumptions

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

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

(d) Fair value measurement

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

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

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

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

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, including valuation methods and significant estimates and assumptions, are summarised in Notes 8 and 9.

(e) Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method.

(f) Segment information

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

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

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

(g) Reclassification of prior period balances

Certain types of expenses previously presented within other expenses have been reclassified to professional fees and directors fees within the Statement of Profit or Loss and Other Comprehensive Income. The impact of this change on the previously reported comparative period is shown below.

Statement of Profit or Loss and Other Comprehensive Income line item	Income/(expense) for the half year ended 30 June 2022 (previously reported) $000	Reclassification $000	Income/(expense) for the half year ended 30 June 2023 (restated) $000
Professional fees	(122)	(156)	(278)
Other expenses	(645)	318	(327)
Directors fees	-	(162)	(162)

Note 3: Expenses

(a) Employee benefits expense

	30 June 2023 $000	30 June 2022 $000
Salaries and wages	604	816
Superannuation	58	54
Annual leave expenses	16	17
Payroll tax and oncosts	61	34
Total	**739**	**921**

(b) Professional fees

	30 June 2023 $000	30 June 2022 *Restated $000
Accounting fees	53	29
Audit fees and related expenses	105	106
Company secretarial and registry fees	88	89
Consulting fees	78	21
Tax fees	15	33
Total	**339**	**278**

* Refer to Note 2(g)

(c) Other expenses

	30 June 2023 $000	30 June 2022 *Restated $000
Expenses relating to short-term leases	15	66
Depreciation expense	42	-
Other expenses	102	261
Total	**159**	**327**

* Refer to Note 2(g)

Note 4: Income tax expense

Income-tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The effective tax rate is estimated to be 0% for the half year ended 30 June 2023 (half year ended 30 June 2022: 0%). The Company has not recognised a deferred tax asset for previously incurred tax losses which are available for utilisation in the future as they do not expire under current tax rules.

Note 5: Cash and cash equivalents

	30 June 2023 $000	31 Dec 2022 $000
Cash at bank and on hand	2,773	33,721
Short term deposit	5,000	5,000
	7,773	38,721

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

	30 June 2023 $000	30 June 2022 $000
Net loss	(1,104)	(29,749)
Adjustments for:		
Share-based payments expense	102	296
Depreciation expense	42	-
Interest receivable	(908)	-
Impairment provision of loan receivable	5,392	-
Net (gain)/loss on financial assets at fair value through profit or loss	(4,186)	31,949
Unrealised net foreign exchange gain	(718)	(4,516)
Changes in assets and liabilities:		
Decrease in trade and other receivables	-	30
Decrease in prepayments	265	183
Decrease in other current assets	106	140
Decrease in trade and other payables	(43)	(1,285)
Increase in employee benefit liabilities	13	62
Net cash used in operating activities	**(1,039)**	**(2,890)**

Note 6: Other current assets

	30 June 2023 $000	31 Dec 2022 $000
Term deposits	55,073	15,025
Interest receivable	529	21
Other current assets	28	31
Total	**55,630**	15,077

Note 7: Loan to portfolio company

	30 June 2023 $000	31 Dec 2022 $000
Gross loan receivable	5,392	2,146
Less: Impairment provision	(5,392)	-
	-	2,146

In accordance with AASB 9 *Financial Instruments*, the Company has recognised an impairment provision as at 30 June 2023 against the loan receivable plus accrued interest of $5.4 million owing from PlanPay.

Note 8: Financial assets at fair value through profit or loss (FVTPL)

(a) Financial assets

	30 June 2023 $000	30 June 2023 % ownership interest[5]	31 Dec 2022 $000	31 Dec 2022 % ownership interest[5]
Investments in financial assets at fair value through profit or loss				
Core Investments				
Investment in PlanPay Pty Ltd	12,047	73.7	12,047	88.9
Investment in Braavos Corporation (Basiq) P/L	-	-	10,059	-
Investment in Sendle, PBC	15,990	12.1	14,983	12.1
Investment in Postpay Technology Limited	10,935	13.3	10,701	13.3
Investment in Till Payments Global Pty Ltd	963	-	1,154	-
Investment in Preezie Pty Ltd	4,500	17.6	4,500	17.6
Investment in Refundid Pty Ltd	5,946	11.4	5,946	11.4
Early-Stage Investments	4,027	various	4,029	various
Strategic Investments	4,986	various	5,087	various
Total financial assets at fair value through profit or loss	**59,394**	**-**	68,506	-

(b) Fair Values

The below table summarises the valuation techniques applied for each investment at 30 June 2023:

	30 June 2023 Valuation Technique
Investments in financial assets at fair value through profit or loss	
Investment in Sendle, PBC	Revenue and earnings multiples
Investment in PlanPay Pty Ltd	Discounted cash flows of the underlying assets
Investment in Postpay Technology Limited	Revenue and earnings multiples
Investment in Refundid Pty Ltd	Price of recent investments
Investment in Preezie Pty Ltd	Revenue and earnings multiples
Investment in Till Payments Global Pty Ltd	Price of recent investments
Investment in Happay (Cayman) Ltd	NAV
Investment in Her Black Book Pty Ltd	Price of recent investments
Investment in Breef Inc.	Price of recent investments

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

	30 June 2023 Valuation Technique
Investment in Sugar Capital Fund I, L.P.	NAV
Investment in Skalata Ventures Pty Ltd	Price of recent investments
Investment in SF-II ESVC LP	NAV

PlanPay

The Company has determined the fair value of its investment in PlanPay by reference to a discounted cash flow (DCF) valuation of the PlanPay operating business as at 30 June 2023. The DCF valuation includes inputs to the valuation that are considered Level 3 of the fair value hierarchy as the DCF valuation requires assumptions to be made to determine certain inputs that are not based on observable market data.

The key unobservable inputs used by the Company within its DCF valuation in determining the fair value of the PlanPay business and a quantitative sensitivity analysis as at 30 June 2023, is summarised below:

Unobservable inputs	Description	Sensitivity of the input to the fair value calculation	
Cashflow forecasts	Financial forecasts for a four-year period were prepared by the management team of Play Travel as part of the annual budgeting process for the business. This included an analysis of revenue growth rates and estimates of expenses, ultimately leading to a forecast of cashflows for the business over the forecast period. The net revenue Compound Annual Growth Rate (CAGR) for the period FY23 – FY28 is 290%.	A 5% increase in free cash flows increases the calculated fair value by $3.7 million and vice versa.	
Long-term growth rate	A long-term growth rate of 3% was used to extrapolate the cash flows of the business beyond the four-year forecast period.	A 1% increase in this input increases the calculated fair value by $0.6 million.	A 1% decrease in this input decreases the calculated fair value by $0.5 million.
Cost of equity / Discount rate	A cost of equity of 40% 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. Consideration has been given to the recent increase in Australia's rate of inflation and base cash rate which has resulted in a change to the cost of equity input for Planpay's DCF valuation as at 30 June 2023.	A 1% increase in this input decreases the calculated fair value by $1.4 million.	A 1% decrease in this input increases the calculated fair value by $1.5 million.

Sendle

Inputs used in the fair value measurement as at the end of the reporting period were as follows:

Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value calculation
Growth-adjusted Revenue multiple	3.8x – 3.9x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
Growth-adjusted Gross Profit multiple	20.0x – 22.0x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.

Postpay

Inputs used in the fair value measurement as at the end of the reporting period are as follows:

Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value calculation
Revenue multiple	3.2x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
Gross Merchandise Value (GMV)	0.2x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
Growth-adjusted GMV multiple	1.4x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.

Preezie

Inputs used in the fair value measurement as at the end of the reporting period are as follows:

Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value calculation
ARR multiple	7.2x – 8.0x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
Revenue multiple	6.5x – 7.2x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
Growth-adjusted Revenue multiple	25x – 35x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.

Reconciliation of Level 3 recurring fair values

	Financial assets at FVTPL $000
Balance at 1 January 2023	**68,506**
Purchases	521
Disposals	(14,537)
Net gain recognised in profit or loss[6]	4,904
Balance at 30 June 2023	**59,394**

	Financial assets at FVTPL $000
Balance at 1 January 2022	111,980
Purchases	11,538
Net loss recognised in profit or loss[7]	(27,433)
Balance at 30 June 2022	96,085

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

Note 9: Financial instruments – fair values and risk management

Exposure to key financial risks, including interest rate, credit, liquidity and currency risk, arises in the normal course of the Company's business. During the half year ended 30 June 2023, the Company continued to apply the risk management objectives and policies that were disclosed in the Annual Financial Report of the Company for the year ended 31 December 2022.

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:

	Notes	Measurement Basis	Carrying amount 30 June 2023 $000	Carrying amount 31 Dec 2022 $000	Level	Fair value[8] 30 June 2023 $000	Fair value[8] 31 Dec 2022 $000
Financial assets							
Cash and cash equivalents	5	Amortised cost	7,773	38,721		7,773	38,721
Term deposit	6	Amortised cost	55,073	15,025		55,073	15,025
Financial assets at fair value through profit or loss (FVTPL)	8	Fair value	59,394	68,506	3	59,394	68,506

6. The net gain for the current reporting period recognised in profit or loss includes a realised fair value gain of $4,071,000, an unrealised fair value gain of $115,000 and an unrealised gain of $718,000 due to movements in foreign exchange rates.
7. The net loss for the previous reporting period recognised in profit or loss includes an unrealised fair value loss of $31,949,000 and an unrealised gain of $4,516,000 due to movements in foreign exchange rates.
8. The carrying value closely approximates the fair value taking into account currency and interest rate risk.

	Notes	Measurement Basis	Carrying amount 30 June 2023 $000	Carrying amount 31 Dec 2022 $000	Level	Fair value[8] 30 June 2023 $000	Fair value[8] 31 Dec 2022 $000
Loan	7	Amortised cost	-	2,146		-	2,146
Financial liabilities							
Trade and other payables	11	Amortised cost	299	342		299	342

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

Note 10: Share-based payments

(a) Share-based payment plans

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

(b) Share-based payment expenses

	30 June 2023 $000	30 June 2022 $000
Expenses arising from equity-settled share-based payment transactions	**102**	296

No options or performance rights were granted, exercised, expired or cancelled during the half year ended 30 June 2023.

Note 11: Trade and other payables

	30 June 2023 $000	31 Dec 2022 $000
Accruals	**299**	342

Note 12: Contributed equity and reserves

(a) Ordinary shares of no par value

	30 June 2023 $000	30 June 2022 $000
Issued and fully paid	**196,571**	197,192

Movement in ordinary shares on issue

	Number	$000
At 1 January 2022	**713,369,868**	**197,346**
Share buyback	(1,364,885)	(154)
At 30 June 2022	**712,004,983**	**197,192**

	Number	$000
At 1 January 2023	**710,118,455**	**196,985**
Share buy-back	(4,594,867)	(414)
At 30 June 2023	**705,523,588**	**196,571**

(b) Employee equity benefits reserve

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

	$000
At 1 January 2023	**1,954**
Share based payment expense	102
At 30 June 2023	**2,056**

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

(c) Capital management

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

Note 13: Commitments and contingencies

The Company has no contingencies as at 30 June 2023 (31 December 2022: nil).

The Company has agreed to provide a $1 million term loan facility to Refundid. As at 30 June 2023 the facility is undrawn.

Note 14: Related parties

(a) Directors and Key Management Personnel

There were no transactions which were entered into with Directors or key management personnel during the current or previous reporting period.

(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 periods.

Related party		***Reimbursement from related parties*** *$*	***Purchases from related parties*** *$*	***Amounts owed by related parties*** *$*	***Amounts owed to related parties*** *$*
Companies					
Postpay[9]	2023	-	-	-	-
	2022	41,849	-	-	-

Note 15: Events after the reporting period

In July 2023, the Company invested an additional $0.5 million in Wrapd (previously Her Black Book).

The financial statements have been prepared based upon conditions existing at 30 June 2023 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Management is not aware of any other matter or circumstance which has arisen since 30 June 2023 that has significantly affected or may significantly affect the operations of the Company in subsequent financial years, the results of those operations, or the state of affairs of the Company in future financial years.

9. In May 2022, the Company invested US$5 million in Postpay via a convertible note. Under the terms of the investment, Postpay agreed to reimburse the Company for legal and due diligence costs incurred on its behalf.

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Independent Auditor's Review Report

To the shareholders of Touch Ventures Limited

Conclusion

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

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Touch Ventures Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the half year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Interim Financial Report*** comprises:

- Condensed Statement of Financial Position as at 30 June 2023
- Condensed Statement of Profit or Loss and Other Comprehensive Income, Condensed Statement of Changes in Equity and Condensed Statement of Cash Flows for the half year ended on that date
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information
- the Directors' Declaration.

Basis for Conclusion

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

We are independent of the Company in accordance with the auditor independence requirements of the *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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

KPMG

Auditor’s Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company’s financial position as at 30 June 2023 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

Kristen Peterson

Partner

Sydney

10 August 2023

Directors' Declaration

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

a) the Condensed Interim Financial Statements and notes set out on pages 9 to 24 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the half year ended on that date; and

   ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, International Reporting Standard IAS 34 *Interim Financial Reporting*, and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Michael Jefferies

Non-Executive Director and Chairman

Sydney

10 August 2023

Corporate Directory

Touch Ventures Limited

ACN 612 559 958

Company website

www.touchventures.com

Directors

Michael Jefferies, Non-Executive Director and Chairman

Jim Davis, Non-Executive Director

Sophie Karzis, Non-Executive Director

John McBain, Non-Executive Director

Company Secretary

Alyn Tai

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KPMG

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Share Registry

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Australia