



Prospectus

Touch Ventures Limited

ACN 612 559 958

Initial public offering
of ordinary shares

This Prospectus is an important document and should be read in its entirety. If you do not understand any aspect of this Prospectus you should contact your professional adviser.

**BELL POTTER**

Lead Manager and Underwriter

CLAYTON UTZ

Legal Advisor

Important information

This prospectus (**Prospectus**) is dated 6 September 2021 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. It is issued by Touch Ventures Limited ACN 612 559 958 (**Touch Ventures**) and is an invitation to apply for 250,000,000 fully paid ordinary shares in Touch Ventures (**Shares**) at an Offer Price of \$0.40 per Share.

None of ASIC, ASX or their respective officers take responsibility for the contents of this Prospectus.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being the date which is 13 months after the date of this Prospectus.

ASX listing

Touch Ventures will apply, within seven days after the date of the Prospectus, for admission to the Official List of the ASX and for the Shares to be quoted on the ASX.

The fact that the ASX may admit Touch Ventures to the Official List and quote the Shares is not to be taken in any way as an indication of the merits of Touch Ventures. Neither the ASX nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation of the Shares will commence as soon as practicable after holding statements are dispatched.

Touch Ventures does not intend to issue any Shares unless and until ASX confirms to Touch Ventures that it will admit Touch Ventures to the Official List on terms and conditions acceptable to Touch Ventures. If this confirmation is not received before the end of three months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all application monies received under the Prospectus will be refunded without interest to applicants in full within the time prescribed by the Corporations Act.

Exposure Period

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of seven days after the date of the Prospectus (**Exposure Period**),

which period may be extended by ASIC by a further period of seven days. The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds.

As required under the Corporations Act, Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period and no preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Not Investment Advice

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor. This Prospectus should not be construed as financial, taxation, legal or other advice. Touch Ventures is not licenced to provide financial product advice in respect of its securities or any other financial products.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in Touch Ventures. In particular, in considering the prospects of Touch Ventures, you should consider the risk factors that could affect the performance of Touch Ventures. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of Touch Ventures, the repayment of capital by Touch Ventures or the payment of a return on the Shares. No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained

may not be relied on as having been authorised by Touch Ventures or any of their Directors, officers, employees, advisers, agents, partners, consultants, representatives, the Lead Manager, any other Lead Manager Parties (defined below) or any other person in connection with the Offer. You should rely only on information in this Prospectus.

Intermediary Authorisation

Touch Ventures does not hold an Australian financial services licence (**AFSL**). Accordingly, it has appointed Bell Potter Securities Limited, the holder of an AFSL (**Authorised Intermediary**) as its intermediary to make offers to arrange for Touch Ventures to issue Shares to applicants under this Prospectus under section 911A(2)(b) of the Corporations Act. In accordance with that appointment, the Authorised Intermediary offers to arrange for Touch Ventures to issue Shares to applicants and by applying for Shares under this Prospectus, an applicant accepts that offer to arrange.

The Lead Manager will manage the Offer on behalf of Touch Ventures.

The Lead Manager is Bell Potter Securities Limited. The Lead Manager's and the Authorised Intermediary's functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor.

The Lead Manager does not guarantee the success or performance of Touch Ventures or the returns (if any) to be received by investors. The Lead Manager is not responsible for, nor has it caused the issue of, this Prospectus.

Investment decision

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in Touch Ventures.

An investment in Touch Ventures carries risks. An outline of some of the risks that apply to an investment in Touch Ventures is set out in Section 5. Applicants are urged to consider this Section of the Prospectus carefully before deciding to apply for Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by Touch Ventures in connection with the Offer.

Statements of past performance

This Prospectus includes information regarding the past performance of Touch Ventures and portfolio companies. Past performance information given in this Prospectus is given for illustrative purposes only. Investors should be aware that past performance does not represent, and should not be relied upon as being indicative of, future performance. Actual results could differ materially from the past performance information contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. No assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 5, as well as other matters as yet not known to Touch Ventures or not currently considered material by Touch Ventures, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

Electronic Prospectus

During the Exposure Period an electronic version of this Prospectus (**Electronic Prospectus**) without an Application Form can be downloaded from <https://ipo.touchventures.com>. During the Offer Period the Electronic Prospectus with an Application Form may be downloaded from this address. The Offer or invitation to which the Electronic Prospectus relates is only available to persons receiving the Electronic Prospectus in Australia.

If you download the Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by a copy of the Application Form. The Shares to which the Electronic Prospectus

relates will only be issued to applicants who complete the Application Form accompanying the Prospectus and submit the completed Application Form to Touch Ventures together with application monies.

How to apply

You can only make an application for Shares under the Offer by completing and submitting an Application Form. If you are applying online at <https://ipo.touchventures.com>, you will be provided with prompts and instructions to assist you to complete the electronic Application Form. You can also find detailed instructions on completing the Application Form on the back of the paper Application Form.

Applications must be for a minimum of 5,000 Shares. A larger number of Shares may be applied for in multiples of 2,000 Shares.

Applications

Applications and application monies for Shares under the Offer received after 5.00pm (Sydney time) on the applicable closing date, will not be accepted and will be returned to potential investors, unless Touch Ventures determines otherwise in its complete discretion.

Applications must be accompanied by payment in Australian currency. Applicants can apply online and pay their application monies by BPAY® at <https://ipo.touchventures.com>.

No stamp duty or brokerage or commission is payable by applicants in connection with an application for Shares under this Prospectus.

Financial Information

Section 7 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 7. The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AASB**), as issued by the Australian Accounting Standards Board, as outlined in Section 7.2.3

All references to FY20 and FY19 appearing in this Prospectus are to the financial years ended 30 June 2020 and 30 June 2019, respectively unless otherwise indicated. The Financial Information is presented on both an actual and pro forma basis and has been prepared in accordance with the recognition and measurement principles prescribed by AAS.

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Sections 5 and 7.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and the sum of components in tables and figures contained in this Prospectus are due to rounding.

Investors should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. Touch Ventures believes this non-IFRS financial information provides useful information to users in measuring our financial performance and financial condition.

The non-IFRS measures do not have standardised meanings prescribed by AAS and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS.

Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

International offer restrictions

This Prospectus does not constitute an offer or invitation of Shares in any jurisdiction in which, or to any person to whom, it would be unlawful. In particular, this Prospectus may not be distributed, and the Shares may not be offered or sold, to any person in any country outside Australia except as set out in the international offer restrictions in Appendix B or as Touch Ventures otherwise agrees in its complete discretion in compliance with applicable laws.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Touch Ventures does not accept any liability or responsibility for determining whether a person is able to participate in the Offer.

Notice to United States residents

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933

Important information continued

or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered or sold in the United States or to US persons except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Touch Ventures will not be registered as an “investment company” under the US Investment Company Act in reliance upon an exemption from registration.

The Shares will only be offered and sold in the United States under the US Offering Circular to persons who are both “accredited investors” (as defined in Rule 501(a) under the US Securities Act) and “qualified purchasers” (as defined in Section 2(a)(51) of the US Investment Company Act).

In addition, any hedging transactions involving the Shares may not be conducted unless in compliance with the US Securities Act.

Disclaimer

The Lead Manager has acted as lead manager and underwriter to the Offer. The Lead Manager, together with its related bodies corporate, shareholders and affiliates and their respective officers, directors, employees, partners, affiliates, agents and advisers (other than Touch Ventures’ director, Hugh W. Robertson, each a **Lead Manager Party**) have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus, and do not make or purport to make any statement in this Prospectus, and there is no statement in this Prospectus which is based on any statement made by a Lead Manager Party. To the maximum extent permitted by law, each Lead Manager Party expressly disclaims any and all liabilities (including, without limitation, any liability arising out of fault or negligence for any direct, indirect, consequential or contingent loss or damage) in respect of, and makes no representations or warranties (express or implied) regarding, and takes no responsibility for, and has not independently verified, any part of this Prospectus or the Offer (other than references to their name) and makes no representation or warranty as to the currency, accuracy, reliability, completeness or fairness of this Prospectus. The Lead Manager Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations

or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by a Lead Manager Party in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Unless specifically noted in Section 10.9, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus by Touch Ventures on the basis of ASIC Corporations (Consents to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

Use of trademarks/logos

This Prospectus may contain trademarks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with Touch Ventures or the Lead Manager or the other Lead Manager Parties.

Defined terms, times and dates

All defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear.

Unless otherwise indicated, all references to times and dates in this Prospectus are to Sydney, Australia time.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Privacy information

Refer to Section 2.12.

Touch Venture’s website

Any references to documents or information included on the Touch Ventures website, www.touchventures.com, are for convenience only, and none of the documents or other information available on Touch Venture’s website form part of this Prospectus and are not interpreted as part of this Prospectus, or incorporated herein by reference.

Investigating Accountant’s report and financial services guide

The provider of the Investigating Accountant’s report on Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Investigating Accountant’s report and accompanying financial services guide are provided in Section 8.

Application Forms

During the Offer Period, applicants can apply online and pay their application monies by BPAY® at <https://ipo.touchventures.com>.

Alternatively, completed paper Application Forms, together with application monies, should be forwarded to the following address:

By Mail: Level 29, 101 Collins Street, Melbourne VIC 3000

Touch Ventures may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act. Touch Ventures reserves the right to allocate any lesser number of Shares than those for which the applicant has applied. Where the number of Shares allotted is fewer than the number applied for, surplus application monies will be refunded without interest.

Glossary of terms

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary.

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Key Offer information

Key dates

Event	Date
Lodgement of the Prospectus with ASIC	Monday, 6 September 2021
Offer opens	Tuesday, 14 September 2021
Offer closes	Friday, 17 September 2021
Settlement of the Offer	Wednesday, 22 September 2021
Completion (issue of Shares)	Thursday, 23 September 2021
Expected dispatch of holding statements	Friday, 24 September 2021
Expected commencement of trading of Shares on ASX on a normal settlement basis	Wednesday, 29 September 2021

This timetable is indicative only. Touch Ventures, in consultation with the Lead Manager, reserves the right to vary dates of the Offer (subject to the Listing Rules and the Corporations Act) without prior notice, including to close the Offer early, extend the date the Offer closes, accept late applications or withdraw the Offer and the issue of Shares (in each case without notifying any recipient of the Prospectus or any applicant).

Key Offer statistics

Item	Value
Offeror	Touch Ventures
Proposed ASX code	TVL.ASX
Securities offered	Fully paid ordinary shares
Offer Price	\$0.40 per Share
Total number of Shares offered under the Offer	250,000,000
Total Offer proceeds	\$100,000,000
Pro forma net tangible asset (NTA) per Share ¹	\$0.26
Total number of Shares on issue on Completion	713.4 million
Indicative market capitalisation at the Offer Price ²	\$285.3 million
Expected pro forma net cash position at Completion ³	\$98.3 million

Notes:

1. Based on the Pro Forma Historical Statement of Financial Position as at 31 December 2020 (refer to Section 7.6).
2. Calculated as the total number of Shares on issue on Completion multiplied by the Offer Price.
3. Refer to Section 7.7. Reflects expected pro forma net cash position at Completion accounting for cash movements between 31 December 2020 and expected movements up to Completion. Includes impact of the Offer, Offer costs, investments in portfolio companies and expected operating costs between 1 January 2021 and Completion. The pro forma adjustment excludes \$1.0 million equity investment in an early-stage company which Touch Ventures expects to close prior to Completion subject to satisfaction or waiver of agreed closing conditions. If the investment closes by Completion, pro forma net cash at Completion would decrease by \$1.0 million to \$97.3 million.

Chairman's letter

6 September 2021

Dear investor,

On behalf of the board, it is my pleasure to invite you to become a shareholder of Touch Ventures. Touch Ventures is an investment company with an experienced management and investment team supported by a strong board of directors. Touch Ventures operates with an internalised management structure, operating solely for the benefit of its shareholders.

Since late 2019, Touch Ventures has been actively investing in companies both in Australia and internationally. Touch Ventures has made 5 investments as at prospectus date, all of which are still held by Touch Ventures, deploying approximately \$75.4 million in total (excluding costs). Collectively these investments comprise the foundation portfolio.

While Touch Ventures has significant flexibility in its investing activities, its core investment strategy is to target minority positions, for example investing \$10m – \$25m 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. These investments typically take the form of equity, or securities convertible into equity, with appropriate contractual provisions designed to protect or enhance its investments in those companies. There are no geographic or industry limitations within Touch Ventures' investment strategy, and Touch Ventures has a preference for global ventures. All companies in the foundation portfolio are generating revenues but are not profitable at this stage.

Touch Ventures' core strategy is to expand its portfolio to 8 – 10 material investments over the short to medium term. It may also make smaller investments in earlier-stage companies. It will seek to do this from quality investment opportunities generated by its management and investment team and from its relationship with Afterpay Limited, an ASX-listed, buy-now-pay-later business with whom it has a collaboration agreement. Under this collaboration agreement, Afterpay may, in its absolute discretion, refer potential investment opportunities to Touch Ventures. Afterpay may also provide specific expertise along with Touch Ventures' expertise in assessing opportunities referred to Touch Ventures, and may separately enter into commercial agreements with companies that Touch Ventures decides to invest in. Afterpay is not obliged to refer opportunities to Touch Ventures and Touch Ventures may seek investments from other sources. Touch Ventures will always assess its investments in the interests of its shareholders as a whole.

Touch Ventures is seeking to raise \$100.0 million under the offer at an offer price of \$0.40 per share, and to achieve a listing on the ASX. Significant shareholders Afterpay and the Woodson Funds will acquire further shares at the offer price to hold 24.3% and 10.0% respectively of Touch Ventures' shares on completion. Touch Ventures' directors have also committed to acquire further shares at the offer price to hold, in aggregate, 6.0% of shares on completion. Existing shares held by these and other shareholders, representing 31.9% of shares on completion, will be subject to certain escrow arrangements as described in this prospectus.

For further information on the highlights of the offer, please refer to Section 1 of this Prospectus. An ASX listing will not only provide Touch Ventures with access to additional capital to fund follow on investments and future investment opportunities but also allow new investors to have access to Touch Ventures' experience and gain investment exposure in opportunities that they may otherwise have difficulty in accessing.

There are a number of key risks that may impact an investment in Touch Ventures which, for example, may include Touch Ventures not adopting or executing on an investment strategy which delivers expected returns; not being able to source appropriate investment opportunities through its networks or its relationship with Afterpay; and risks associated with portfolio liquidity or dilution, key personnel and market risks. Further there are risks inherent in making minority investments in companies in growth or early stages of development including business model risks; reliance on founders and key personnel; limited oversight or control over day to day operations; competitive pressures; and regulatory or compliance risks, particularly for new or disruptive businesses or investments in foreign companies where laws may develop and change over time. See Section 5 for further details of key risks of investing in Touch Ventures.

I encourage you to read this Prospectus in full and carefully consider the information contained in it before making your investment decision. The Prospectus contains detailed information about Touch Ventures, its shares and its foundation portfolio. A key investment objective for Touch Ventures is to deliver long-term absolute returns to shareholders, primarily from the capital appreciation of its portfolio. Touch Ventures is not generating revenues and its portfolio companies are not currently profitable, and it does not have any present plan to pay dividends. You should consider any investment in Touch Ventures as a long-term proposition (for example, potentially in excess of five years) and be aware that substantial fluctuations in the value of your investment may occur during that period and beyond.

We are excited about the long-term outlook for Touch Ventures and look forward to welcoming you as a shareholder.

Yours faithfully



Michael Jefferies
Chair, Touch Ventures Limited





1. Investment overview

1. Investment overview

This Section is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

Question	Answer	More information
A. Overview		
Who is the offeror?	<p>Touch Ventures. Touch Ventures is an Australian investment holding company with broad flexibility as to how it deploys its capital in seeking to achieve its investment objectives. Touch Ventures has formulated an investment strategy focused on seeking to deploy capital towards high growth, scalable investment opportunities as described further in this Section 3.1.</p>	Section 3
What is the business model and investment objectives of Touch Ventures?	<p>Touch Ventures intends to build a portfolio of investments in high growth, scalable companies, in accordance with its investment strategy. In particular, it believes there are compelling investment opportunities in companies in the growth-stage of their development within the retail innovation, consumer, finance and data segments. Touch Ventures may also allocate up to approximately 5% in aggregate of its overall portfolio for investments in early-stage companies.</p> <p>Touch Ventures includes the following attractive features:</p> <ul style="list-style-type: none">• an existing portfolio of investments, referred to as its foundation portfolio;• an experienced management and investment team, led by CEO, Hein Vogel; and• a Collaboration Agreement with substantial shareholder Afterpay Limited (Afterpay). <p>Touch Ventures' foundation portfolio comprises investments of approximately \$75.4 million in 5 unlisted portfolio companies as at Prospectus Date and a strong pipeline of investment opportunities (including an opportunity to invest \$1m of equity in, and provide a \$1m unsecured debt facility to, an early-stage Australian fintech company which is expected to close prior to Completion subject to satisfaction or waiver of agreed closing conditions).</p> <p>Touch Ventures' investments will include initial investments, including acquisitions of securities in new portfolio companies, and participation in follow-on raisings by existing portfolio companies.</p> <p>Touch Ventures is overseen by a Board of Directors and managed by an internal management and investment team. There are no management agreements in place between Touch Ventures and any third party or external investment manager.</p>	Sections 3.1 and 3.2

1. Investment overview continued

Question	Answer	More information
A. Overview		
What is the business model and investment objectives of Touch Ventures? continued	<p>Touch Ventures' investment objectives are to:</p> <ul style="list-style-type: none"> • 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. <p>As an investment holding company, Touch Ventures does not seek to generate revenues from operating a business. Its key expenses are employment related costs of its management and investment team and professional fees related to acquiring portfolio companies and administration of Touch Ventures.</p>	Sections 3.1 and 3.2
Will Touch Ventures pay dividends?	<p>As noted above, one of Touch Ventures' investment objectives is to deliver long-term absolute returns to Shareholders primarily from the capital appreciation of its investments and its investment strategy is focused on seeking to deploy capital towards high growth, scalable investment opportunities. Accordingly, in seeking companies which exhibit the potential for long term capital growth, rather than immediate and consistent dividend income, it does not expect to pay distributions or dividends to Shareholders in the foreseeable future. Where returns are realised from exits in investments, Touch Ventures may redeploy that capital into new investment opportunities.</p> <p>The amount of any dividend paid by Touch Ventures in the future will be at the discretion of the Board and will depend on a number of factors, including the availability of profit reserves and franking credits, future earnings, capital requirements and potential investment opportunities, financial conditions and other factors that the Board deems relevant.</p>	Section 7.11

Question	Answer	More information												
B. Key information about Touch Ventures investment strategy and its portfolio companies														
What is Touch Ventures' investment strategy?	<p>Touch Ventures has developed a series of investment criteria and intends to identify and invest in companies which perform strongly when assessed against these investment criteria. This is referred to as its “core investment strategy”. The key criteria in this strategy can be summarised as follows:</p> <table><tr><th>Criteria</th><th>Summary</th></tr><tr><td>Business stage</td><td>Growth, for example businesses with an existing revenue base and demonstrated product-market fit that are looking to grow</td></tr><tr><td>Growth potential</td><td>High growth potential. Ideally with a strong leadership team, compelling business model with an attractive market opportunity and scalable operations</td></tr><tr><td>Sector focus</td><td>Retail innovation, consumer, finance and data</td></tr><tr><td>Investment size</td><td>Material, non-controlling, for example an initial investment of at least \$10.0 million with the aim to acquire a 10% – 40% non-controlling equity interest</td></tr><tr><td>Investment approach</td><td>Negotiated terms and access to due diligence</td></tr></table> <p>Touch Ventures may also invest a small portion of its portfolio (up to 5%) in earlier stage companies. This is referred to as its “early-stage investment strategy”. The investment criteria for this strategy is similar to Touch Ventures’ core investment strategy except businesses may be at an earlier stage (and seeking consistent or proven revenues or product acceptance), investment sizes are expected to be typically less than \$2m, and Touch Ventures may not require negotiated investment terms or formal due diligence as part of the investment process.</p> <p>Touch Ventures’ 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 Touch Ventures as determined appropriate before investments are made. Touch Ventures may alter its investment strategies and underlying criteria over time where Touch Ventures believes such changes are to be in the interests of Touch Ventures and shareholders as a whole, and subject to the Listing Rules and applicable laws.</p>	Criteria	Summary	Business stage	Growth, for example businesses with an existing revenue base and demonstrated product-market fit that are looking to grow	Growth potential	High growth potential. Ideally with a strong leadership team, compelling business model with an attractive market opportunity and scalable operations	Sector focus	Retail innovation, consumer, finance and data	Investment size	Material, non-controlling, for example an initial investment of at least \$10.0 million with the aim to acquire a 10% – 40% non-controlling equity interest	Investment approach	Negotiated terms and access to due diligence	Sections 3.2.2, 3.2.3 and 3.3
Criteria	Summary													
Business stage	Growth, for example businesses with an existing revenue base and demonstrated product-market fit that are looking to grow													
Growth potential	High growth potential. Ideally with a strong leadership team, compelling business model with an attractive market opportunity and scalable operations													
Sector focus	Retail innovation, consumer, finance and data													
Investment size	Material, non-controlling, for example an initial investment of at least \$10.0 million with the aim to acquire a 10% – 40% non-controlling equity interest													
Investment approach	Negotiated terms and access to due diligence													

1. Investment overview continued

Question	Answer	More information
B. Key information about Touch Ventures investment strategy and its portfolio companies		
What is the Afterpay Collaboration Agreement	<p>In July 2019, Touch Ventures entered into the Collaboration Agreement with Afterpay. Afterpay is an ASX-listed company with a market capitalisation of over \$39 billion as at 31 August 2021 and will hold 24.3% of Touch Ventures Shares on Completion.</p> <p>The Collaboration Agreement frames the relationship between Touch Ventures and Afterpay under which Afterpay may, in its absolute discretion, refer potential investment opportunities to Touch Ventures to evaluate their feasibility. If Touch Ventures determines such an opportunity is viable and consistent with its investment strategy, Touch Ventures may pursue such opportunities. Under the terms of the agreement:</p> <ul style="list-style-type: none">• Afterpay may, at its discretion, notify Touch Ventures of potential opportunities that Touch Ventures may wish to pursue, or that Afterpay may wish to pursue together with Touch Ventures, and will provide relevant information for Touch Ventures to evaluate and where appropriate in Afterpay's opinion, facilitate introductions to relevant third parties;• Touch Ventures and Afterpay agree to work together in good faith and jointly pursue collaboration objectives in a timely manner for both parties' mutual benefit; and• Afterpay grants Touch Ventures the exclusive right to assess and pursue potential opportunities referred by Afterpay until the earlier of: 3 months from date of the referral; Touch Ventures informing Afterpay that it does not wish to pursue the opportunity; or if Afterpay considers there to be a third party who may contribute to or help develop the opportunity. <p>Touch Ventures believes that its agreement with Afterpay has the potential to assist it to gain access to potentially attractive investment opportunities and it may also enhance the attractiveness or value of Touch Ventures as an investor to potential portfolio companies. To date, 4 of Touch Ventures' foundation companies were introduced to it by Afterpay.</p> <p>Touch Ventures is not required to invest in companies referred to it by Afterpay. Whether or not Touch Ventures proceeds with an investment in a portfolio company, and the terms on which it does, is the decision of Touch Ventures acting in the interests of its Shareholders as a whole.</p>	Section 3.2.6

Question	Answer	More information
B. Key information about Touch Ventures investment strategy and its portfolio companies		
How will the Portfolio be constructed and managed?	<p>Touch Ventures is responsible for the portfolio construction. The portfolio will be constructed by reference to the investment strategy referred to above, along with investment guidelines and policies established by Touch Ventures from time to time.</p> <p>Touch Ventures' investment process used to construct its portfolio can be represented by three distinct phases:</p> <ul style="list-style-type: none"> • opportunity identification; • investment diligence and execution; and • portfolio maintenance, <p>each involving a number of key components. For example in relation to portfolio management of companies within its core investment strategy, Touch Ventures views itself as an investment company and not an operator of companies, and therefore relies on each portfolio company's management team to execute on its business plans. However, Touch Ventures takes an active interest in its investments, for example it:</p> <ul style="list-style-type: none"> • regularly seeks information regarding, and reviews, portfolio company performance; • takes a board or board observer seat where justified from the level of its investment; • discusses material or strategic matters with portfolio companies which may arise; and • provides strategic advice or assists with introductions of relevant parties within its network to portfolio companies where of assistance. <p>With respect to Touch Ventures' early-stage investments, while still engaging with portfolio companies, Touch Ventures will generally take a more "passive" investor role to these companies than it takes to portfolio companies within its core portfolio.</p> <p>Touch Ventures seeks to ensure its investment rights are appropriately protected through various commercial and legal avenues, including by bringing commercial and strategic value to portfolio companies through regular communications and taking a board seat or board observer position on portfolio companies as described above. It may also:</p> <ul style="list-style-type: none"> • obtain customary minority veto or approval rights at a board and shareholder level for key decisions made by portfolio companies; and • receive commercially appropriate shareholder protections through negotiated investment documents. 	Sections 3.1, 3.3 and 3.3.3

1. Investment overview continued

Question	Answer	More information
B. Key information about Touch Ventures investment strategy and its portfolio companies		
How are investments in portfolio companies approved?	<p>Touch Ventures' management and investment team will formally present the investment opportunity and proposed terms to the Board and seek its approval to progress the investment.</p> <p>For the early-stage investment strategy, Touch Ventures' management and investment team will present the opportunity and proposed terms to the Chair and CEO and seek their approval to progress the investment.</p>	Section 3.3.2.5
What are Touch Ventures key investment guidelines?	<p>Touch Ventures' 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.</p> <p>While Touch Ventures can consider investments across all industries, it is particularly focused on investment opportunities in the retail innovation, consumer, finance and data sectors.</p> <p>Touch Ventures' investment strategy does not require it to have a minimum or a maximum number of investments within its portfolio at any given time, or to make a minimum or maximum number of investments each year.</p> <p>As part of Touch Ventures' core investment strategy, Touch Ventures has a foundation portfolio that includes 5 portfolio companies and is targeting to grow this number to 8 to 10 companies over the short to medium term.</p> <p>No targets have been set for the number of investments that Touch Ventures may make as part of its early-stage investment strategy, however it only intends to allocate, in aggregate, up to 5% of its overall portfolio for investments under this strategy.</p> <p>In accordance with its core strategy, Touch Ventures typically targets an initial investment size of \$10.0m – \$25.0m or more. The minimum investment is a guideline only and Touch Ventures may stage their investment or invest less than this depending on the investment opportunity or valuation of the funding round (and subject to broader criteria). Initial investments in Touch Ventures' early-stage investment strategy will be smaller than as described above for its core investment strategy, typically less than \$2m.</p>	Section 3.4

Question	Answer	More information
B. Key information about Touch Ventures investment strategy and its portfolio companies		
What are Touch Ventures key investment guidelines? continued	<p>Touch Ventures targets material initial investments in its portfolio companies with the aim to acquire a 10% – 40% non-controlling equity interest in these companies, but may take a controlling interest in cases (as it has with its Play Travel investment). However Touch Ventures will not, without the approval of ASX, make or increase an investment in a controlling position in a portfolio company if that would result in invested capital in controlling positions representing more than 25% of Touch Ventures' total invested capital plus cash (as further explained in Section 3.4).</p> <p>Touch Ventures' investment strategy includes investing in companies that are incorporated both in Australia and internationally. Touch Ventures' preference is to pursue investments in jurisdictions such as Australia, Canada, the United States, the United Kingdom and Europe, but is not constrained by these jurisdictions if suitable opportunities outside these jurisdictions arise. For example, the operations of one of its portfolio companies, Happay, are in China and the Happay group includes a "variable interest entity" or "VIE structure" which is described further in Section 9.2.2.2. Interests in VIE structures in part arise from contractual arrangements governed by Chinese law, rather than from security holdings like shares and give rise to certain risks which are referred to in Section 5.3 below and discussed further in Section 5.3.9. Touch Ventures will not, without the approval of ASX, make or increase an investment in VIE businesses (including Happay) if that would result in invested capital in VIE businesses representing more than 15% of Touch Ventures total invested capital plus cash (as further explained in Section 3.4).</p>	Section 3.4
What is Touch Ventures' derivative and leverage policy?	While Touch Ventures may use financial instruments (for example derivatives, currency forward contracts, options and swaps) from time-to-time to, for example hedge currency exposures associated with current or potential investments in portfolio companies, it will not do so simply to speculate on movement in value of an underlying asset or give leverage to its holdings.	Section 3.4

1. Investment overview continued

Question	Answer	More information																									
B. Key information about Touch Ventures investment strategy and its portfolio companies																											
What is Touch Ventures' exit and valuation realisation strategy and what is the investment term?	<p>Touch Ventures expects to hold investments in portfolio companies for a period of approximately 3-5 years for its core strategy and approximately 6-8 years for its early-stage investment strategy, before pursuing potential exit options. It 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.</p> <p>Carrying values of investments may vary up or down over time (for example as a result of a valuation achieved by a portfolio company as part of a capital raise), however returns are unlikely to be realised by Touch Ventures until an exit event.</p> <p>For this reason investors are strongly advised to regard any investment in Touch Ventures as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.</p>	Section 3.5																									
What is Touch Ventures' historical financial performance and statement of financial position?	<p>A selected summary of Touch Ventures' statutory and pro forma historical financial performance for FY19 and FY20, and statement of financial position as at 31 December 2020, is set out below.</p> <p>Summary of historical income statements</p> <table><tr><th></th><th colspan="2">Statutory</th><th colspan="2">Pro forma</th></tr><tr><th>\$000</th><th>FY19</th><th>FY20</th><th>FY19</th><th>FY20</th></tr><tr><td>Losses on financial assets at fair value</td><td>–</td><td>(1,099)</td><td>–</td><td>(1,099)</td></tr><tr><td>Operating loss</td><td>(1,906)</td><td>(3,453)</td><td>(3,621)</td><td>(5,168)</td></tr><tr><td>Loss for the year</td><td>(1,906)</td><td>(3,407)</td><td>(3,621)</td><td>(5,122)</td></tr></table>		Statutory		Pro forma		\$000	FY19	FY20	FY19	FY20	Losses on financial assets at fair value	–	(1,099)	–	(1,099)	Operating loss	(1,906)	(3,453)	(3,621)	(5,168)	Loss for the year	(1,906)	(3,407)	(3,621)	(5,122)	Section 7, in particular Section 7.3 and 7.6
	Statutory		Pro forma																								
\$000	FY19	FY20	FY19	FY20																							
Losses on financial assets at fair value	–	(1,099)	–	(1,099)																							
Operating loss	(1,906)	(3,453)	(3,621)	(5,168)																							
Loss for the year	(1,906)	(3,407)	(3,621)	(5,122)																							

Question

Answer

More
information**B. Key information about Touch Ventures investment strategy and its portfolio companies**

What is Touch Ventures' historical financial performance and statement of financial position?
continued

Summary of statement of financial position as at 31 December 2020

\$000	Statutory	Pro forma adjustments	Impact of the Offer	Pro forma
Cash	27,241	(22,918)	95,378	99,700
Other current assets	10,053	(10,045)	–	8
Total current assets	37,294	(32,963)	95,378	99,708
Total non current assets	23,192	66,434	–	89,626
Total current liabilities	(304)	–	–	(304)
Net assets	60,182	33,471	95,378	189,031

Section 7,
in particular
Section 7.3
and 7.6

The information presented above is intended to be a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 7 as well as the risk factors set out in Section 5.

The pro forma historical financial information and the statutory historical financial information included in this Prospectus have been prepared on the basis described in Section 7 of this Prospectus. The pro forma financial information varies from the statutory financial information as explained in the reconciliation tables in Section 7.3.2

1. Investment overview continued

Question	Answer	More information
C. About the foundation portfolio		
What are the underlying investments in the foundation portfolio?	Touch Ventures has created a foundation portfolio, comprising investments of approximately \$75.4 million in 5 unlisted companies as summarised below:	
	Sendle	
	Date of investment(s)	June 2021
	Business description	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
	Equity interest (%)^{1,2}	Preferred shares – 10.6%
	Investment amount	US\$25.0 million
	Carrying value	US\$25.0 million
	Further information	Sections 4.2 and 9.2.1
	Happay	
	Date of investment(s)	October 2020
	Business description	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 over 3 months with no interest charged to the consumer.
	Equity interest (%)^{1,3}	Ordinary shares – 16.6%
	Investment amount	US\$10 million
	Carrying value	US\$24.9 million
	Further information	Sections 4.3 and 9.2.2

Question	Answer	More information
C. About the foundation portfolio		
What are the underlying investments in the foundation portfolio? continued	Play Travel	
	Date of investment(s)	February 2020 and June 2021
	Business description	Play Travel (formerly known as LayAway 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.
	Equity interest (%)¹	Ordinary shares – 78.6%
	Investment amount	A\$12.2 million
	Carrying value	A\$7.0 million
	Further information	Sections 4.4 and 9.2.3
	Basiq	
	Date of investment(s)	January 2021 and February 2021 (through 2 Tranches)
	Business description	Basiq operates a financial data platform which allows financial institutions and fintechs to access, enrich and analyse their customers' financial data.
	Equity interest (%)^{1,4}	Convertible note. Equity interest is subject to the conversion terms and a number of other factors at the relevant time.
	Investment amount	A\$10 million
	Carrying value	A\$10 million
	Further information	Sections 4.5 and 9.2.4

1. Investment overview continued

Question	Answer	More information
C. About the foundation portfolio		
What are the underlying investments in the foundation portfolio? continued	Postpay	Sections 3.1 and 4
	Date of investment(s)	
	Business description	
	Equity interest (%)¹	
	Investment amount	
	Carrying value	
	Further information	Sections 4.6 and 9.2.5
<p>Notes:</p> <ol style="list-style-type: none"> 1. Equity interest (%) refers to the approximate percentage equity interest in the portfolio company calculated on a fully diluted basis which assumes that all securities or rights which may convert into ordinary shares (including under incentive or employee share ownership plans) have converted into ordinary shares. 2. Assumes Sendle completes the current investment round. 3. The Happay group includes a Chinese variable interest entity (VIE) structure – refer to Sections 5.3.9 and 9.2.2.2 for a description of this structure and certain potential risks involved in these structures. 4. Touch Ventures would hold approximately 19.9% of Basiq if its convertible notes converted into shares at the agreed valuation cap. The actual percentage that Touch Ventures would acquire on any conversion of convertible notes will depend on a number of factors including the timing of conversion of those notes, Basiq's valuation and capital structure at the time of conversion. <p>In August 2021, Touch Ventures entered into conditional agreements to invest \$1m by way of equity for 10% (fully diluted) of, and provide a facility of \$1m of unsecured debt to, an early-stage Australian fintech business under its early-stage investment strategy. Touch Ventures expects this investment to close prior to Completion subject to satisfaction or waiver of agreed closing conditions. Refer to Section 4.7 for further information.</p>		

Question	Answer	More information
D. Key risks		
What are the key risks associated with an investment in Touch Ventures?	<p>The nature of Touch Ventures' business, and the industries in which Touch Ventures operates and invests, make Touch Ventures subject to numerous risks. These risks may be specific to Touch Ventures, specific to one or more portfolio companies, or of a general nature. Key risks identified by Touch Ventures include the following:</p> <p>Key business and investment strategy risks to Touch Ventures</p> <ul style="list-style-type: none"> • Investment strategy risk and returns: Touch Ventures' financial performance and position will depend on the success of its investment strategy, including the quality of opportunities that Touch Ventures has access to, assessment of those opportunities, the selection criteria that Touch Ventures utilises, the terms on which it invests, and the manner in which it maintains and manages its portfolio companies. There is a risk that Touch Ventures' investment strategy is not successful in individual cases or in aggregate. • Investing in businesses in growth and early stages of development: Investments made by Touch Ventures are expected to be in businesses that are in growth or early stages of development. Businesses of this nature face risks, in particular those discussed in Section 5.3 and Section 5.3.3. • Portfolio liquidity and exit or dilution risk: Touch Ventures is exposed to liquidity risk in relation to its portfolio, particularly as it predominantly intends to invest in companies which are not traded on public exchanges which, by their nature, may have a smaller pool of potential buyers or investors. If Touch Ventures is unable to exit its investment in its portfolio companies within a particular timeframe, it may suffer losses or fail to achieve a potential gain and there is a risk that Touch Ventures will not have appropriate or timely exit opportunities from portfolio companies. • Asset, investment and market risk: There is a risk that the value of the assets or securities invested in by Touch Ventures may be volatile and decline in value over the short or long term or be difficult to calculate. • Key personnel risk: Touch Ventures' financial performance and position will depend on the success of its investment strategy. To a significant extent, Touch Ventures performance will be driven by the expertise and decisions of its employees and directors and their ability to identify new investment opportunities and execute appropriately on those opportunities. Key personnel changes may disrupt Touch Ventures' investment activities and adversely impact its performance, particularly since Touch Ventures currently has a relatively small number of employees. 	<p>Section 5. Investors should read this section in its entirety.</p>

1. Investment overview continued

Question	Answer	More information
D. Key risks		
<p>What are the key risks associated with an investment in Touch Ventures? continued</p>	<ul style="list-style-type: none"> • Collaboration Agreement with Afterpay: Afterpay is not obliged to refer investment opportunities to Touch Ventures and may exercise its absolute discretion in deciding whether to refer investment opportunities to Touch Ventures – there is therefore a risk that referrals from Afterpay cease or reduce (whether because Afterpay ceases to have, or ceases to wish to refer) opportunities generally or to Touch Ventures particularly. This could include because of a dissatisfaction with Touch Ventures' investment strategy, personnel or performance or a change in strategy within Afterpay. On 2 August 2021, Square, Inc. and Afterpay entered into a scheme implementation deed, pursuant to which Square agreed to acquire all of the issued shares in Afterpay (subject to the satisfaction of certain closing conditions). Afterpay's co-founders and co-CEOs will join Square upon completion of the transaction. While Afterpay's commitment to apply for 25 million Shares in Touch Ventures under the Offer (and to enter into an escrow agreement) was made after the announcement of the above transaction, the ultimate impact (if any) of this transaction on the relationship between Afterpay and Touch Ventures is uncertain. The Collaboration Agreement may be terminated by either party after 21 January 2025 (or in certain cases of Touch Ventures' default). • Minority ownership risks: Touch Ventures typically takes a minority equity position in its portfolio companies, rather than a controlling interest. There is a risk that other equity holders or investors will make decisions with which Touch Ventures disagrees or which are contrary to Touch Ventures' interests, and as a minority owner, Touch Ventures may not be able to implement its preferred strategy or have insufficient influence or control over decisions made by a portfolio company. • Due diligence risk: There is a risk that Touch Ventures or its advisers may not always be able to verify the accuracy, reliability or completeness of information provided to Touch Ventures or that the information provided is not complete and accurate. There is also a risk that Touch Ventures may not identify all issues associated with a portfolio company and that contractual protections sought prove to be inadequate. <p>Other key business and investment strategy risks to Touch Ventures include: risks related to portfolio concentration and lack of diversity; insufficient investments risk; future capital requirements of Touch Ventures; risks in relation to debt investments; currency risks; laws and regulations impacting Touch Ventures; inadequate insurance cover; and COVID-19 impacts on Touch Ventures.</p>	<p>Section 5. Investors should read this section in its entirety.</p>

Question	Answer	More information
D. Key risks		
<p>What are the key risks associated with an investment in Touch Ventures? continued</p>	<p>Key risks for portfolio companies</p> <p>There are risks relating to businesses and companies of the nature in which Touch Ventures proposes to invest. Each portfolio company is likely to be distinct and face different risks. Below are examples of risks which portfolio companies may be subject to:</p> <ul style="list-style-type: none"> • Portfolio companies may not be financially successful or attract necessary capital: A portfolio company may not generate consistent revenues, profits or positive cashflows which may impact its long term viability. The success or viability of a portfolio company may also be impacted by its ability to access capital to meet capital expenditure and operating cashflow needs. • Business model and related risks: The long term viability of a portfolio company may be impacted by the success or obsolescence of factors like its business model, technology, or commercialisation of products or services. A portfolio company may not perform to the level expected by Touch Ventures and could fail to implement proposed business plans, expansion plans and strategies effectively or within the desired timeframe. • Early-stage nature of portfolio companies: A portfolio company in a relatively early stage of development may not have strong market penetration, or customer or supplier relationships, or have well-developed business strategies, systems and controls in place. There is a risk that an early market advantage or position may not be lasting or generate consistent revenues or become profitable, and that a company of this nature may fail to achieve returns targeted by Touch Ventures if at all. • Competition: Portfolio companies are likely to be subject to competitive market forces, and there is a risk they are unable to create and maintain a competitive advantage which may be critical to success and performance. • Founders and key personnel: Portfolio companies are typically operated by their founders or founding group, and Touch Ventures relies on those individuals to operate the business and provide industry knowledge and local expertise in the jurisdiction in which the portfolio company conducts its business. If a founder or founders were to leave the portfolio company, there is a risk that the portfolio company may suffer a decline in performance, encounter difficulty or incur expenses in locating suitable replacements, take longer to implement its business plan or otherwise be unable to meet its targets. 	<p>Section 5. Investors should read this section in its entirety.</p>

1. Investment overview continued

Question	Answer	More information
D. Key risks		
<p>What are the key risks associated with an investment in Touch Ventures? continued</p>	<ul style="list-style-type: none"> • Compliance with key laws and regulations: Portfolio companies are subject to various laws, regulations and industry compliance requirements, which often vary significantly between jurisdictions. There is a risk that a portfolio company's activities, have caused or may cause them to contravene laws or regulations that could result in fines, penalties, injunctions or suspensions of certain activities and payment of compensation to affected parties and affect the enforceability of contracts. • Changes in laws and regulations: Changes to government policy, legislation or regulations may adversely impact a portfolio company and may be heightened in jurisdictions where the laws relating to portfolio company activities (for example in relation to buy-now pay-later) are uncertain, developing or yet to develop. There is a risk that measures taken by a portfolio company to address changing new laws or regulations are insufficient to comply with all its obligations. • Foreign jurisdictions regulatory regimes and economic environments: Portfolio companies operating outside Australia and other developed countries may be exposed to risks not usually associated with investing in Australia and other developed markets. Changes to foreign economic and international trade environments may also impact the business of a portfolio company, and subsequently the value of Touch Ventures' investment. • Risks in investment structures: The securities or structure through which Touch Ventures holds its portfolio companies may differ from those commonly used in Australia, which may expose Touch Ventures to risks. <p>For example in relation to Happay, although Touch Ventures believes that the use of the VIE structure does not directly violate any applicable Chinese laws and regulations currently in effect and the contractual arrangements within the Happay VIE structure governed by Chinese law should generally be valid, binding and enforceable in accordance with their terms and applicable Chinese laws and regulations currently in effect, there is a risk that its VIE structure could be determined by Chinese regulatory bodies (who have broad discretionary power) may adopt different interpretation and application of current Chinese laws and regulations and find the use of the VIE structure to be a circumvention of its laws and regulations and deem such structure to be illegal, or as a design to evade foreign investment restrictions imposed by the Chinese government. The implications of any such determination, if actually made, is uncertain. There is also an inherent risk that the contractual arrangements within the Happay VIE structure, including those which ultimately provide the mechanism to provide a return on investment, are not as effective or enforceable as direct ownership.</p>	<p>Section 5. Investors should read this section in its entirety.</p>

Question	Answer	More information
D. Key risks		
<p>What are the key risks associated with an investment in Touch Ventures? continued</p>	<p>The VIE contractual arrangements may also be subject to scrutiny and adverse findings by the relevant PRC tax authorities which make the existing arrangements less cost-effective or negatively affect the value of Touch Ventures' investment in Happay. Further, it is uncertain whether the industry in which the Happay group operates will be subject to further restrictions in the future which may mandate additional compliance measures, require a restructure of Happay's corporate structure and operations or otherwise adversely affect the value of Touch Ventures' investment in Happay. Risks of this nature are described further in Section 5.3.9.</p> <ul style="list-style-type: none"> • COVID-19 pandemic: As a result of the COVID-19 pandemic, global credit and investment markets have experienced a high degree of uncertainty and volatility. A continuation or exacerbation of the COVID-19 pandemic, and any future pandemics, epidemics or large-scale outbreaks of diseases (and the impacts of governmental responses to them) may adversely impact the portfolio companies' financial position, performance and prospects, particularly for a company like Play Travel which is operating in the domestic and international travel sector. <p>Other key risks for portfolio companies may include: industry disruption; BNPL bad debts; managing rapid growth; inability to protect intellectual property; breach of third-party intellectual property rights; disruption or failure of technology systems and data breaches; and currency risks.</p> <p>Other risks</p> <p>Other general risks may include risks relating to:</p> <ul style="list-style-type: none"> • exposure of Touch Ventures and its Shares to market risks generally. • financial market volatility. • illiquidity (and associated volatility) of Share prices and trading. • uncertainties as to the making of dividends or distributions (if any). • changes in taxation laws and policies. • interest rates and their fluctuations. • changes to accounting policies. • force majeure events impacting Touch Ventures, its portfolio companies or the boarder market. • the length of time before investments mature and deliver results (if at all). <p>Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in Touch Ventures and should consider whether the Shares are a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. Investments made by Touch Ventures are speculative in nature. Consequently, an investment in Touch Ventures ought to be regarded as speculative and substantial fluctuations in the value of that investment may occur.</p>	<p>Section 5. Investors should read this section in its entirety.</p>

1. Investment overview continued

Question	Answer	More information
E. Key information about existing Shareholders, the Directors and the management and investment team		
Who are Touch Ventures' Directors?	<p>The Directors of Touch Ventures are:</p> <ul style="list-style-type: none"> • Michael Jefferies (Independent, non-executive Chair); • Jim Davis (Independent, non-executive Director); • Sophie Karzis (Independent, non-executive Director); • Associate Professor John McBain AO (Independent, non-executive Director); and • Hugh W. Robertson (Non-independent, non-executive Director). <p>The interests and benefits, including remuneration, of Directors in relation to Touch Ventures and the Offer are summarised in Section 6.3.1</p> <p>Details of Existing Options held by the Non-Executive Directors under the Existing Incentive Plan are described in Section 6.3.3. Directors are entitled to participate in the New Incentive Plan after Completion subject to requisite Shareholder approval being obtained under the Listing Rules.</p>	Sections 6.2, 6.3.1 and 6.3.3
Who comprises Touch Ventures' management and investment team?	<p>Since inception, Touch Ventures has assembled an experienced management and investment team with diverse experience in funds management, banking, investing, start-ups and regulatory matters.</p> <p>All members of the management and investment team currently work for Touch Ventures on a full-time basis:</p> <ul style="list-style-type: none"> • Hein Vogel (Chief Executive Officer and Chief Investment Officer); • Carl-Olav Scheible (Principal); • Gerard Pais (Chief Financial Officer and Investment Director); • Gary Xu (Investment Director); and • Franco Venter (Analyst). <p>The interests and benefits, including remuneration, of the management and investment team are summarised in Section 6.3.2.</p> <p>Details of Existing Options and Existing Performance Rights held by the management and investment team under the Existing Incentive Plan are described in Section 6.3.1.4 and Section 6.3.3.2. The management and investment team are entitled to participate in the New Incentive Plan after Completion.</p>	Sections 3.7 and 6.3.2

Question	Answer	More information
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E. Key information about existing Shareholders, the Directors and the management and investment team

Who are the key Shareholders of Touch Ventures?

The Shares and Existing Options held by existing Shareholders and investors under the Offer as at the Prospectus Date, and as are expected to be held on Completion, are summarised in the table below. No Shares are being sold by existing Shareholders under the Offer. As at the Prospectus Date Touch Ventures has 463,369,868 Shares on issue.

Sections 6.1, 6.3 and 6.3.1.4.

	Prospectus Date		Completion		
	% Shares (undiluted)	Number of Existing Options ¹	Number of Shares	% Shares (undiluted)	% Shares fully diluted
Afterpay ²	32.0%	–	173,395,431	24.3%	23.3%
Woodson Funds ³	10.0%	1,250,000	71,203,069	10.0%	9.8%
Thorney Investment Group	8.0%	–	47,000,000	6.6%	6.3%
Directors ⁴	6.8%	5,062,500	43,119,584	6.0%	6.5%
Hein Vogel ⁵	0.2%	17,000,000	1,100,000	0.2%	2.4%
Other employees	0.1%	5,750,000	1,045,455	0.1%	0.9%
Other existing Shareholders	42.8%	–	284,459,408	39.9%	38.3%
Other Existing Option holders	0.1%	337,500	552,500	0.1%	0.1%
New Investors ⁶	–	–	91,494,421	12.8%	12.3%
Total	100%	29,400,000	713,369,868	100%	100%

Notes:

- Includes 7,000,000 Existing Performance Rights held by Hein Vogel. No new options or performance rights will be granted on Completion.
- Afterpay's holding is held by its 100% wholly owned subsidiary Touchcorp Limited.
- Jim Davis is the owner of the Woodson Capital Entities and (directly and indirectly through one of those entities) has an interest in approximately 5% of the Woodson Funds. A Woodson Capital Entity receives management fees for acting as investment manager for the Woodson Funds. The other is the general partner of the Woodson Funds and may be entitled to receive an incentive allocation (similar to a "carried interest") from the Woodson Funds subject to a number of factors, including the performance of Touch Ventures and other investments associated with the Woodson Funds.
- Excludes indirect interests of Jim Davis referred to in Note 3 above.
- Hein Vogel's interests are held through Cardinal Investments Australia Pty Limited, of which he is a director.
- Existing security holders may apply for additional Shares under the Offer.

As illustrated from the Table above, Afterpay and the Woodson Funds, Touch Ventures largest Shareholders, have agreed to apply for 25.0 million Shares and 25.0 million Shares respectively under the Offer at the Offer Price.

1. Investment overview continued

Question	Answer	More information
E. Key information about existing Shareholders, the Directors and the management and investment team		

Who are the key Shareholders of Touch Ventures?
continued

The Shares and Existing Options held by the Directors as at the Prospectus Date, and as are expected to be held on Completion, are summarised in the table below.

Sections 6.1, 6.3 and 6.3.1.4.

	Prospectus Date		Completion		
	Number of Shares	Number of Existing Options	Number of Shares ¹	Number of Existing Options	% fully diluted
Michael Jefferies ²	9,686,890	1,250,000	13,209,396	1,250,000	1.9%
Jim Davis ³	–	–	–	–	–
Sophie Karzis ⁴	711,283	1,312,500	969,932	1,312,500	0.3%
John McBain ⁵	10,094,269	1,250,000	14,014,914	1,250,000	2.1%
Hugh W. Robertson ⁶	10,945,250	1,250,000	14,925,342	1,250,000	2.2%
Total	31,437,692	5,062,500	43,119,584	5,062,500	6.5%

Notes:

1. Includes Shares expected to be acquired by the Directors under the Offer at the Offer Price as indicated in Table 11 in Section 6.3.1.4.
2. Michael Jefferies and his wife hold interests as trustees for the Jefferies Super Fund and also hold shares indirectly through Goen Pty Ltd, of which they are directors.
3. Refer to Note 3 of the Table above for a description of Jim's interests in the Woodson Funds and the Woodson Capital Entities.
4. Sophie Karzis interests in Shares are held through Sophie Karzis Superfund Account Pty Ltd, of which she is the sole director, and holds her Existing Options personally.
5. John McBain's interests are held through Fifty-Second Celebration Ltd and Thirty-Fifth Celebrations Pty Ltd, companies of which he is a director.
6. Hugh Robertson's interests are held through Bungeeltap Pty Limited, of which he is a director.

Question	Answer	More information
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E. Key information about existing Shareholders, the Directors and the management and investment team

What escrow restrictions apply to the existing Shareholders' Shares?

The parties listed in the Table below have agreed to enter into voluntary escrow arrangements in relation to the Shares held by them on the Prospectus Date under which they will be restricted from dealing with those Shares from Completion until 4.15pm on the date on which Touch Ventures' preliminary financial report on the financial results for the 6 month period ending 30 June 2022 is released on ASX (subject to the terms of their escrow agreements). Any Shares issued prior to this time to these parties on conversion of Existing Options on issue at the Prospectus Date will also be escrowed on the same terms until this time.

Section 6.5

Escrowed Party	Number of escrowed Shares at Completion	Percentage of total issued Shares at Completion
Afterpay	148,395,431	20.8%
Woodson Funds	46,250,000	6.5%
Directors ¹	31,437,692	4.4%
Hein Vogel ²	850,000	0.1%
Other employees	400,000	0.1%
Total	227,333,123	31.9%

Notes:

1. Comprises the Shares held by Directors (or their associated entities) as at the Prospectus Date (but not those acquired under the Offer at the Offer Price).
2. Hein Vogel's interests are held through Cardinal Investments Australia Pty Limited, of which he is a director.

Shares acquired by these parties under the Offer at the Offer Price will not be subject to escrow.

1. Investment overview continued

Question	Answer	More information
F. About the Offer		
Who is offering Shares under the Offer?	Touch Ventures is the offeror of Shares under the Offer. No existing Shareholders are selling Shares under the Offer.	–
How much will be raised by Touch Ventures under the Offer?	\$100 million	–
What is the purpose of the Offer?	<p>The purpose of the Offer is to provide:</p> <ul style="list-style-type: none"> • Touch Ventures with additional capital so that it can grow and support its portfolio with further capital as required; • a liquid market for Shares and an opportunity for others to invest in Touch Ventures; and • Touch Ventures with the benefits of an increased profile that arises from being a listed entity. 	Section 2.1.3
How will the Offer proceeds be used?	Touch Ventures will use net proceeds of the Offer (approximately \$95.4 million) to fund initial investment in new portfolio companies, follow-on investments in portfolio companies, and operating expenses. The remainder (approximately \$4.6 million) will be used to pay the costs of the Offer.	Section 2.1.4
How is the Offer Structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • the Broker Firm Offer; • the Institutional Offer; and • the Priority Offer. 	Section 2.1.2
What are the fees and costs of the Offer?	<p>In return for providing the services under the Underwriting Agreement and Authorised Intermediary services, Touch Ventures will pay the Lead Manager approximately \$3.3 million (excluding GST and disbursements), as well as other additional out-of-pocket expenses. Touch Ventures has also authorised the Lead Manager to pay any fees of Brokers out of fees payable to them (except as otherwise agreed by Touch Ventures), with the Lead Manager to be responsible for payment of Broker fees of the relevant Broker Firm allocation.</p> <p>Advisers are expected to receive fees in relation to the Offer as described in Section 6.4.</p>	Section 6.3.4
Is there a Minimum Subscription?	Yes. Applications under the Broker Firm Offer and the Priority Offer must be for a minimum of 5,000 Shares.	Sections 2.3.2 and 2.4.2

Question	Answer	More information
F. About the Offer		
Who can participate in the Broker Offer?	<p>The Broker Firm Offer is open only to Australian resident Sophisticated Investor clients who have received an invitation from their Broker to participate and who have a registered address in Australia. If you have received an invitation from your Broker, you will be treated as an applicant under the Broker Firm Offer in respect of that allocation.</p> <p>You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer. The Broker Firm Offer is only open to persons in Australia who are Sophisticated Investors and is not open to persons in the United States or other persons outside Australia.</p>	Section 2.3.1
Who can participate in the Institutional Offer?	<p>Certain Institutional Investors have been invited to bid for Shares in the Institutional Offer.</p> <p>The Institutional Offer was an invitation to Australian resident Institutional Investors and Institutional Investors in certain other jurisdictions to bid for Shares in transactions exempt from any local prospectus or registration requirements. The Lead Manager separately advised the Institutional Investors of the application procedures for the Institutional Offer.</p>	Section 2.2.1
Who can participate in the Priority Offer?	<p>The Priority Offer is open to selected investors, including eligible Shareholders, in Australia and certain other jurisdictions determined by Touch Ventures in its complete discretion nominated by Touch Ventures who receive a letter from Touch Ventures inviting them to apply for Shares.</p>	Section 2.4.1
How do I apply?	<p>If you are a Sophisticated Investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Application Form attached to or accompanying this Prospectus with the Broker from whom you received your invitation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Application Form.</p> <p>Applicants who receive a Priority Offer Letter to apply for Shares under the Priority Offer and wish to apply for Shares must apply in accordance with the instructions provided in the Priority Offer Letter and Priority Offer Application Form.</p>	Sections 2.3.2 and 2.4.2
Is there any brokerage, commission or stamp duty payable by applicants?	<p>No brokerage, commission or stamp duty is payable by applicants on the acquisition of Shares under the Offer.</p>	Section 2.10

1. Investment overview continued

Question	Answer	More information
F. About the Offer		
What is the Allocation Policy?	<p>The allocation of Shares among applicants in the Institutional Offer was determined by Touch Ventures in consultation with the Lead Manager. Touch Ventures had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.</p> <p>The allocation of Shares to Brokers will be determined Touch Ventures in consultation with the Lead Manager. Shares which have been allocated to Brokers for allocation to their Australian resident Sophisticated Investor clients will be issued to the applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the Lead Manager to reject or scale back applications). It will be a matter for those Brokers how they allocate Shares among their Sophisticated Investor clients, and they (and not Touch Ventures) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Shares.</p> <p>Existing Shareholders and other investors in Australia and certain other jurisdictions determined by Touch Ventures who receive a Priority Offer Letter will be allocated Shares validly applied for up to the minimum priority allocation specified in their Priority Offer Letter. Shares applied for under the Priority Offer in excess of minimum priority allocations will be allocated by Touch Ventures in its complete discretion.</p>	Sections 2.2.2 and 2.3.5
When will I receive confirmation whether my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about Friday, 24 September 2021.	Section 2.9
Who is the Lead Manager of the Offer?	Bell Potter Securities Limited is the Lead Manager of the Offer.	Section 2.11
Who is the Authorised Intermediary?	Bell Potter Securities Limited is the Authorised Intermediary.	Section 2.11
Is the Offer underwritten?	Yes, Bell Potter Securities Limited is the underwriter of the Offer.	Section 9.3
Can the Offer be withdrawn?	Touch Ventures may withdraw the Offer at any time before Completion. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest) as soon as possible.	Section 2.8

Question	Answer	More information
F. About the Offer		
Is there a cooling-off period?	Cooling-off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.	–
Will Touch Ventures' securities be listed?	<p>Touch Ventures will apply to the ASX for admission to the official list of the ASX and quotation of Shares on the ASX under the code TVL. The application for admission will be made no later than 7 days after the Prospectus Date.</p> <p>Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 2.9
Has any ASIC relief or ASX waiver been sought or obtained?	Yes. Details are provided in Section 10.7.	Section 10.7
What are the tax implications of investing in the Securities?	The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in Touch Ventures. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.	Section 2.13
How can I obtain further information?	<p>For further information or if you have any questions relating to the Offer, please visit https://ipo.touchventures.com. For questions about the application process, please contact the Share Registry on 1800 426 150 (within Australia) or +61 1800 426 150 (outside Australia).</p> <p>If you are uncertain as to whether an investment in Touch Ventures is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	–



2. Details of the Offer

2. Details of the Offer

2.1 The Offer

2.1.1 Offer overview

The Offer under this Prospectus is an initial public offering by Touch Ventures of 250,000,000 Shares at an offer price of \$0.40 per Share (**Offer Price**) to raise \$100,000,000.

The total number of Shares on issue at Completion will be 713,369,868. The Shares to be issued under the Offer will represent approximately 35.0% of the Shares on issue on Completion. All Shares available under the Offer are fully paid ordinary shares and will rank equally with existing Shares on issue as at the date of this Prospectus. A summary of the rights attaching to the Shares is set out in Section 10.6.

On Completion, approximately 621.9 million Shares will be held by the existing Shareholders (representing 87.2% of the Shares) and approximately 227.3 million Shares (representing 31.9% of the Shares) will be subject to voluntary escrow arrangements described in Section 6.5.

The rights attaching to the Shares are set out in Section 10.6.

The Offer and the issues of Shares under it is made with disclosure under this Prospectus and is made on the terms, and is subject to the conditions, set out in this Prospectus.

2.1.2 Structure of the Offer

The Offer comprises:

- the Institutional Offer (see Section 2.2);
- the Broker Firm Offer (see Section 2.3); and
- the Priority Offer (see Section 2.4).

2.1.3 Purpose of the Offer

The purpose of the Offer is to provide:

- Touch Ventures with additional capital so that it can grow and support its portfolio with further capital as required;
- a liquid market for Shares and an opportunity for others to invest in Touch Ventures; and
- Touch Ventures with the benefits of an increased profile that arises from being a listed entity.

2.1.4 Sources and uses of Offer proceeds

The following Table 1 details the sources and the uses of funds.

Table 1: Proposed sources and uses of funds

Sources	\$ million	Uses	\$ million	%
Cash proceeds received by Touch Ventures for the issue of Shares under the Offer	100.0	Fund initial investment in new portfolio companies, follow-on investments in portfolio companies, and operating expenses	95.4	95.4%
		Costs of the Offer	4.6	4.6%
Total Sources	100.0	Total Uses	100.0	100.0%

2. Details of the Offer continued

2.1.5 Discretion under the Offer

Early lodgement of your application is recommended as Touch Ventures may close the Offer (or any component of the Offer) at any time after the expiry of the Exposure Period without prior notice. Touch Ventures may extend the Offer (or any component of the Offer) in accordance with the Corporations Act. Touch Ventures reserves the right to terminate the Offer (or any component of the Offer) at any time or undertake a scale back of applications on any component of the Offer at its absolute discretion.

2.2 Institutional Offer

2.2.1 Invitation to bid

Certain Institutional Investors have been invited to bid for Shares in the Institutional Offer.

The Institutional Offer was an invitation to Australian resident Institutional Investors and Institutional Investors in certain other jurisdictions to bid for Shares in transactions exempt from any local prospectus or registration requirements. The Lead Manager separately advised the Institutional Investors of the application procedures for the Institutional Offer.

2.2.2 Institutional Offer allocation policy

The allocation of Shares among applicants in the Institutional Offer was determined by Touch Ventures in consultation with the Lead Manager. Touch Ventures had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager.

The allocation policy was influenced, but not constrained, by the following factors:

- whether the applicant was an existing Shareholder;
- the number of Shares bid for by particular applicants;
- the timeliness of the bid by particular applicants;
- Touch Ventures' desire for an active trading market following listing on ASX;
- Touch Ventures' desire to establish a wide spread of institutional shareholders;
- the overall actual and anticipated level of demand under the Broker Firm Offer, Priority Offer and the Institutional Offer;
- the size and type of funds under management of particular applicants;
- the likelihood that particular bidders will be long-term Shareholders; and
- any other factors that Touch Ventures, in consultation with the Lead Manager, considered appropriate.

2.3 Broker Firm Offer

2.3.1 Who can apply

The Broker Firm Offer is open only to Australian resident Sophisticated Investor clients who have received an invitation from their Broker to participate and who have a registered address in Australia. If you have received an invitation from your Broker, you will be treated as an applicant under the Broker Firm Offer in respect of that allocation.

In the case of the Broker Firm Offer, a **Sophisticated Investor** is a sophisticated investor within the meaning of section 708(8) of the Corporations Act or an experienced investor meeting the criteria in section 708(10) of the Corporations Act or a “professional investor” within the meaning of section 708(11) of the Corporations Act.

You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer. The Broker Firm Offer is only open to Sophisticated Investors and is not open to persons in the United States or other persons outside Australia.

2.3.2 How to apply

If you are a Sophisticated Investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Application Form attached to or accompanying this Prospectus with the Broker from whom you received your invitation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Application Form.

By making an application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus), together with the Broker Firm Application Form.

The minimum application under the Broker Firm Offer is 5,000 Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the Lead Manager reserves the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications (or aggregation of applications) in the Broker Firm Offer which are for more than \$250,000 worth of Shares. The Lead Manager may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer Application procedures or requirements, in their discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Application Form and application monies with the relevant Broker in accordance with the relevant Broker's directions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Share Registry.

Touch Ventures, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your application.

The Broker Firm Offer opens at 9.00am (Sydney Time) on Tuesday, 14 September 2021 and is expected to close at 5.00pm (Sydney Time) on Friday, 17 September 2021. Touch Ventures and the Lead Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the Listing Rules and the Corporations Act). Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

2.3.3 How to pay

Applicants under the Broker Firm Offer must pay their application monies in accordance with the instructions received from their Broker.

2. Details of the Offer continued

2.3.4 Acceptance of applications

An application in the Broker Firm Offer is an offer by an applicant to Touch Ventures to apply for Shares in the amount specified on the Broker Firm Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Broker Firm Application Form. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.

An application may be accepted in respect of the full number of Shares specified on the Broker Firm Application Form or any lesser amount, without further notice to the applicant. Acceptance of an application will give rise to a binding contract on allocation of Shares to successful applicants, conditional on the quotation of Shares on ASX.

2.3.5 Broker Firm Offer allocation policy

The allocation of Shares to Brokers will be determined by Touch Ventures in consultation with the Lead Manager. Shares which have been allocated to Brokers for allocation to their Australian resident Sophisticated Investor clients will be issued to the applicants who have received a valid allocation of Shares from those Brokers (subject to the right of the Lead Manager to reject or scale back applications). It will be a matter for those Brokers how they allocate Shares among their Sophisticated Investor clients, and they (and not Touch Ventures) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

2.4 Priority Offer

2.4.1 Who can apply

The Priority Offer is open to selected investors (including eligible Shareholders, in Australia and certain other jurisdictions determined by Touch Ventures in its complete discretion) nominated by Touch Ventures in consultation with the Lead Manager who receive a letter from Touch Ventures inviting them to apply for Shares (**Priority Offer Letter**).

2.4.2 How to apply

Applicants who receive a Priority Offer Letter to apply for Shares under the Priority Offer and wish to apply for Shares must apply in accordance with the instructions provided in the Priority Offer Letter.

Applications under the Priority Offer must be for a minimum of 5,000 Shares.

Touch Ventures reserves the right to scale back or reject applications in whole or in part, without giving any reason, subject to any minimum priority allocations for valid applications contained in a Priority Offer Letter. Applicants under the Priority Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded. Touch Ventures may amend or waive the Priority Offer application procedures or requirements, in its discretion in compliance with applicable laws.

2.4.3 How to pay

Applicants must pay their application monies in Australian dollars in accordance with the instructions on the Priority Offer Application Form and their Priority Offer Letter.

It is the applicant's responsibility to ensure application monies are received by the end of the Offer Period, being 5:00pm (Sydney time) on Friday, 17 September 2021. Touch Ventures and the Lead Manager take no responsibility for any failure to receive application monies before the close of the Offer Period arising as a result of, amongst other things, delays in processing of payments by financial institutions.

If the amount of your application monies (or the amount for which those payments clear in time for allocation) is insufficient to pay for the dollar amount of Shares you have applied for, you may be taken to have applied for such lower dollar amount of Shares as the number for which your cleared application monies will purchase (and to have specified that amount on your Priority Offer Application Form) or your application may be rejected.

2.4.4 Acceptance of applications

Application monies received under the Priority Offer will be held in a special purpose account until Shares are issued to successful applicants. Applicants under the Priority Offer whose applications are not accepted will receive a refund (without interest) of their application monies. Interest will not be paid on any monies refunded and any interest earned on application monies pending the allocation or refund will be retained by Touch Ventures.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing their application monies by the Offer Price. Where the Offer Price does not divide evenly into the application monies, the number of Shares to be allocated will be rounded down. For applicants applying under the Priority Offer no refunds pursuant solely to rounding will be provided.

2.4.5 Allocation policy

Existing Shareholders and other investors in Australia and certain other jurisdictions determined by Touch Ventures who receive a Priority Offer Letter will be allocated Shares validly applied for up to the minimum priority allocation specified in their Priority Offer Letter. Shares applied for under the Priority Offer in excess of minimum priority allocations will be allocated by Touch Ventures in consultation with the Lead Manager. Allocations will be subject to applicants or Touch Ventures establishing to Touch Ventures' satisfaction that the offer may be extended to the applicant in accordance with applicable securities laws without, where relevant, Touch Ventures having to prepare a prospectus or other regulated offer document in the relevant jurisdiction. Touch Ventures' decision as to whether or not it will extend an Offer and allocate Shares to existing Shareholders under the Priority Offer will be final.

2.4.6 Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in an entity listed on the ASX. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of Touch Ventures.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

2.5 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation of Shares in any jurisdiction in which, or to any person to whom, it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside of Australia except as set out in the international offer restrictions in Appendix B or as Touch Ventures otherwise agrees in its complete discretion in compliance with applicable laws.

The Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered or sold in the United States or to US persons except in transactions exempt from, or not subject to, the registration

2. Details of the Offer continued

requirements of the US Securities Act and applicable US state securities laws. The Shares will only be offered and sold in the United States under the US Offering Circular to persons who are both “accredited investors” (as defined in Rule 501(a) under the US Securities Act) and “qualified purchasers” (as defined in Section 2(a)(51) of the US Investment Company Act). Touch Ventures will not be registered as an “investment company” under the US Investment Company Act in reliance upon an exemption from registration.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

2.6 General acknowledgements

Each applicant in the Broker Firm Offer and Priority Offer is made will be taken to have:

- agreed to become a member of Touch Ventures and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having read in full this document and any final, supplementary or replacement prospectus or other document provided to them in relation to the Offer, including their Application Form;
- declared that all details and statements in their Application Form are complete and accurate;
- acknowledged that the Corporations Act prohibits any person from passing an application form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus;
- declared that the applicant(s), if a natural person, is/are over 18 years of age;
- in the case of an applicant under the Broker Firm Offer, represented and warranted that they are a Sophisticated Investor;
- acknowledged that, once Touch Ventures, the Share Registry or a Broker receives an Application Form (including electronically), it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised Touch Ventures and the Lead Manager and their respective officers or agents, to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that Touch Ventures is not generating revenues, its portfolio companies are not currently profitable and that Touch Ventures has no current intention to pay dividends;
- acknowledged that an investment in Touch Ventures carries risks, may be considered speculative and a long-term proposition, and are aware that substantial fluctuations in the value of your investment may occur;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the applicant(s);
- declared that the applicant(s) is/are a resident of Australia (except as applicable to the Priority Offer or Institutional Offer) and if outside Australia, it is a person to whom the Offer can be lawfully made and Shares lawfully allocated and issued to without the requirement of any person to prepare, or file with any regulatory authority, a prospectus or other document under the laws applicable to that person or the jurisdiction it is in;

- acknowledged and agreed that the Offer may be withdrawn by Touch Ventures or may otherwise not proceed in the circumstances described in this Prospectus;
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed; and
- acknowledged and agreed that the Offer and the issues of Shares under it is made with disclosure under this Prospectus and is made on the terms, and is subject to the conditions, set out in this Prospectus.

Each applicant under the Institutional Offer, and each non-Australian applicant in the Priority Offer, will be required to make certain representations, warranties, acknowledgements and covenants set out in the confirmation of allocation letter distributed to it. This Prospectus does not constitute an offer or invitation of Shares in any jurisdiction in which, or to any person to whom, it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside of Australia except as set out in the international offer restrictions in Appendix B or as Touch Ventures otherwise agrees in its complete discretion in compliance with applicable laws.

2.7 Underwriting arrangements

The Offer is fully underwritten. The Lead Manager and Touch Ventures have entered into the Underwriting Agreement under which the Lead Manager has been appointed as manager and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite applications for all Shares under the Offer. The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and their underwriting obligations.

A summary of certain terms of the Underwriting Agreement, including the termination provisions, is provided in Section 9.3.

2.8 Discretion regarding the Offer

Touch Ventures may withdraw the Offer at any time before Completion. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest) as soon as possible.

Touch Ventures also reserves the right to, subject to the Corporations Act and the Listing Rules, close the Offer or any part of it early, extend the Offer or any part of it, accept late applications generally or in particular cases, reject any application, waive or correct any errors made by any applicant in completing an Application Form, or allocate to any applicant fewer Shares than the amount applied for. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

2.9 ASX and CHESS

Touch Ventures will apply within seven days of the date of this Prospectus for admission to the Official List of the ASX and for the Shares to be quoted. The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Touch Ventures to the Official List is not to be taken as an indication of the merits of Touch Ventures or the Shares offered for subscription.

If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.

Touch Ventures will apply to participate in the ASX's CHESS system and will comply with the Listing Rules and the Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in Shares quoted on the ASX under which transfers are effected in an electronic form.

2. Details of the Offer continued

When the Shares become approved financial products (as defined in the Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Security Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. Touch Ventures and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.10 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by applicants on the acquisition of Shares under the Offer.

2.11 Licensed dealers

Under an arrangement between Touch Ventures and Bell Potter Securities Limited, Touch Ventures has appointed the Authorised Intermediary (the holder of an AFSL) to make offers to arrange for Touch Ventures to issue Shares to applicants under this Prospectus under section 911A(2)(b) of the Corporations Act. In accordance with that appointment, the Authorised Intermediary offers to arrange for Touch Ventures to issue Shares to applicants and by applying for Shares under this Prospectus, an applicant accepts that offer to arrange.

The Lead Manager's and Authorised Intermediary's functions should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. Neither the Authorised Intermediary nor the Lead Manager guarantees the success or performance of Touch Ventures or the returns (if any) to be received by the Shareholders.

Neither the Lead Manager nor the Authorised Intermediary is responsible for or caused the issue of this Prospectus.

2.12 Privacy

By filling out an Application Form, you are providing personal information to Touch Ventures and the Share Registry. Touch Ventures and the Share Registry may collect, hold and use that personal information in order to process your application, service your needs as a Shareholder, provide facilities and services that you request and/or carry out appropriate administration.

Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Commonwealth) and the Corporations Act. If you do not provide the information requested in an Application Form, your application may not be able to be processed or accepted.

Your personal information may also be used from time to time to inform you about other products and services offered by Touch Ventures which may be of interest to you.

Your personal information may also be provided to agents and service providers of Touch Ventures on the basis that they deal with such information in accordance with the privacy policy of Touch Ventures and applicable laws. These agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared include:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail;
- market research companies for the purposes of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors or consultants and other advisers for the purposes of administering, and advising on, the Shares and for associated actions.

If a person who submits an application becomes a Shareholder, the Corporations Act requires Touch Ventures to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Touch Ventures register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Touch Ventures register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that Touch Ventures may wish to communicate to its Shareholders) and compliance by Touch Ventures with legal and regulatory requirements. A Shareholder has a right to gain access to the information that Touch Ventures and the Share Registry may hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to Touch Ventures' registered office or the Share Registry's office, details of which are disclosed in the corporate directory on the inside back cover of this Prospectus. Applicants can obtain a copy of Touch Ventures' privacy policy by visiting the Touch Ventures website, www.touchventures.com. The privacy policy contains further details regarding access, correction and complaint rights and procedures.

By submitting an application, you agree that Touch Ventures and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

- email: registrars@linkmarketservices.com.au;
- address: Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235; and
- phone: 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia).

2.13 Tax implications of investing in Touch Ventures

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in Touch Ventures. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

A general overview of the Australian taxation implications of investing in Touch Ventures is set out in Section 10.8 and is based on current tax law and ATO tax rulings. The information in Section 10.8 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. We recommend you seek independent tax advice.



3. Company overview

3. Company overview

3.1 Overview of Touch Ventures

Touch Ventures is currently an unlisted public company. Touch Ventures is undertaking an initial public offer to pursue investment opportunities it has access to in the market in accordance with its investment strategy described in Section 3.2.1.

Touch Ventures intends to build a portfolio of investments in high growth, scalable companies. In particular, it believes there are compelling investment opportunities within the retail innovation, consumer, finance and data segments. This portfolio will be internally managed by Touch Ventures and includes investments in companies considered by Touch Ventures to be at the growth-stage of their life cycle. Touch Ventures may also allocate up to approximately 5% in aggregate of its overall portfolio for investments under its early-stage investment strategy. Touch Ventures' investments will include initial investments, including acquisitions of securities in new portfolio companies, and participation in follow-on raisings by existing portfolio companies. Touch Ventures' key objective is to create long-term shareholder value from the capital appreciation of its portfolio.






Touch Ventures includes the following attractive features:

- an existing portfolio of investments, referred to as its foundation portfolio;
- an experienced management and investment team, led by CEO, Hein Vogel; and
- a Collaboration Agreement with substantial shareholder Afterpay Limited (**Afterpay**), an ASX-listed buy-now-pay-later (**BNPL**) business.

Touch Ventures has created a foundation portfolio, comprising investments of approximately \$75.4 million in 5 unlisted companies as at the Prospectus Date (referred to as foundation companies – refer to Table 2), and a strong pipeline of investment opportunities.

3. Company overview continued

Table 2: Touch Ventures' foundation portfolio

Portfolio Company	Initial Investment	Overview	Class of security held by Touch Ventures	Approximate % equity stake ¹	Touch Ventures invested amount ²
	June 2021	<ul style="list-style-type: none"> Sendle is an Australian & U.S. based virtual parcel courier platform targeting SMB eCommerce merchants 	Preferred shares	10.6% ³	US\$25.0m
	October 2020	<ul style="list-style-type: none"> Happay is a buy-now, pay-later business based in China which allows consumers to pay for purchases in four installment payments with no upfront fees or interest Happay is initially focusing on the offline retail market, acquiring merchants and consumers through partnering with shopping mall and groups and merchants in mainland China 	Ordinary shares	16.6% ⁴	US\$10.0m
	February 2020	<ul style="list-style-type: none"> Play Travel (previously known as LayAway) sells travel products using its lay-by payment system. It allows travelers to book travel packages and pay in installments prior to departure, with no hidden fees or interest charges LayAway has a marketing and collaboration agreement with Afterpay, where LayAway can market its products to Afterpay's user base 	Ordinary shares	78.6%	\$12.2m
	January 2021	<ul style="list-style-type: none"> Basiq operates a financial data platform which allows financial institutions and fintechs to access, enrich and analyse their customers' financial data 	Convertible note	— ⁵	\$10.0m
	July 2021	<ul style="list-style-type: none"> Postpay is a UAE based BNPL business offering 'Pay in 3' instalment plans to online shoppers with no upfront interest or fees 	Preferred shares	12.5%	US\$5.0m

Notes:

1. Approximate percentage equity interest in the portfolio company calculated on a fully diluted basis. Share or equity holdings in this prospectus calculated on a "fully diluted basis" assume all securities or rights which may convert into ordinary shares (including under incentive or employee share ownership plans) have converted into ordinary shares.
2. As at Prospectus Date.
3. Percentage assumes Sendle completes its current investment round.
4. The Happay group includes a Chinese variable interest entity (VIE) structure – refer to Sections 5.3.9 and 9.2.2.2 for a description of this structure and certain potential risks involved in these structures.
5. Touch Ventures would hold approximately 19.9% of Basiq if its convertible notes converted into shares at the agreed valuation cap. The actual percentage that Touch Ventures would acquire on any conversion of convertible notes will depend on a number of factors including the timing of conversion of those notes, Basiq's valuation and capital structure at the time of conversion.

In addition, in August 2021, Touch Ventures entered into conditional agreements to invest \$1 million by way of equity, and provide \$1 million unsecured debt facility to, an early-stage Australian fintech business under its early-stage investment strategy. Touch Ventures expects this investment to close prior to Completion subject to satisfaction or waiver of agreed closing conditions. Refer to Section 4.7 for further information.

Touch Ventures seeks to ensure its investment rights are appropriately protected through various commercial and legal avenues, including by bringing commercial and strategic value to portfolio companies through regular communications and taking a “partnership” approach with portfolio companies. For example Touch Ventures may:

- take a board member or board observer position on portfolio companies;
- obtain customary minority veto or approval rights at a board and shareholder level for key decisions made by portfolio companies; and
- receive commercially appropriate shareholder protections through negotiated investment documents.

3.1.1 Company history

Touch Ventures was initially established in May 2016 as Change Up Holdings Limited (**Change Up**), a start-up company with the intention of collaborating with Touchcorp Limited (now a subsidiary of Afterpay) to leverage Touchcorp’s payments platform and intellectual property. Change Up was a retailer-focused solution for the smart and efficient handling of loose change, turning physical coins into digital currency on a consumer’s mobile device. In late 2018, Change Up decided to cease operations and between late 2018 and July 2019, Change Up was dormant while the Board reviewed its strategic options.

In July 2019 Touch Ventures and Afterpay entered into a Collaboration Agreement to establish a framework through which Touch Ventures could explore opportunities referred to it by Afterpay and, in exchange, Afterpay would increase its shareholding in Touch Ventures by 37,957,0461 Shares (subject to Shareholder approval). Under the Collaboration Agreement, Afterpay may, in its absolute discretion, refer potential investment opportunities for Touch Ventures to evaluate their feasibility and, if determined as viable and consistent with its investment strategy by Touch Ventures, to pursue such opportunities including potentially in collaboration with Afterpay. Further information in relation to the Collaboration Agreement is set out in Sections 3.2.6 and 9.1.

Hein Vogel was appointed as CEO in October 2019 to further develop Touch Ventures’ strategy. In December 2019, Shareholders approved the issue of the Shares referred to above to Afterpay and Change Up was renamed to AP Ventures. AP Ventures was subsequently renamed Touch Ventures on 6 September 2021 in preparation for its listing on the ASX in conjunction with the Offer.

Since entering into the Collaboration Agreement and pursuing its current investment strategy, Touch Ventures has raised investment capital three times as illustrated in Table 3:

Table 3: Touch Ventures’ previous capital raisings

Date	Amount raised	Offer price per Share ¹	Notes
March 2020	\$15.0m	\$0.20	Included a \$6.6 million participation by Afterpay
September 2020	\$50.0m	\$0.20	Included a \$15.0 million participation by Afterpay
January 2021	\$18.5m	\$0.40	Placement to US based Woodson Funds

1. In May 2021, Touch Ventures consolidated the number of Shares on issue on the basis of 1 new Share for 4 existing Shares. This number of Shares and the issue prices per Share in Table 3 are presented on a post-consolidated basis for comparative purposes.

3. Company overview continued

3.1.2 Group structure

Touch Ventures is a public company incorporated in Victoria, with its registered office in Sydney, New South Wales. It is seeking admission to the official list of ASX as a listed investment company (or LIC).

Touch Ventures is overseen by a Board of Directors and managed by an internal management and investment team who have each entered into employment agreements with Touch Ventures. There are no management agreements in place between Touch Ventures and any third party or external investment manager.

Touch Ventures holds all assets, liabilities and contracts of the Touch Ventures business. It has no interests in any other company other than the portfolio companies.

3.2 Investment objectives

Touch Ventures' 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 more liquid than may be typical for an unlisted investment holding company.

Touch Ventures will seek to achieve these objectives through its investment strategy summarised in Section 3.2.1. To assist in doing so it will seek to leverage its relationship and objectives under the Collaboration Agreement with Afterpay. Touch Ventures notes however that there are significant risks and uncertainties involved in its investment strategy and there is no guarantee that Touch Ventures will be successful in achieving its objectives.

3.2.1 Investment strategy

3.2.1.1 Overview of investment strategy

Touch Ventures is an internally managed investment holding company with broad flexibility as to how it deploys its capital in seeking to achieve its investment objectives. Touch Ventures has however formulated an investment strategy focused on seeking to deploy capital towards high growth, scalable investment opportunities. In particular, Touch Ventures believes there are compelling investment opportunities within the retail innovation, consumer, finance and data segments in Australia and internationally, including those that may benefit from exposure to Afterpay's ecosystem.

Touch Ventures has developed a series of investment criteria which are set out in Section 3.2.3. Touch Ventures intends to identify and invest in companies which perform strongly when assessed by it against these criteria. This is referred to as its "core investment strategy" in this Prospectus. Touch Ventures may also invest a small portion of its portfolio (up to 5%) in earlier stage companies. This is referred to as its "early-stage investment strategy" in this Prospectus, with the criteria to be adopted in assessing potential investments under this strategy described in Section 3.2.4.

Touch Ventures' 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 Touch Ventures as determined appropriate before investments are made. Touch Ventures may alter its investment strategies and underlying criteria over time where Touch Ventures believes such changes are to be in the interests of Touch Ventures and shareholders as a whole, and subject to the Listing Rules and applicable laws.

3.2.1.2 Core investment strategy

As noted in Section 3.1.1, Touch Ventures is focused on identifying and investing in high growth, scalable companies which perform strongly when assessed by it against the criteria in Table 4.

Table 4: Core investment strategy criteria

Criteria	Explanation/rationale
Business stage: Growth	<p>Touch Ventures typically targets investments in businesses with an existing revenue base and demonstrated product-market fit² that are looking to grow, for example by further penetrating current geographic markets or by expanding into other jurisdictions.</p> <p>Businesses at earlier stages of growth may be pursued as part of its core investment strategy where other investment criteria are met and Touch Ventures assesses that a strong overall strategic rationale exists for investment (alternatively, those investments may be considered as part of Touch Ventures' early-stage investment strategy).</p> <p>Growth-stage companies may not have consistent revenues, or generate positive cash flows or profits, or return dividends or distributions over the life of Touch Ventures' investment.</p>
Growth potential: High	<p>Touch Ventures seeks to invest in businesses which have the opportunity to grow revenue and market position faster than more mature companies.</p> <p>Businesses of this nature ideally have a strong leadership team, compelling business model with an attractive market opportunity and scalable operations, particularly in segments that have not been previously monetised or with the potential to disrupt legacy business models. (These attributes are described further in Section 3.2.5.)</p>
Sector focus: Retail innovation, consumer, finance and data	<p>While Touch Ventures can consider investments across all industries, it is particularly focused on investment opportunities which target:</p> <ul style="list-style-type: none">• Retail innovation: including businesses which predominantly service online and offline merchants. In particular, Touch Ventures targets businesses aiming to innovate current processes within, for example, supply chain, marketing, sales, business development, in-store and online conversion, and improved useability for consumers. Innovation may also drive the ability for merchants to increase revenues, reduce costs or create superior end-customer experiences.• Consumer: including businesses which interact directly or indirectly with consumers where Touch Ventures believes growth opportunities exist, for example, involving customer loyalty, data and privacy, social shopping and related activities.• Finance: including businesses providing banking and non-bank products and services to end-consumers or merchants. These could include for example, lending, BNPL, banking services, trade finance and wealth management.• Data: including businesses that use data in combination with technology to provide innovative business services and products for consumers or merchants. Activities could include, for example, machine learning to draw insights over behaviour of merchants and consumers, or focus on the capture, storage or transmission of such data.

2. Product-market fit is a broad term used to describe where a company has built a product that resonates with its customers within the market and where, for example, users would be disappointed if the product no longer existed or was being offered. It also includes the company operating in a market with a large number of potential users or with users that are growing quickly.

3. Company overview continued

Criteria	Explanation/rationale
Investment size: Material, non-controlling	<p>Touch Ventures targets a material initial investment of at least \$10.0 million with the aim to acquire a 10% – 40% non-controlling equity interest³ in a portfolio company. For this interest, Touch Ventures typically targets an initial investment size of \$10.0 million – \$25.0 million.</p> <p>Touch Ventures' preferred minimum investment of \$10.0 million may be either staged or reduced to appropriately proportion Touch Ventures' investment with the capital invested in the business to date. The minimum investment is a guideline only and Touch Ventures may invest less than this depending, for example, on the investment opportunity or valuation of the funding round.</p>
Investment approach: Negotiated terms and access to due diligence	<p>Touch Ventures will tailor its assessment of investment to the nature of the business and opportunity available. It will typically seek access to undertake appropriate due diligence (for example including commercial, financial and legal – outsourced to external advisers as required) and negotiate the terms of the desired security and other minority protections with the portfolio company and relevant stakeholders as considered appropriate.</p>

All of the investments in Touch Ventures' foundation portfolio as at Prospectus Date form part of its core investment strategy.

3.2.1.3 Early-stage investment strategy

Touch Ventures has seen a strong pipeline of potential investments (having identified or been introduced to more 220 opportunities between 1 January 2020 and 31 July 2021). However, a large portion of these were passed on by Touch Ventures because the opportunities did not meet its business stage, investment size and investment approach criteria described above (for example because an underlying business was too early in its stage of development and/or because Touch Ventures was not offered the ability to invest at least \$10m into the opportunity).

Nevertheless, Touch Ventures considered that some of these investments presented opportunities that would be consistent with its overall investment objectives and, as a result, in July 2021, established an early-stage investment strategy to complement its core investment strategy summarised in Section 3.2.3.

Under Touch Ventures' early-stage investment strategy, Touch Ventures may allocate up to 5% of its portfolio to invest in early-stage companies. Touch Ventures will assess potential opportunities for its early-stage portfolio by applying the criteria in Table 5.

3. While Touch Ventures targets non-controlling equity interests in its portfolio companies, it may take a controlling interest in certain cases (and has in fact done so in the case of one of its portfolio companies – Play Travel). Refer to Section 3.4 for limits on Touch Ventures' ability to take controlling positions.

Table 5: Early-stage investment strategy criteria

Criteria	Explanation/rationale
Business stage: Early-stage	Earlier stage businesses that may still be seeking consistent or proven revenues or product acceptance. They should possess an articulated business plan but strategies may be continuing to develop. The typical investment stage would be “Seed” to “Series A” rounds.
Growth potential: High	Similar to core investment strategy.
Sector focus: Retail innovation, consumer, finance and data	Similar to core investment strategy.
Investment size: Smaller, non-controlling	Smaller initial investment, for example typically up to \$2 million. Similar to core investment strategy in relation to non-controlling interests.
Investment approach: More standard terms with reduced review	Having regard to factors it considers appropriate, including the size of its investment, Touch Ventures may not require bespoke terms, board member or observer rights or extensive due diligence.

Through its early-stage investment strategy, Touch Ventures seeks to:

- obtain an early foothold in prospective opportunities and follow the growth of these companies, allocating further capital if the investment case proves strong;
- take better advantage of the pipeline of opportunities identified or introduced to it through various relationships that it has built over time; and
- be able to move more rapidly to investment (as can be required for investments of this nature) without expending the significant time and costs that can be required before making investments under its core investment strategy.

As at the Prospectus Date, Touch Ventures has not made investments under its early-stage investment strategy. However, in August 2021, Touch Ventures entered into conditional agreements to invest \$1 million by way of equity for 10% (fully diluted) of, and provide a facility of \$1 million of unsecured debt to, an early-stage Australian fintech business under this strategy. Touch Ventures expects this investment to close prior to Completion subject to satisfaction or waiver of agreed closing conditions. Refer to Section 4.7 for further information.

Further information about Touch Ventures' approach to investing, including its investment guidelines, is described in the following sections.

3. Company overview continued

3.2.2 Portfolio company attributes

As part of evaluating investment opportunities (particularly when assessing the growth potential of investments), Touch Ventures assesses businesses against a number of key qualitative and quantitative attributes that Touch Ventures believes to be central to building a successful growth business. Typically the most important of these attributes are:

- Leadership and alignment
 - **Quality team and culture:** Touch Ventures places a high value on the quality of leadership within portfolio companies. Attractive qualities within the board and management team include ambition, energy, drive and humility within a cohesive culture.
 - **Strong founder and/or management interest:** Touch Ventures seeks ownership alignment within a portfolio company's leadership team, preferring them to have material equity ownership in their business.
- Attractive business model
 - **Strong go-to-market strategy and proven revenue model:** Touch Ventures seeks to invest in portfolio companies which have a clear plan to commercialise and grow the business and have implemented a demonstrable revenue model. Touch Ventures values potential portfolio companies which can demonstrate that its products or services are required by its target market with "product-market fit" at commercially viable pricing.
 - **Revenue stickiness:** Touch Ventures is attracted to businesses where customer loyalty is high and there is a recurring need or utility for the product.

The above attributes may be less relevant for opportunities within the early-stage investment strategy given their earlier stage of development.

- Scalable business operations
 - **Leverage potential:** Given its high growth focus, Touch Ventures seeks companies which can leverage their business models, technology platforms and/or competitive advantages to deliver attractive revenue growth.
 - **Low marginal cost to scale:** Hand-in-hand with revenue growth, a portfolio company should have the potential to deliver lower unit costs once scale is achieved and deliver increasing marginal returns on capital.

3.2.3 Afterpay Collaboration Agreement

In July 2019, Touch Ventures entered into the Collaboration Agreement with Afterpay. Afterpay is an ASX-listed company with a market capitalisation of over \$39 billion as at 31 August 2021 and will hold 24.3% of Touch Ventures Shares on Completion. Afterpay operates a BNPL platform which enables customers to purchase goods and services online or in-store from merchants with payments made in four equal instalments and without incurring interest. Afterpay has millions of global customers and tens of thousands of merchant partners using the platform globally across Australia, US, Canada, UK (where it is called Clearpay) and New Zealand.

The Collaboration Agreement frames the relationship between Touch Ventures and Afterpay under which Afterpay may, in its absolute discretion, refer potential investment opportunities to Touch Ventures to evaluate their feasibility. If Touch Ventures determines such an opportunity is viable and consistent with its investment strategy, Touch Ventures may pursue such opportunities. Under the terms of the agreement:

- Afterpay may, at its discretion, notify Touch Ventures of potential opportunities that Touch Ventures may wish to pursue, or that Afterpay may wish to pursue together with Touch Ventures, and will provide relevant information for Touch Ventures to evaluate and where appropriate in Afterpay's opinion, facilitate introductions to relevant third parties;

- Touch Ventures and Afterpay agree to work together in good faith and jointly pursue collaboration objectives in a timely manner for both parties' mutual benefit; and
- Afterpay grants Touch Ventures the exclusive right to assess and pursue potential opportunities referred by Afterpay until the earlier of: 3 months from date of the referral; Touch Ventures informing Afterpay that it does not wish to pursue the opportunity; or if Afterpay considers there to be a third party who may contribute to or help develop the opportunity.

No fees are payable under the Collaboration Agreement by Touch Ventures to Afterpay or by Afterpay to Touch Ventures (The parties may separately agree however on a case-by-case basis to share or fund costs of the other incurred in exploring a potential investment or commercial agreement if each party agrees that it is in its interests to do so).

Touch Ventures believes that its agreement with Afterpay has the potential to assist it to gain access to potentially attractive investment opportunities. As at the Prospectus Date, 4 of Touch Ventures' foundation companies were introduced to it by Afterpay. It may also enhance the attractiveness or value of Touch Ventures as an investor to potential portfolio companies. This may particularly be the case where the portfolio company may benefit both from an investment by Touch Ventures, and potentially access a commercial arrangement with Afterpay. Any investment between Touch Ventures and a portfolio company would be negotiated directly between Touch Ventures and the company (and Afterpay and the company would separately negotiate any potential arrangements between Afterpay and the company).

Touch Ventures is not required to invest in companies referred to it by Afterpay. Whether or not Touch Ventures proceeds with an investment in a portfolio company, and the terms on which it does, is the decision of Touch Ventures acting in the interests of its Shareholders as a whole.

The Collaboration Agreement commenced on 21 January 2020. After 5 years from this date, either party may at its sole discretion terminate the agreement with three months' written notice, part or all of the Collaboration Agreement by written notice to the other party. Refer to Section 9.1 for further details of the Collaboration Agreement.

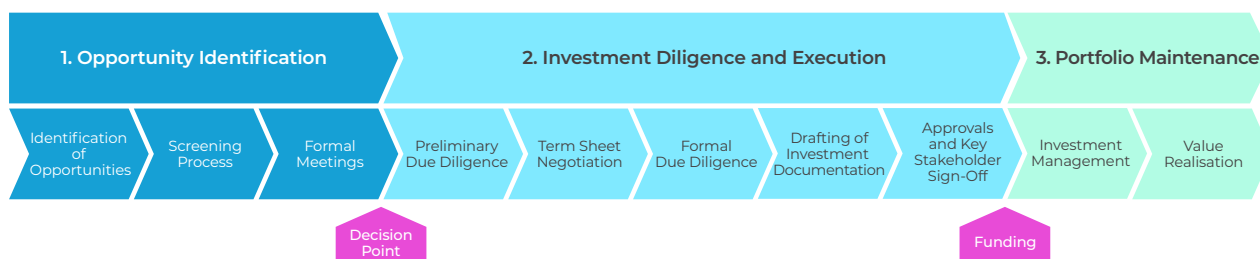
3.3 Investment process applied to construct Touch Ventures' portfolio

Touch Ventures' investment process used to construct its portfolio can be represented by three distinct phases:

- opportunity identification;
- investment diligence and execution; and
- portfolio maintenance,

each involving a number of key components. Figure 1 below illustrates these phases and key components which Touch Ventures typically follows for potential investments under its core investment strategy.

Figure 1: Overview of Touch Ventures' investment process



These phases and components are described in further detail below. Touch Ventures is more flexible in its approach to early-stage investments with examples of how its approach may differ between its two strategies also illustrated in the following sections.

3. Company overview continued

3.3.1 Opportunity identification

3.3.1.1 Identification of opportunities

Touch Ventures utilises its own network of relationships and advisers, and its relationship with Afterpay, to build a pipeline of investment opportunities which its management and investment team reviews. Touch Ventures may also receive opportunities directly from potential portfolio companies through its website or direct contact with Touch Ventures' personnel.

3.3.1.2 Screening process

Touch Ventures screens new opportunities on an ongoing basis. Between 1 January 2020 and 31 July 2021, Touch Ventures had screened in excess of 220 opportunities. Screening involves reviewing each opportunity against Touch Ventures' investment criteria and considering the key attributes of the business and opportunity to form a view on whether Touch Ventures should proceed to formal meetings with the company or their advisers. Only a small proportion of opportunities have satisfied Touch Ventures' screening process, with a similar proportion allocated to a "watching brief", for its core investment strategy. Some opportunities which are passed on for the core strategy may be considered for Touch Ventures' early-stage investment strategy.

Figure 2: Overview of screened opportunities between 1 January 2020 and 31 July 2021

Figure 2.1 Opportunities presented to Touch Ventures (by segment)

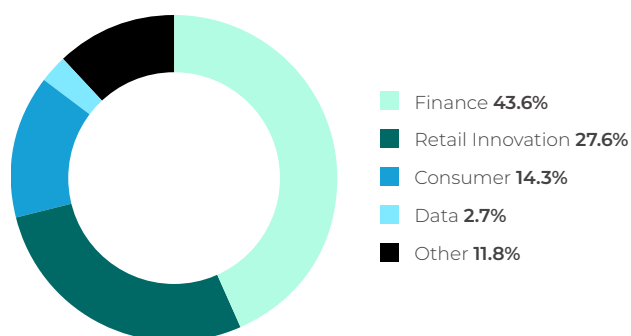
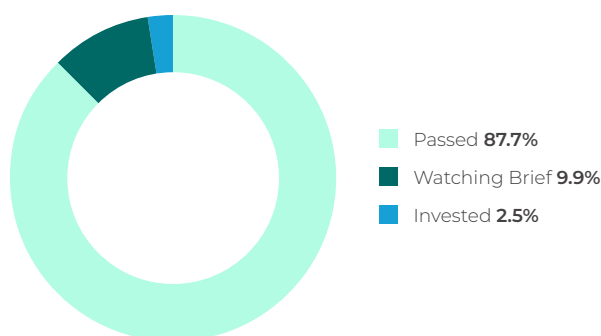
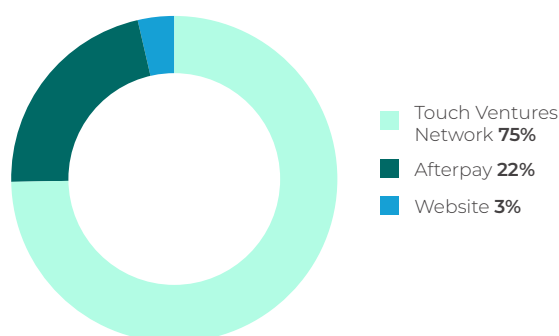


Figure 2.2 Outcome of screening



Note: Opportunities which may operate across more than one segment are allocated to one segment (as considered most applicable by Touch Ventures).

Figure 2.3 Referral source



3.3.1.3 Formal meetings

Following screening, Touch Ventures seeks to engage with the company on a principal-to-principal basis to better understand the company's business and potential fit with Touch Ventures' investment criteria (see Section 3.2.1).

3.3.2 Investment diligence and execution

Should the opportunity identification phase be successful, Touch Ventures will move to investment diligence and potential execution of investment agreements as summarised below.

In the case of opportunities being considered under its early-stage investment strategy, Touch Ventures may not require bespoke terms, board member or observer rights or extensive due diligence.

3.3.2.1 Preliminary due diligence

Touch Ventures will commence due diligence with its management and investment team undertaking commercial due diligence on the company. This process typically seeks to ascertain the business' target market size, product-market fit, its ability to scale and to achieve efficiencies and benefits from scale, and an evaluation of the business' team and culture.

3.3.2.2 Term sheet negotiation

Alongside preliminary due diligence, Touch Ventures' management and investment team will formulate its approach to valuation, size of investment, investment structure and required investor rights and brief the Board on the opportunity. Touch Ventures' management and investment team will then progress discussions with the company which, if successful, results in an agreed non-binding term sheet being entered into between Touch Ventures and the company.

3.3.2.3 Formal due diligence

Based on the findings of preliminary due diligence and initial discussions with the Board, Touch Ventures' management and investment team will determine a scope for due diligence. Touch Ventures may engage external advisers, in particular to verify key representations made by the company, and may also arrange for an external review of market sizing (including interviews and discussions with industry experts) to be conducted. Touch Ventures will also finalise its own commercial diligence and discuss issues which may have arisen from due diligence with the business and seek an appropriate resolution of key matters (if any) that have arisen from the due diligence process. Touch Ventures may decide not to proceed with an investment if due diligence findings are not positive, or satisfactory resolutions to issues raised are not found.

3.3.2.4 Drafting of investment documentation

As due diligence progresses, Touch Ventures, the potential portfolio company, and their respective legal counsel will prepare and negotiate required investment documentation. These documents will govern Touch Ventures' investment in the company, as well as management of the ongoing relationship between Touch Ventures, the company and its other investors. See Section 3.12 for further discussion on documentation and protections that Touch Ventures typically seeks as part of this process.

3.3.2.5 Approvals and key stakeholder sign-off

During this phase and prior to executing definitive documents, Touch Ventures' management and investment team will formally present the investment opportunity and proposed terms to the Board and seek its approval to progress the investment. For the early-stage investment strategy, Touch Ventures' management and investment team will present the opportunity and proposed terms to the Chair and CEO and seek their approval to progress the investment.

Following receipt of investment approval (pursuant to the above), Touch Ventures and the potential portfolio company will seek to finalise outstanding workstreams (including additional due diligence) and agree final terms of investment documentation with the company and other shareholders as required.

If negotiations successfully conclude, Touch Ventures and the portfolio company will execute agreed investment documentation and, following satisfaction of any agreed conditions, Touch Ventures will be issued its agreed securities in consideration for the funding provided by it.

3. Company overview continued

3.3.3 Portfolio maintenance

3.3.3.1 Portfolio management

Touch Ventures views itself as an investment company and not an operator of companies within its portfolio, however it takes an active interest in the investments in its core investment strategy. For example it:

- regularly seeks information regarding, and reviews, portfolio company performance;
- takes a board or board observer seat where justified from the level of its investment;
- discusses material or strategic matters with portfolio companies which may arise; and
- provides strategic advice or assists with introductions of relevant parties within its network to portfolio companies where of assistance.

Touch Ventures relies on each portfolio company's management team to execute on its business plans. As noted in Section 3.2.5, Touch Ventures values portfolio companies with founders or management with significant equity interests as this assists to generate a high degree of strategic alignment between a portfolio company's founders, management and Touch Ventures.

With respect to Touch Ventures' early-stage investments, Touch Ventures will generally:

- while still engaging with portfolio companies, take a more "passive" investor role to these companies than it takes to portfolio companies within its core portfolio;
- assess their performance and its approach to these investments from information made available to investors generally, rather than from more detailed, independent assessment and analysis (and interaction with management teams and their boards) that it undertakes and considers when reviewing companies in its core portfolio; and
- review progress of its early-stage investment strategy on an "early-stage portfolio" or "aggregate level".

If circumstances require, particularly for example, if an investment proves successful and the value of its investment grows significantly, Touch Ventures may adopt a more active approach to an investment and, if appropriate, transition early-stage investments into its core portfolio.

3.3.3.2 Value realisation

Refer to Section 3.5.

3.4 Investment guidelines

This section summarises investment guidelines adopted by Touch Ventures which, in conjunction with the investment objectives and strategy, will guide its approach to investment. Unless indicated, the guidelines referred to below apply to both Touch Ventures' core and early-stage investment strategies. Touch Ventures may alter these guidelines over time where believed to be in the interests of Touch Ventures and shareholders as a whole.

Table 6: Touch Ventures' investment guidelines

Exposure	Guidelines
Geographical exposure limits	<p>Touch Ventures' investment strategy includes investing in companies that are incorporated both in Australia and internationally. Touch Ventures' preference is to pursue investments in jurisdictions such as Australia, Canada, the United States, the United Kingdom and Europe, but is not constrained by these jurisdictions if suitable opportunities outside these jurisdictions rise.</p> <p>For example, the operations of Happay, which forms part of the foundation portfolio, are in China. Notwithstanding this flexible approach, it is unlikely that Touch Ventures will pursue further investments which predominantly operate in China, particularly while it holds its interest in Happay – refer also to variable interest entity (VIE) limits below.</p>
Industry/sector limits	<p>As described in Section 3.2.3, while Touch Ventures can consider investments across all industries, it is particularly focused on investment opportunities in the retail innovation, consumer, finance and data sectors. These investments may involve companies operating in these sectors but servicing a broad range of industries. No minimums or limits apply to the proportion of cash it will allocate to investment between these sectors. In specific cases, Touch Ventures may invest in companies which have operations outside these sectors, particularly if they also have operations within the above sectors, or in sectors which Touch Ventures considers sit adjacent to them.</p>
Number of investments	<p>Touch Ventures' investment strategy does not require it to have a minimum or a maximum number of investments within its portfolio at any given time, or to make a minimum or maximum number of investments each year.</p> <p>As part of Touch Ventures' core investment strategy, Touch Ventures has a foundation portfolio that includes 5 portfolio companies and is targeting to grow this number to 8 to 10 companies over the short to medium term.</p> <p>No targets have been set for the number of investments that Touch Ventures may make as part of its early-stage investment strategy, however it only intends to allocate, in aggregate, up to 5% of its overall portfolio for investments under this strategy.</p>

3. Company overview continued

Exposure	Guidelines
Target interest in investments	<p>Touch Ventures targets material initial investments in its portfolio companies with the aim to acquire a 10% – 40% non-controlling equity interest in these companies. Touch Ventures may take greater proportionate interests in its portfolio companies (including as a result of follow-on investments if other security holders do not participate pro rata in those investments). For example, Touch Ventures currently holds 78.6% of Play Travel on a fully diluted basis – refer to Section 4.4.</p> <p>Touch Ventures will not make or increase an investment in a controlling position in a portfolio company if the amount invested by Touch Ventures in current controlling positions immediately following that investment would result in Touch Ventures exceeding the Control Threshold (as defined below) without the prior approval of ASX under Listing Rule 12.5.</p> $\text{Control Threshold} = 25\% \times \left(\begin{array}{l} \text{Total amount invested by the} \\ \text{Company in current portfolio companies} \\ \text{plus cash or assets readily convertible into cash} \end{array} \right)$ <p>The above applies to portfolio companies in Touch Ventures' core investment strategy and its early-stage investment strategy.</p>
Average size of investments	<p>For the core investment strategy, Touch Ventures typically targets an initial investment size of \$10.0 million – \$25.0 million or more. The minimum investment is a guideline only and Touch Ventures may stage their investment or invest less than this amount depending on the investment opportunity or valuation of the funding round (and subject to broader criteria).</p> <p>Initial investments in Touch Ventures' early-stage investment strategy will be smaller than as described above for its core investment strategy, typically up to \$2.0 million.</p> <p>Touch Ventures may follow-on from initial investments by investing further capital in subsequent capital raisings conducted by its portfolio companies. The size of follow-on investments, and the aggregate amount Touch Ventures may invest in a specific portfolio company will depend on a range of factors including Touch Ventures' assessment of the prospects of its investment, the requirements of its portfolio companies and the most appropriate place to deploy its capital at the time.</p>
Net equity exposure limits	<p>Touch Ventures' 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. Up to 100% of Touch Ventures' investments may therefore be in this form.</p> <p>Touch Ventures may invest in companies through debt instruments including notes or debentures without equity features or by providing short term or bridging loans (for example as part of an investment where it is also acquiring equity securities), but does not intend to position itself as a debt financier to portfolio companies.</p>

Exposure	Guidelines
Variable interest entity (VIE) limits	<p>As noted above, the operations of Happay, which forms part of the foundation portfolio, are in China and Touch Ventures believes it is unlikely that it will pursue further investments which predominantly operate in China, particularly while it holds its interest in Happay. As is not uncommon for foreign companies investing or otherwise participating in Chinese businesses, the Happay group includes a VIE structure. This structure and risks that can be associated with them are described in further detail in Section 5.3.9 and Section 9.2.2.2.</p> <p>Touch Ventures will not make or increase an investment in a portfolio company that is entirely or predominantly operated through a VIE structure (VIE Business) if the amount invested by Touch Ventures in current VIE Businesses immediately following that investment would result in Touch Ventures exceeding the VIE Threshold (as defined below) without the prior approval of ASX under Listing Rule 12.5.</p> $\text{VIE Threshold} = 15\% \times \left(\begin{array}{l} \text{Total amount invested by the} \\ \text{Company in current portfolio companies} \\ \text{plus cash or assets readily convertible into cash} \end{array} \right)$ <p>The above applies to portfolio companies in Touch Ventures' core investment strategy and its early-stage investment strategy.</p>
Single security investment limit	<p>Touch Ventures has no formal limits on its holdings in a single security but aims to diversify capital deployed across investments as described in the above guidelines.</p>
Derivatives & hedging	<p>While Touch Ventures may use financial instruments (for example derivatives, currency forward contracts, options and swaps) from time-to-time to, for example hedge currency exposures associated with current or potential investments in portfolio companies, it will not do so simply to speculate on movement in value of underlying asset or give leverage to its holdings.</p> <p>Generally Touch Ventures' investments will not be hedged for foreign currency exposure (see Section 3.8 for further discussion on currency hedging).</p>
Limits of cash and cash equivalents	<p>There are no limits on Touch Ventures' cash or cash equivalent holdings. Touch Ventures intends to invest available cash as described above and pursuant to its investment strategy. Proceeds of portfolio company realisations may be held in cash or cash equivalents until reinvestment or return to shareholders.</p>
Limits on unlisted securities	<p>There are no limits on the extent to which Touch Ventures may invest in unlisted securities. Touch Ventures' preference is to invest in unlisted securities, although it may invest in or hold listed securities, including for example if it retains an investment in an unlisted company which successfully lists on a securities exchange. In this example, listed securities may be subject to mandatory or voluntary escrows or lock ups for a period following listing.</p>

3. Company overview continued

Exposure	Guidelines
Investment authorities	<p>Touch Ventures' Board will have ultimate investment authority and may delegate decision-making authority to management as it determines appropriate on an investment by investment basis.</p> <p>In the case of its early-stage investment strategy, Touch Ventures' management and investment team is vested with greater investment decision-making authority with early-stage investments to be approved by the CEO and Chair.</p>

3.5 Exits and value realisation

Touch Ventures expects to hold investments in portfolio companies for a period of approximately 3-5 years for its core investment strategy and approximately 6-8 years for its early-stage investment strategy before pursuing potential exit options. It 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.

Touch Ventures may also strategically choose to hold assets for longer than the above timeframes if it believes there is further opportunity for growth, it can continue to add significant strategic value, or more favourable conditions for investment exits or other forms of value realisation exist beyond the preferred holding period timeframe.

Carrying values of investments may vary up or down over time (for example as a result of a valuation achieved by a portfolio company as part of a capital raise), however returns are unlikely to be realised by Touch Ventures until an exit event.⁴

3.6 Internal reporting and oversight

Touch Ventures has established internal reporting processes to provide appropriate oversight of its investment process and promote a disciplined approach to investment. As part of this process:

- the management and investment team:
 - compiles investment committee papers on specific investments and opportunities for the Board's consideration;
 - prepares for Board review, at a minimum, quarterly updates on:
 - › the performance of each portfolio company; and
 - › opportunities reviewed by Touch Ventures' management and investment team; and
 - › marketing activities; and
 - attends Board meetings to discuss the performance and developments in relation to the portfolio with the Board; and
- the Board:
 - reviews and approves (or set parameters for approval by management) of new investment opportunities on an 'as needs' basis; and

⁴ Other than in the event dividends or distributions are made to investors by portfolio companies during the course of an investment. Touch Ventures does not expect this will occur having regard to growth or early-stage nature of the companies in which it has, and expects to, invest.

- holds scheduled quarterly Board meetings to:
 - › monitor the implementation of Touch Ventures' investment strategy and adherence to the investment guidelines;
 - › consider and approve appropriate changes to the investment strategy and investment guidelines;
 - › review performance of the portfolio and provide input on strategies Touch Ventures may adopt towards portfolio companies;
 - › oversee good corporate governance practices; and
 - › review and monitor Touch Ventures' risk management systems and controls.

3.7 Management and investment team

Since inception, Touch Ventures has assembled an experienced management and investment team with diverse experience in funds management, banking, investing, start-ups and regulatory matters.



Table 7 below contains a summary of the management and investment teams' experience and roles at Touch Ventures. All members of the management and investment team currently work for Touch Ventures on a full-time basis:

Table 7: Touch Ventures' management and investment team

Team member and title	Biography
Hein Vogel <i>Chief Executive Officer and Chief Investment Officer</i>	<p>Hein is an experienced investor and adviser with over 20 years of experience in financial services. Prior to joining Touch Ventures in October 2019, Hein was a Managing Director at Investec Australia Limited, a subsidiary of LSE listed Investec plc (Investec) where he co-led the creation of and managed Investec's Emerging Companies team, was a fund manager of Investec's Emerging Companies Australia Fund and served on the fund's investment committee. Hein worked at Investec between 2010 and 2019. Prior to Investec, Hein worked for Macquarie Capital from 2006 to 2010, advising companies in the financial services sector. Prior to this, Hein practiced law at Allens Linklaters and Norton Rose (South Africa).</p> <p>Hein is responsible for the day-to-day operations of Touch Ventures and implementing the strategy as approved by the board. In addition, he plays a key role in originating transaction opportunities, oversees the investment team as opportunities are assessed, as investments are made and subsequently managed (currently serving on the boards of Sendle, Happay and Play Travel). He is also responsible for managing the relationship with Afterpay.</p> <p>Hein holds a Bachelor of Commerce (Accounting & Law), Bachelor of Laws (LLB), and Bachelor of Commerce (Hons, Tax), is a member of the Australian Institute of Directors (GAICD) and is admitted as a solicitor in NSW and South Africa. Hein is based in Sydney, Australia.</p>



3. Company overview continued

Team member and title	Biography
Carl-Olav Scheible <i>Principal</i> 	<p>Carl has over 20 years' experience around the world as a senior executive at global payment, technology and financial technology companies including Afterpay, PayPal, eNett, MoneyGram and American Express. He started his career at BCG. Prior to joining Touch Ventures in May 2021, Carl was CEO of Clearpay in the UK as well as EVP International for Afterpay, taking Afterpay's global footprint from 3 markets in 2018 to 9 in 2021. He was also part of the founding team of PayPal Europe. In addition to Carl's fintech and operating experience, he has been involved as investor and advisor to numerous internet and technology start-ups, including serving as NED at Iwoca (2012 to 2015) and Mopay (now Boku) (2012 to 2015).</p> <p>Carl's role at Touch Ventures is to provide fintech and payments subject matter expertise, to ensure global geographic coverage with a focus on Europe, Middle East and Asia, and to leverage his operating experience with the founders and leaders of Touch Ventures' portfolio companies. Carl is involved in many aspects of the business including strategy, deal origination, assessment of investment opportunities, due diligence, deal negotiation and execution as well as portfolio management and coaching. Carl currently serves on the board of Postpay.</p> <p>Carl holds a BA in Political Science and International Studies from Michigan State University and an MBA from Columbia Business School in New York. Carl has lived and worked in Europe, Asia and the US and is currently based in Monaco.</p>
Gerard Pais <i>Chief Financial Officer and Investment Director</i> 	<p>Gerard has over 13 years of experience as an adviser and investor in early-stage investments, investment banking and portfolio management and joined Touch Ventures in November 2019. Prior to joining Touch Ventures, Gerard was a Director at Investec where he was a core member of Investec's Emerging Companies team, including managing investments of the Investec Emerging Companies Australia Fund. As part of his role, Gerard served as an alternate director for a number of portfolio companies. Gerard worked at Investec between 2010 and 2019. Prior to that, Gerard was a member of the corporate advisory team at Lazard.</p> <p>Gerard's key responsibilities at Touch Ventures includes managing the financial affairs and overall responsibility of the finance and tax function. He is also responsible for originating and assessing investment opportunities, negotiating terms for potential investments, managing the due diligence and legal documentation for investments, portfolio management and engagement with Touch Ventures' stakeholders. Gerard currently serves on the board of Play Travel.</p> <p>Gerard has a Bachelor of Commerce (Hons) in Finance and Economics, is a member of the Australian Institute of Directors (GAICD) and is based in Sydney.</p>

Team member and title	Biography
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<p>Gary Xu <i>Investment Director</i></p>	<p>Gary has over 10 years of experience across early-stage equity investments, mergers & acquisitions and corporate banking and joined Touch Ventures in October 2020. Prior to joining Touch Ventures, Gary was an investment manager and core member of Investec's Emerging Companies team where he was responsible for transaction execution and project management. Gary worked at Investec between 2014 and 2020. Prior to that, Gary was part of the capital advisory business within Westpac Institutional Bank.</p> <p>Gary's key responsibilities at Touch Ventures include originating and assessing investment opportunities, undertaking due diligence, negotiating terms and executing investments and portfolio management.</p> <p>Gary has been a Chartered Financial Analyst Charterholder since 2014, has a Bachelor of Commerce (Actuarial Studies and Applied Finance), and is based in Sydney.</p>
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<p>Franco Venter <i>Analyst</i></p>	<p>Franco has over 5 years of experience across audit, internal control, financial analysis, accounting advisory and consultancy. Franco joined Touch Ventures in August 2021. Prior to joining Touch Ventures, Franco was a senior manager at Deloitte in Sydney and previously in the US and South Africa. At Deloitte, Franco was involved in acquisitions, business development for clients, coordinated and delivered a number of finance functions and managed these on behalf of clients and has been involved in a number of audits and internal control assessments. Franco worked at Deloitte between 2016 and 2021.</p> <p>Franco's key responsibilities at Touch Ventures include assessing investment opportunities, undertaking due diligence, assisting with executing investments and portfolio management. Franco will also support the internal finance and reporting function.</p> <p>Franco is a member of the South African Institute of Chartered Accountants, has a Bachelor of Commerce (Hons) in Accounting, and is based in Sydney.</p>
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3.8 Currency hedging

Global investments may create an exposure to fluctuations in foreign currency exchange rates, which can change the value of investments measured in the portfolio's base currency (Australian Dollars). Touch Ventures does not seek to actively hedge foreign currency exposures arising from its investment activities, however, as part of its investment process, Touch Ventures may:

- assess the indirect impact of currency on the companies that it intends to invest in and the potential for exchange rate movements to amplify or diminish the Australian dollar returns for an investment; and
- manage the currency exposures of the portfolio using derivatives, currency forward contracts, options and swaps to hedge currency exposures from time-to-time where considered appropriate.

3.9 Statement of the net tangible asset backing of Shares

Within 14 days after the end of each month, Touch Ventures will release to the ASX a statement of the net tangible asset (NTA) backing of its Shares as at the end of that month as required by the Listing Rules. Touch Ventures will provide to Shareholders on request a copy of statements released to ASX of the NTA backing of Shares.

3. Company overview continued

3.10 Risk management philosophy and approach

As discussed in Section 5.2, Touch Ventures' business model involves risks, many of which are outside of its control, and which may, if they eventuate, result in the permanent loss of Shareholder capital. To assist manage these risks, Touch Ventures has sought to design robust and appropriate policies and controls which are relevant to Touch Ventures' investment objectives and strategy. The approach taken to make the initial (and any follow-on) decisions to invest capital is summarised in:

- Section 3.6 (Internal reporting and oversight), which include monitoring of the implementation of Touch Ventures' investment strategy and adherence to the investment guidelines and the consideration of appropriate changes to those policies; and
- Section 3.3 (Investment process applied to construct Touch Ventures' portfolio),

and involve regular reporting of information to the Board by the management and investment team.

While the operation of portfolio companies remains with the management of those companies and not Touch Ventures, Touch Ventures seeks appropriate flows of information from portfolio companies as part of its investment documentation and may take board positions on portfolio companies where available, to assist manage or make decisions in relation to its investments in portfolio companies once made.

Touch Ventures is also committed to robust corporate governance practices, designed to create value and provide accountability and a control system commensurate with risks involved. Key corporate governance policies are summarised in Section 6.6.

The Board will also regularly review the capital structure of Touch Ventures and, where considered appropriate, may undertake capital management initiatives which may involve the issue of securities to raise further capital.

3.11 Changes to the investment strategy and guidelines

Touch Ventures' current investment strategy and investment guidelines are outlined in this Section 3.

Any material changes to the investment strategy or investment guidelines will only be made with the approval of the Board. Touch Ventures will notify Shareholders via its website, and where required through an announcement on ASX, of material changes to these policies. Touch Ventures is not currently considering any changes to its investment strategy or investment guidelines.

3.12 Taxation benefits under the LIC regime not expected

Touch Ventures does not satisfy the requirements to qualify as a listed investment company for the purposes of the *Income Tax Assessment Act 1997* (Cth). Key requirements to be a listed investment company under this Act are:

- Touch Ventures' Shares must be listed for quotation on the Official List; and
- 90.0% of its portfolio value must comprise certain permitted investments as defined in section 115-290(4) of the *Income Tax Assessment Act 1997*.

Where these requirements are met, certain types of Shareholders may qualify for income tax deductions in respect of dividends paid out of certain profits which represent capital gains on the disposal of a permitted investment that has been held for over 12 months (referred to as a "LIC capital gain").

However, on the basis of the current investment strategy, it is not anticipated that Touch Ventures will meet the 90% permitted investment portfolio value requirement and will not generate LIC capital gains. As such, Shareholders will generally not be able to obtain taxation benefits under the LIC regime.

For this reason, it is recommended that investors do not make a decision to apply for Shares under this Prospectus on the basis of potential taxation benefits that may result from Touch Ventures being treated as a LIC, and should obtain their own personal taxation advice before making an application for Shares.

3.13 General characteristics of documentation

In negotiating investment documentation with its portfolio companies, Touch Ventures seeks rights and protections that it considers typical and appropriate for investments of the nature, size and stage of development involved. The following types of terms are generally negotiated in the investment documents used for investments under Touch Ventures' core investment strategy:

- Appropriate warranties and indemnities to assist manage customary risks in making investments, with market standard terms around quantum and timeframe limitations term for such warranties and indemnities;
- Appropriate ongoing investor rights for investments of the size and nature concerned which may include:
 - requiring shares with priority ranking positions within the capital structure and preference on exit events of liquidation or other instruments (such as convertible notes or simple agreements for future equity (SAFEs) which have the ability to convert into preference or ordinary shares, typically at a discount to the valuation that the company achieves in a subsequent capital raise;
 - Broad-based anti-dilution rights, including participation rights (being at least at a pro-rata level) equity raises;
 - liquidity and exit event rights including pre-emptive rights for proposed security transfers by existing holders, and drag along and tag along participation rights in the event of third party transactions;
 - enhanced voting rights for specific reserved matters at a Board or security holder level (for example relating to fundamental matters related to business plans, changes to capital structure, borrowing, related party transactions, and changes to senior management);
 - the ability to nominate a board director and/or a board observer where its equity position justifies that right; and
 - standard information access rights to allow Touch Ventures to monitor the performance of the portfolio company.

Final investment documentation and terms will vary between portfolio companies and Touch Ventures may not be able to obtain all customary or desired terms for all investments, but will weigh up the perceived benefits and risks of each investment as a whole (including those in final investment documentation) when considering whether, and on what terms, it may make an investment in a company.

In the case of opportunities in the early-stage investment strategy, Touch Ventures may not require bespoke terms, board member or observer rights or conduct extensive due diligence.



4. Foundation portfolio

4. Foundation portfolio

4.1 Background

The following Section provides an overview of the foundation portfolio and the nature of investments made by Touch Ventures as at the Prospectus Date.

4.2 Sendle



4.2.1 Background

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. Sendle had approximately 152 FTEs as at 31 May 2021.

4.2.2 Company overview

Sendle focuses on SMB merchants. Sendle's core customer proposition is to help merchants sell more through:

- competitive pricing and simpler shipping rates;
- better customer experience and service reliability; and
- 100% carbon neutral parcel delivery.

Sendle has established a network of commercial courier partners in Australia and the United States that conduct deliveries for Sendle, and compete with larger national couriers in Australia and the United States. By using this strategy Sendle can:

- drive incremental parcel volume to Sendle's courier partners who are able to better utilise their network and, in turn, share the volume cost savings with Sendle and its customers;
- deliver better customer experience to SMB merchant clients through managing its own customer support operations; and
- act as a single point of contact for SMB merchants while maintaining relationships with multiple couriers to provide the most efficient service outcome.

Sendle generates revenue via its tiered postage offerings to SMB merchants which allows merchants to send packages ranging from 250 grams up to 20 kilograms globally with different tiers providing discounted pricing for merchants reaching certain threshold volumes of packages shipped. Each tier, weight and destination results in a different cost to the merchant.

4.2.3 Touch Ventures' investment

In June 2021, Touch Ventures invested US\$25 million in Sendle via Series C preferred stock at a pre-money valuation of US\$200 million to acquire 12.1% (10.6% on a fully diluted basis)⁵ of Sendle. Further details of Touch Ventures' investment are contained in Section 9.2.1.

As part of its initial investment, Touch Ventures has the option to invest up to a further US\$15 million by June 2022 in Sendle at a pre-money valuation of US\$250 million.

Touch Ventures has one nominee director (Hein Vogel) out of a total of six directors on the board of Sendle.

5. Assumes Sendle completes the current investment round.

4. Foundation portfolio continued

4.3 Happay



4.3.1 Background

Happay provides interest-free BNPL products at the point of sale for retailers (particularly retailers located in shopping malls) in mainland China. Happay was founded in 2020 by entrepreneurs and business operators Yang Tang, Jin Chen and Bryan Huang and had approximately 127 employees as at 30 June 2021. 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.

4.3.2 Overview of Happay's product offering

Happay's BNPL offering allows consumers to pay for purchases in 4 instalments over 3 months with no interest charged to the consumer. Happay's platform integrates into the point-of-sale system of retailers, which assists in training staff and ease of use for the end consumer. Happay generates revenue by charging merchants a fixed fee on transactions conducted through Happay. Happay may also generate revenue through late payment fees and extension fees.

4.3.3 Touch Ventures' initial investment

In October 2020, Touch Ventures invested US\$10.0 million to acquire 20.0% of Happay through an investment in ordinary shares in Happay (Cayman) Limited, a Cayman Islands domiciled entity. Happay (Cayman) Limited's holdings in the Chinese operating business are structured through VIE arrangements, which is not uncommon for foreign companies investing or otherwise participating in Chinese businesses that fall into a restricted or prohibited foreign investment category under Chinese laws and regulations. Further details on Touch Ventures' investment, the VIE structure and risks that can be associated with them are contained in Section 5.3.9 and Section 9.2.2.2.

4.3.4 Business progress since initial investment

Since Happay launched in July 2020, Happay has grown to having approximately 94,000 active users and 3,900 active stores as at 31 July 2021. Happay reported annualised net total transaction value of approximately US\$73 million based on Happay's net total transaction value for the 3 months ending 31 July 2021.

Whilst COVID-19 has had an impact on total transaction value growth as a result of lockdowns in parts of China, Happay has continued to grow its total transaction value as a result of the roll out of Happay in merchants and an increase in active customers.

4.3.5 Further capital raising by Happay

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 local Chinese investment group. As a result of this raise, Touch Ventures' shareholding in Happay has been diluted to 17.4% (16.6% on a fully diluted basis). Touch Ventures has the right to invest up to a further US\$6.25 million by October 2021 as part of this raise (which would return it to a 20% shareholding). Touch Ventures has not yet determined whether or not it will invest the further US\$6.25 million as at the Prospectus Date.

Touch Ventures has one nominee director (Hein Vogel) out of a total of five directors on the board of Happay (Cayman) Limited.

4.4 Play Travel



4.4.1 Background

Play Travel (formerly known as LayAway 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 had approximately 27 employees as at 31 July 2021.

4.4.2 Company overview

Play Travel entered the Australian travel market in 2015, providing a new lay-by payment model for travellers.

The company's product is positioned with the following features:

- Using Play Travel, customers can purchase their travel on lay-by and pay for their trip in instalments ahead of their travel date, compared to the traditional model of paying for their travel upfront or obtaining financing;
- Play Travel does not charge any interest and seeks to price its products competitively; and
- Play Travel's payment model is designed to make travel more accessible to families, singles, couples and groups and has no hidden fees or interest charges.

The Play Travel brand was launched in March 2019 through a partnership with Afterpay offering pay-by instalment travel products to consumers. Play Travel generated sales of travel products with customers using its online platform, booking over \$1.5 million of trips and holiday packages between March 2019 and August 2019 (pre-COVID-19). Play Travel and Afterpay subsequently entered into a marketing and collaboration agreement pursuant to which Play Travel may market its products to Afterpay's customer base over a three-year period (commenced February 2020).

Play Travel's principal source of revenue is through the sourcing and packaging of travel products (accommodation, tours, sight-seeing activities) at wholesale travel prices and reselling those products at a margin to customers, whilst also offering structured payment terms. In the event of cancellation, Play Travel will refund customer pre-payments except for any amounts owing to travel product suppliers for the cost associated with cancellation and any cancellation fees owing to Play Travel.

4.4.3 Touch Ventures' initial investment

In February 2020, Touch Ventures acquired a 77.9% shareholding in Play Travel for \$10.2 million. This was Touch Ventures' first investment and Touch Ventures was, at the time, still determining its core investment strategy. As a result of the deal terms being offered to Touch Ventures, the capital required by Play Travel and the valuation offered, Touch Ventures decided, in this case, to take a majority shareholding. Further details of Touch Ventures' investment in Play Travel are contained in Section 9.2.1.

4. Foundation portfolio continued

4.4.4 Business progress since initial investment

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 by Touch Ventures.

Notwithstanding this, the business has undertaken a number of initiatives since investment and during the COVID-19 period including:

- managing costs in the business, whilst still investing in the core technology;
- rationalising to a single brand – Play Travel – to provide consistent products and experience to consumers;
- rebuilding and re-launching the Play Travel website in April 2021 introducing a number of new features including the ability for consumers to pay for travel products in multiple ways;
- as part of the re-launch, undertaking a number of joint marketing efforts with Afterpay and including Afterpay as a payment option;
- refocusing product and marketing initiatives on the domestic market in response to COVID-19; and
- adding senior team members.

In June 2021, the founder resigned as CEO and will finish in that role in December 2021. He currently serves on the Board and remains as a significant shareholder. Touch Ventures expects a process to appoint a replacement CEO will commence shortly.

Whilst the business continues to be impacted by COVID-19 related travel restrictions, Touch Ventures remains optimistic about the longer term opportunity for Play Travel once Australia's international travel market re-opens, including its opportunity to build out an instalment based "Planpay" branded payment system which Play Travel could offer to third parties.

Touch Ventures has two nominee directors (Hein Vogel and Gerard Pais) out of a total of 3 directors on the board of Play Travel.

4.4.5 Touch Ventures' second investment

Touch Ventures subsequently invested approximately \$1.9 million in Play Travel at a revised pre-money valuation of approximately \$6.5 million in June 2021 and may invest further capital in Play Travel in the future. Touch Ventures now holds 82.4% of Play Travel (78.6% on a fully-diluted basis).

4.5 Basiq



4.5.1 Background

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 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 had approximately 52 employees as at 30 June 2021.

4.5.2 Company overview

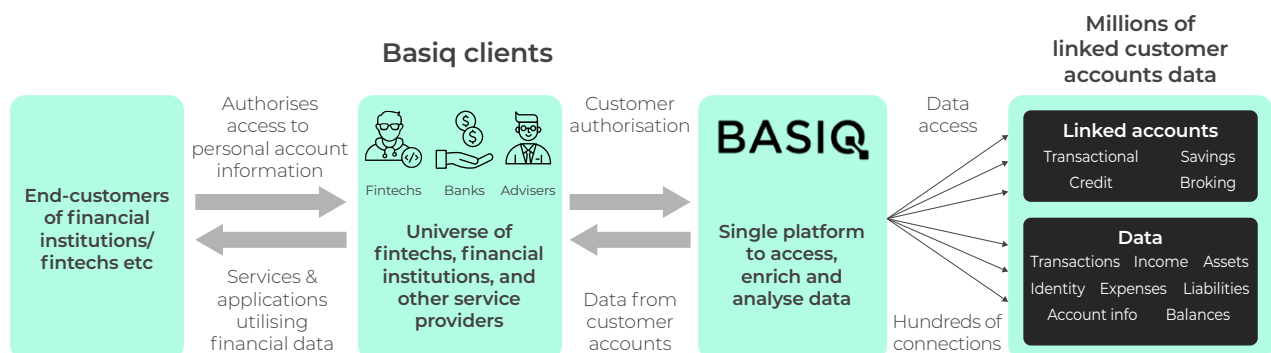
Basiq is an Australian financial data platform business. The business seeks to assist financial services and consumer facing intermediaries to gain a better understanding of their customers' financial position. Some example uses cases for Basiq's products include:

- bank and non-bank lenders requiring access to reliable financial data to make credit decisions;
- fintechs accessing customers' financial data to provide innovative solutions for customers; and
- wealth advisers understanding the financial position of their clients to provide appropriate advice.

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.

Figure 3 below illustrates the interaction between Basiq, accounts that Basiq can gain access to, Basiq's clients, and the end-customers of those clients.

Figure 3: Summary of Basiq business model



At the heart of Basiq's solution is a platform which provides application programming interfaces (**APIs**) to its clients to, in real-time, acquire, enrich and analyse data of individual customers from the suite of account relationships with banks and other financial institutions. Basiq's platform is connected to over 100 Australian banks, superannuation funds and credit card issuers and provides an aggregation function which integrates financial data from multiple accounts held by one customer, and to assist provide a holistic view of a customer's finances. In addition to raw data, Basiq also provides access to enriched data such as credit assessments and customer insights.

Basiq has a Software-as-a-Service (SaaS) revenue model under which it charges fees based on data access depending on the end-customers and the level of data accessed by its clients. Basiq also charges for value-add services (e.g. per unit charge for credit assessments) and builds bespoke use cases for clients to broaden Basiq's revenue streams.

4. Foundation portfolio continued

4.5.3 Touch Ventures' investment

In January and February 2021, Touch Ventures finalised an investment by way of convertible notes of \$9.95 million in Basiq. The investment was split between two tranches with \$7.0 million funded in January 2021 and a further \$2.95 million funded in February 2021. Touch Ventures would hold approximately 19.9% of Basiq if its convertible notes converted into shares at the agreed valuation cap. The actual percentage that Touch Ventures would acquire on any conversion of convertible notes will depend on a number of factors including the timing of conversion of those notes, Basiq's valuation and capital structure at the time of conversion. Further details of Touch Ventures' investment in Basiq are contained in Section 9.2.3.

Hein Vogel and Gerard Pais beneficially hold in aggregate 0.3% of the issued shares (held as series A preference shares) in Basiq. Their investment pre-dates the commencement of their involvement with Touch Ventures.

4.5.4 Business progress since initial investment

Since Touch Ventures' investment, Basiq's business growth has continued, and as at 30 June 2021, Basiq has over 100 customers (which includes UBank, Pocketbook, beforepay) with over one million users connected through the platform. Basiq is focused on growing its team to scale its business in order to capitalise on the market opportunity ahead.

As a convertible noteholder, Touch Ventures does not have a nominee director on the board of Basiq but may attend meetings as an observer.

4.6 Postpay



4.6.1 Background

Postpay provides an interest-free BNPL service offering for eCommerce transactions in the United Arab Emirates (UAE). 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. Postpay had approximately 24 employees as at 31 July 2021.

4.6.2 Company overview

Postpay offers its interest-free BNPL product payment option for eCommerce sales in the UAE. Postpay's main product consists of a pay-in-3 model whereby customers pay in 3 instalments after purchasing their products. Postpay has signed over 200 merchant clients (of which over 129 have already gone live and have been active over the last 12 months) including a number of the largest retail groups in the region, for example Alshaya Group, Al Tayer Group and Chalhoub Group. Postpay has brought on board leading global brands (such as H&M, Footlocker, West Elm and Boots) and leading regional brands (such as Ounass, The Entertainer and Kcal).

The company's product is positioned with the following features:

- Customer proposition: Seamless user experience; the ability to 'buy-now pay-later' to overcome the preference for cash-on-delivery for online orders; always interest free and Sharia-law compliant; and provides "ease of use" and simple verification for repeat Postpay users to use at checkout; and
- Merchant proposition: Assists merchants focused on boosting incremental sales, higher average order value and customer conversion with the objective of driving repeat customer purchasing from a growing Postpay user base with sales settled up-front by Postpay.

Postpay generates revenue by charging merchants a percentage fee across all transactions and does not charge customers interest.

4.6.3 Touch Ventures' Investment

In July 2021, Touch Ventures invested US\$5 million to acquire a 13.3% holding in Postpay (12.5% on a fully diluted basis). Afterpay also made an investment on these terms to separately acquire 12.5% of Postpay (on a fully diluted basis). Further details of Touch Ventures' investment are contained in Section 9.2.5.

Touch Ventures has one nominee director (Carl-Olav Scheible) out of a total of five directors on the board of Postpay.

4.7 Early-stage investment strategy – potential pre-Completion investment

In August 2021, Touch Ventures entered into conditional agreements to invest \$1 million to acquire a 10.4% equity interest (10.0% on a fully diluted basis) by way of preference shares in an early-stage Australian fintech company which provides a product returns platform for eCommerce customers. The investment will be conditional on the investee company satisfying a number of conditions, including raising a further \$500,000 equity from other investors. The equity terms for the investment will be consistent with those outlined in Section 3.13 (including having the right to appoint a director to the board of the investee company). In addition to this equity investment, Touch Ventures is also offering to provide a \$1 million unsecured term loan facility to the investee company. The ability to draw down under the facility will be subject to closing of the equity investment referred to above. The facility is expected to carry a 12% per annum interest rate and have a 24 month term.

Touch Ventures currently expects the equity investment and facility to close before the Completion Date subject to satisfaction or waiver of the agreed closing conditions, and expects the loan facility to remain undrawn at the Completion Date.



5. Key risks

5. Key risks

5.1 Introduction

This Section 5 describes some of the potential risks associated with an investment in Touch Ventures.

The nature of Touch Ventures' business, and the industries in which Touch Ventures operates and invests in, make Touch Ventures subject to numerous risks. These risks may be specific to Touch Ventures, specific to one or more portfolio companies, or of a general nature. Each of these risks could, either individually, or in combination, have a material adverse impact on Touch Ventures' financial position, performance or prospects, if they eventuate. This in turn may cause the market price of Touch Ventures' Shares to fall and may result in the loss of principal invested in Shares.

The risks described in this Section 5 are not an exhaustive list of all the possible risks associated with investing in Touch Ventures, and the occurrence or consequences of the risks described in this Section 5 may be partially or completely outside the control of Touch Ventures, the Directors and the management and investment team.

Risks have been divided into 3 sections: Key business and investment strategy risks to Touch Ventures; Key risks for portfolio companies; and Other risks. The selection and order of risks within these sections has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. This assessment is based on the knowledge of Touch Ventures as at the Prospectus Date. There may be other risks which Touch Ventures is unaware of at the time of issuing this Prospectus or which may arise in the future which may impact Touch Ventures, its portfolio companies or the Shares and it is possible that some of the key risks of portfolio companies discussed in this Section could be risks faced by Touch Ventures directly. The relative importance of different risks may change.

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in Touch Ventures and should consider whether the Shares are a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. Investments made by Touch Ventures are speculative in nature. Consequently, an investment in Touch Ventures ought to be regarded as speculative and substantial fluctuations in the value of that investment may occur.

If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

5.2 Key business and investment strategy risks to Touch Ventures

Touch Ventures has identified the following risks relating to its business and investment strategy as being particularly relevant to its potential financial position, performance or prospects.

5.2.1 Investment strategy risk and returns

Touch Ventures' financial performance and position will depend on the success of its investment strategy, including the quality of opportunities that Touch Ventures has access to, assessment of those opportunities, the selection criteria that Touch Ventures utilises, the terms on which it invests, and the manner in which it maintains and manages its portfolio companies. There is a risk that Touch Ventures investment strategy is not successful in individual cases or in aggregate. Touch Ventures' opinion about the intrinsic value of a portfolio company and its future prospects may be incorrect, and Touch Ventures may not be able to achieve its investment objectives within the desired timeframe, or at all. There is a risk that Touch Ventures' investments in the portfolio companies may not result in an absolute return either individually or in aggregate. There is therefore a risk that a failure in Touch Ventures' investment strategy or lower than expected returns will adversely affect Touch Ventures' financial position or performance.

5. Key risks continued

5.2.2 Investing in businesses in growth and early stages of development

Investments made by Touch Ventures are expected to be in businesses that are in growth or early stages of development. Businesses of this nature face risks, in particular those discussed in Section 5.3 and Section 5.3.3 in particular. The impact on these businesses if risks eventuate may be more pronounced because of their stage of development. Businesses of this nature may not have sufficient operating cash flows to fund business operations, and may therefore need additional capital in the future. Even if risks do not eventuate, they may not generate consistent revenues or become profitable, and Touch Ventures may not be able to reliably estimate the likely future revenues, profitability or returns from these investments with any reasonable degree of certainty.

5.2.3 Portfolio liquidity and exit or dilution risk

Touch Ventures is exposed to liquidity risk in relation to its portfolio, particularly as it predominantly intends to invest in companies which are not traded on public exchanges which, by their nature, may have a smaller pool of potential buyers or investors. If Touch Ventures is unable to exit its investment in its portfolio companies within a particular timeframe, it may suffer losses or fail to achieve a potential gain and there is a risk that Touch Ventures will not have appropriate or timely exit opportunities from portfolio companies. This may arise for example where Touch Ventures does not control the timing of exit events (which may be the case where Touch Ventures holds a minority position), because a portfolio company is taking longer than expected to reach a particular stage in its development to achieve an appropriate exit, or where no suitable buyers or exit events exist at a particular time. This may mean that the timeframe for the realisation of returns on portfolio companies or conversion to cash for Touch Ventures may be longer than expected. The risks of such illiquidity can be increased and lead to reduced returns to Touch Ventures if a portfolio company is adversely impacted by risks or other events (including those discussed in Section 5.3) over that extended period. It may also mean that Touch Ventures does not have access to cash that is currently invested in portfolio companies that it would prefer to invest in other opportunities. There is also a risk that Touch Ventures exits a portfolio company, either voluntarily or as part of a compulsory exit, without maximising potential returns which are generated by the investment following Touch Ventures' exit.

Conversely, Touch Ventures may have the opportunity to increase its investment in a portfolio company, or be called upon to provide additional funding, but there is a risk that it may not have the financial capacity or willingness to do so within the required timeframe and that its investment is therefore diluted and it fails to achieve a potential gain. This may reduce Touch Ventures' potential for investment returns, or it may lose other opportunities or rights in relation to that portfolio company as a result.

5.2.4 Asset, investment and market risk

There is a risk that the value of the assets or securities invested in by Touch Ventures may be volatile and decline in value over the short or long term or be difficult to calculate. The return, and expected return, on Touch Ventures' portfolio companies may be affected by a number of risks discussed in other sections of this Section 5, which are outside the control of Touch Ventures. These risks may impact the value, or perceived value, of Touch Ventures' portfolio companies which may impact the performance of the Shares even before any realisation of value by Touch Ventures through exit events, and the performance of Touch Ventures' Shares may not correlate with the current performance or ultimate realised value of Touch Ventures' portfolio companies.

Further, Touch Ventures' portfolio companies may not have a readily ascertainable market price. Portfolio companies (or experts retained by them or other shareholders) may ascribe valuations to portfolio companies that differ from Touch Ventures' assessment of their true and actual realisation value, and different opinions may arise as to what adjustments should be made when calculating those valuations (for example to account for deferrals and accruals or rates of return or contingencies such as litigation).

The valuations attributed by Touch Ventures to its portfolio companies are based on a number of assumptions that may or may not prove to be correct, including assumptions relating to the future performance of the underlying portfolio companies, size of the market, unit economics of the underlying portfolio companies, general macro-economic conditions, and general investment and share market conditions. While the valuations provide an interim indication of the underlying investment value of the portfolio companies, a determination of actual value is ultimately dependent on the outcome and timing of any eventual realisation of the investments held in the portfolio companies.

There is also a risk that the value of portfolio companies will fluctuate as a result of market conditions. For example, their value may be impacted by changes in factors such as economic conditions, government policy, inflation, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. Many of these factors are beyond the control of Touch Ventures (and its portfolio companies).

5.2.5 Key personnel risk

As referred to in Section 5.2.1, Touch Ventures' financial performance and position will depend on the success of its investment strategy. To a significant extent, Touch Ventures performance will be driven by the expertise and decisions of its employees and directors and their ability to identify new investment opportunities and execute appropriately on those opportunities. Despite Touch Ventures' efforts to retain key personnel, there is a risk it may not be able to do so, or that it may not be able to attract and retain replacement, or additional, employees with sufficient knowledge and experience to execute Touch Ventures' investment strategy successfully (particularly where Touch Ventures is competing for staff against competitors with significantly larger financial resources) or employees who have or can foster a productive working relationship with Afterpay during the course of the Collaboration Agreement (refer to Section 5.2.6). Key personnel changes may disrupt Touch Ventures' investment activities and adversely impact its performance, particularly since Touch Ventures currently has a relatively small number of employees.

5.2.6 Collaboration Agreement with Afterpay

As discussed in Section 3.1.1 and Section 9.1, Touch Ventures has entered into a Collaboration Agreement with Afterpay pursuant to which the parties agree to collaborate by way of Afterpay, in its absolute discretion, providing Touch Ventures access to potential investment opportunities.

Afterpay is not obliged to refer investment opportunities to Touch Ventures under the Collaboration Agreement and there is no minimum number of potential investments that it must refer to Touch Ventures. Afterpay may, in its absolute discretion, elect to pursue potential opportunities itself or with others (including on an ad hoc basis or under a similar agreement to the Collaboration Agreement that it may enter in the future with a third party). There is therefore a risk that referrals from Afterpay cease or reduce (whether because Afterpay ceases to have, or ceases to wish to refer out) opportunities generally or to Touch Ventures particularly.

While Touch Ventures may source (and has sourced) investments itself or from third parties other than Afterpay, and may make investments in portfolio companies without Afterpay, there is also a risk that Touch Ventures' proposals to potential portfolio companies may be less attractive or competitive without the involvement of, or ability to associate itself with, Afterpay from the perspective of a portfolio company. Conversely, the attractiveness to a portfolio company of receiving an investment from Touch Ventures along with a potential separate commercial arrangement with Afterpay depends on the reputation of Afterpay which is outside the control of Touch Ventures. There is also a risk that referrals from Afterpay are ultimately inconsistent with Touch Ventures' investment strategy, do not prove to be attractive investments, are unable to be executed by Touch Ventures, or that the terms offered (including in relation to any co-investment or participation by Afterpay) are not suitable to Touch Ventures.

5. Key risks continued

Because Afterpay may determine not to refer investment opportunities to Touch Ventures under the Collaboration Agreement in its discretion, it is not possible to describe comprehensively the circumstances in which it may elect not to do so, however this could include:

- dissatisfaction with Touch Ventures' investment strategy, personnel or performance; or
- a change in strategy within Afterpay (for example to pursue more opportunities itself or to focus on matters other than identifying opportunities to refer to Touch Ventures).

While Touch Ventures believes that there are a number of factors which assist to align Afterpay's interests with the commercial success of Touch Ventures (including as described in Section 3.2.6) there is no guarantee that circumstances may not change or cease in the future. For example, Touch Ventures' relationship or nature of dealings with Afterpay's management may change over time, whether through general attrition of staff at Afterpay and/or Touch Ventures, or following a more significant restructuring or replacement of the management team at either entity. On 2 August 2021, Square, Inc. (NYSE: SQ) and Afterpay entered into a scheme implementation deed, pursuant to which Square agreed to acquire all of the issued shares in Afterpay by way of a recommended court-approved Scheme of Arrangement with the closing of the transaction to occur in the first quarter of 2022 (subject to the satisfaction of certain closing conditions). Afterpay's co-founders and co-CEOs will join Square upon completion of the transaction. While Afterpay's commitment to apply for 25.0 million Shares under the Offer at the Offer Price (and to enter into an escrow agreement as referred to in Section 6.5) was made after the announcement of the above transaction, the ultimate impact (if any) of the merger of Afterpay and Square on the relationship between Afterpay and Touch Ventures is uncertain. Further, Afterpay may reduce its Shareholding in Touch Ventures following cessation of its escrow arrangements as described in Section 6.5.

The Collaboration Agreement may be terminated by either party for convenience on 3 months' notice after 21 January 2025. Either party may also terminate the agreement with immediate effect for the reasons set out in Section 9.1.2. There is therefore a risk that the Collaboration Agreement may cease after the above date or as a result of one of these events occurring. In that case, the relationship established, and potential for referral of potential investment opportunities from Afterpay, under that agreement would cease. In the event that Afterpay assigns the Collaboration Agreement without Touch Ventures' prior consent, or otherwise breaches the agreement, Touch Ventures may continue the agreement or be able to terminate it, but in either case, may practically cease to receive the full benefit of referrals from, or being contractually associated with, the Afterpay group. In any of these events, Touch Ventures would be reliant on its own networks and third party referrals to source potential investments and there is a risk that its reputation may be adversely impacted and that the quantity or quality of those referrals would be reduced, which may have an adverse impact on Touch Ventures' perceived value, financial position, performance or prospects.

5.2.7 Risks related to portfolio concentration and lack of diversity

Touch Ventures is reliant on the performance and returns from a relatively small number of portfolio companies (refer to Section 3.2). While Touch Ventures will seek to expand this portfolio over time, it will remain relatively concentrated and non-diversified, both in number of investments it makes and in the segments in which Touch Ventures chooses to invest (with its focus on retail innovation, finance, consumer and data). This is particularly likely to be the case compared to the broad investment portfolios of many other entities investing in Australian and international entities. While this is a deliberate facet of Touch Ventures' investment strategy it may lead to a high volatility in Touch Ventures' performance and its ability to reinvest returns in further investments, or make returns to Shareholders, particularly if a segment that it invests in underperforms the broader market.

5.2.8 Minority ownership risks

Touch Ventures' strategy is typically to take a minority equity position in each of its portfolio companies, rather than a controlling interest. It is therefore possible that other equity holders or investors will make decisions with which Touch Ventures disagrees or which are contrary to Touch Ventures' interests, and as a minority owner, Touch Ventures may not be able to implement its preferred strategy. In negotiating the terms of proposed investments, Touch Ventures seeks to obtain adequate protections as a minority shareholder under the terms of its shareholders' agreements to allow it to participate in the direction and strategy of the portfolio company in proportion to its investment, however there is no guarantee that Touch Ventures will be able to negotiate favourable terms as a minority owner in making its investments, or that Touch Ventures will always invest an amount significant enough to provide it with substantial minority shareholding rights. There is also a risk that matters arise which are not covered by customary minority protections, or that portfolio companies disagree with or do not adhere to protections asserted by Touch Ventures. In these cases Touch Ventures may have insufficient influence or control over decisions made by a portfolio company which it otherwise disagrees with.

5.2.9 Insufficient investments risk

Touch Ventures will endeavour to identify appropriate investment opportunities for Touch Ventures' funds to be invested. Touch Ventures may not be able to identify sufficient investment opportunities that adhere to Touch Ventures' investment strategy, and if Touch Ventures cannot deploy its capital into portfolio companies of a sufficient number and quality, Touch Ventures may not be able to achieve an appropriate return from its investment activities.

5.2.10 Future capital requirements of Touch Ventures

Touch Ventures will likely need to raise additional capital to fully exploit business and investment opportunities which become available to it from time to time. There can be no assurance that Touch Ventures will be able to raise such capital on favourable terms or at all. If Touch Ventures is unable to obtain or invest such additional capital, Touch Ventures may be required to reduce the scope of its investment activities or forgo an investment opportunity, which could adversely affect its financial performance, position or prospects.

5.2.11 Due diligence risk

As discussed in Section 3.3.2, Touch Ventures undertakes due diligence processes in respect of investment opportunities, which may include engaging external legal advisers, and other commercial, tax or financial advisers as considered appropriate in the context of the potential investment. As part of its due diligence processes, Touch Ventures will rely to an extent on the financial and other information provided to it and its external advisers by the potential portfolio company.

There is a risk that Touch Ventures or its advisers may not always be able to verify the accuracy, reliability or completeness of all of the information which is provided to Touch Ventures against independent data and that the information provided or available to Touch Ventures is not complete and accurate. There is also a risk that Touch Ventures may not identify all issues associated with a portfolio company. For example, having regard to relevant factors (including for example the potential size of the investment) Touch Ventures may choose to do a reduced diligence process or elect not to examine particular areas where material risks are unlikely to arise. Further, it is also possible, notwithstanding due diligence conducted, that Touch Ventures and its advisers do not identify, or give appropriate weight to, matters which ultimately prove to be material risks. Further, due diligence processes may often focus on historical matters and may not reliably identify future risks.

5. Key risks continued

Although Touch Ventures may seek appropriate warranty protection from the portfolio company or vendor in respect of certain matters, including the accuracy of information provided as part of the due diligence process, there is a risk that Touch Ventures may not obtain warranties or indemnities over all matters that it seeks or which subsequently give rise to issues. There is also a risk that warranties and indemnities that it does obtain may not be enforceable, or are too costly or commercially unproductive to enforce, or that the portfolio company or vendor may not fully reimburse Touch Ventures for the amount of any or all of its loss.

5.2.12 Currency risks

Touch Ventures has and may make additional investments that are denominated in a currency other than Australian dollars, or that it indirectly has currency exposures as a result of the jurisdictions in which its portfolio companies operate. There is a risk that adverse movements in foreign exchange rates will reduce the value of Touch Ventures' portfolio companies in Australian dollar terms, and that depreciation of a foreign currency may outweigh an appreciation in the underlying value of the investment, causing a loss for Touch Ventures.

While Touch Ventures does not currently hedge its foreign currency exposure, it may choose to do so in the future by cash or derivative instruments (and the cost of implementing hedging may be significant). In this event, there is a risk that Touch Ventures' foreign currency exposure may be over or under hedged. Additionally, it may not be possible to hedge all foreign currency exposures, and there is no guarantee that hedging will be successful.

5.2.13 Risks in relation to debt investments

Where Touch Ventures makes debt investments in portfolio companies, it may not receive rights equivalent to those it would expect to receive when making an equity investment (for example voting rights or pre-emptive rights) and, depending on the terms of the investment, it may not have the right to convert that debt to equity in the future. Debt investments made by the Company may carry different risks to equity investments, and, as the Company seeks to invest in growth and early-stage companies, the risk of default or non-repayment by a portfolio company may be increased. Further, Touch Ventures' right to receive payments (with any associated interest) under a debt instrument may be subordinated to senior or secured creditors. If a portfolio company is unable to repay debt owed to Touch Ventures, the value of Touch Ventures' investment may be materially impacted and Touch Ventures may not be able to realise an investment return on that investment.

5.2.14 Laws and regulations impacting Touch Ventures

Touch Ventures is subject to laws and regulations, including regulatory oversight or controls imposed by governments and regulatory authorities like ASIC, both in Australia and in foreign jurisdictions where Touch Ventures invests. In addition to the laws and regulations directly governing investment companies like itself in Australia and other jurisdictions, Touch Ventures may become subject to laws and regulations as a result of or relating to portfolio companies in which it invests, and their businesses in their respective jurisdictions. The laws and regulations which apply to Touch Ventures may be numerous, complex, uncertain, potentially inconsistent and subject to change over time. They may increase as Touch Ventures expands its operations or investments into new jurisdictions if the laws of those jurisdictions offer less legal rights and protections to holders of securities in such foreign entities as compared with the laws in Australia.

There is a risk that changes to applicable laws or regulations (including new laws or regulations, or their interpretation) or the requirements of regulatory authorities, may have an adverse impact on the cost or ability of Touch Ventures to conduct business (or the manner in which it does) in the jurisdictions in which it operates or invests. There is a risk that Touch Ventures has inadvertently failed to comply with applicable laws in the past or may fail to do so in the future. Such laws could include, without limitation, laws relating to corporations, licensing or securities laws, the regulation of investments or the movement of money, employment or taxation. Sections 5.3.6 and 5.3.7 describe how laws and regulations, including changing or new laws and regulations, may impact portfolio companies in which Touch Ventures invests (laws and regulations of this nature may also impact Touch Ventures itself). Non-compliance with laws or regulations may also result in litigation or financial penalties being levied against Touch Ventures. Any of these risks if they eventuate may have an adverse impact on Touch Ventures' financial performance, position, prospects or reputation.

5.2.15 Inadequate insurance cover

Touch Ventures' insurance coverage and policies may not comprehensively cover all its risks and liabilities. Appropriate coverage may not be available (or may not adequately cover all losses) or Touch Ventures may choose not to insure against certain risk where it considers the applicable premiums to be excessive in relation to the perceived risks and benefits that may arise (for instance, in regard to cyber security which Touch Ventures does not presently insure against). As a consequence, Touch Ventures may be held liable for claims beyond its insurance coverage limits that could adversely impact its financial position, performance and reputation. In addition, any significant claim against such policies may lead to increased premiums on renewal and/or additional exclusions to the terms of future policies.

5.2.16 COVID-19 impacts on Touch Ventures

The continuation of the COVID-19 pandemic may restrict Touch Ventures' investment operations and options, including by reducing the ability of Touch Ventures to meet in person, and conduct appropriate due diligence on, local or international companies, or by giving rise to greater uncertainties when assessing investment opportunities. This may in turn adversely impact the financial performance or position of Touch Ventures. Section 5.3.10 describes how COVID-19 may impact portfolio companies in which Touch Ventures invests (impacts of this nature may also impact Touch Ventures itself).

5.3 Key risks for portfolio companies

There are risks relating to businesses and companies of the nature in which Touch Ventures proposes to invest. Each portfolio company is likely to be distinct and face different risks. Below are examples of risks which portfolio companies may be subject to. Investors should note that these risks do not purport to be the complete list of all key risks that particular portfolio companies may be subject to, nor will each portfolio company necessarily be subject to all of these risks to the same extent or at all. Further, while the impact of a risk may be material to a portfolio company, the impact of this risk on Touch Ventures will depend on the circumstances, for example the proportion it represents of Touch Ventures' invested assets or net assets, or its expected contribution to Touch Ventures' returns over the shorter or longer term. Nevertheless, should any of the risks below arise, particularly where they impact the operations, value, returns, exit options or solvency of one or more portfolio companies, Touch Ventures' financial position, performance or prospects may be adversely affected.

5.3.1 Portfolio companies may not be financially successful or attract necessary capital

A portfolio company may not generate consistent revenues, profits or positive cashflows which may impact its long term viability. The success or viability of a portfolio company may also be impacted by its ability to access capital to meet capital expenditure and operating cashflow needs. A portfolio company may not attract sufficient capital for its needs if Touch Ventures or other investors do not participate in capital raisings undertaken by it.

5. Key risks continued

5.3.2 Business model and related risks

The long term viability of a portfolio company may be impacted by the success or obsolescence of factors like its business model, technology, or commercialisation of products or services. This risk may be heightened where the portfolio company is investing in new technologies, business models and markets, even where the portfolio company may have a first mover advantage in its area. For portfolio companies investing in new technologies, a change in market acceptance or attitude to the technology used by the portfolio company may render the portfolio company's technology obsolete, or require a change in the structure or operations of the business at a material cost to the portfolio company. A portfolio company may not perform to the level expected by Touch Ventures and could fail to implement proposed business plans, expansion plans and strategies effectively or within the desired timeframe.

5.3.3 Early-stage nature of portfolio companies

A portfolio company in a relatively early-stage of development may not have strong market penetration, or customer or supplier relationships, or have well-developed business strategies, systems and controls in place. It may not be able to drive organic customer growth, attract sufficient talent to grow the business, be able to acquire new customers at a reasonable cost, and may also experience differing degrees or rates of growth and struggle to scale successfully (refer to Section 5.3.11). Any early market advantage or position may not be lasting or generate consistent revenues or become profitable. Additionally, due to its early-stage nature and potential lack of industry or supplier relationships, a portfolio company may not be able to negotiate contracts with suppliers on favourable terms, or with any margin commercially necessary for the business. There is a risk that a company of this nature may fail to achieve returns targeted by Touch Ventures if at all, and should be considered speculative. Some clients or customers of a portfolio company may themselves be in early stages of development and be subject to similar risks faced by a portfolio company. The failure of customers or clients of this nature (or of potentially even more mature customers or clients) may expose the portfolio company to credit risks.

5.3.4 Competition

Portfolio companies are likely to be subject to competitive market forces, and their ability to create and maintain a competitive advantage may be critical to success and performance. There is also a risk that measures undertaken by a portfolio company to maintain or enhance its competitive positions will not be effective. Competition may arise from new market entrants or existing businesses, and such competitors may have greater financial resources, stronger industry relationships, or a differentiated or lower cost product which may impact the portfolio company's market position, revenues and gross margins. In the case of Sendle, for example, exposure to supplier bargaining power through Sendle's courier network could impact its gross margins and affect margin growth. Further, Sendle's profitability depends on competitive shipping rates and competitive levers against larger incumbent national couriers, who may also seek to modify their offerings in a desire to disrupt the courier and shipping markets. Other examples of competitive forces may be in the case of Basiq (where market competition may increase as large and emerging data platforms enter the Australian market) or Postpay (if competition increases from local start-ups and international players keen on entering Gulf Cooperation Council (GCC) markets).

5.3.5 Founders and key personnel

Portfolio companies are typically operated by their founders or founding group, and Touch Ventures relies on those individuals to operate the business and provide industry knowledge and local expertise in the jurisdiction in which the portfolio company conducts its business. If a founder or founders were to leave the portfolio company, there is a risk that the portfolio company may suffer a decline in performance, encounter difficulty or incur expenses in locating suitable replacements, take longer to implement its business plan or otherwise be unable to meet its targets. There is also a risk that non-compete and escrow restrictions on founders in employment agreements or shareholders agreements prove to be ineffective or unenforceable.

5.3.6 Compliance with key laws and regulations

Portfolio companies are subject to various laws, regulations and industry compliance requirements, which often vary significantly between jurisdictions. These may include, among other things, laws, regulations and compliance requirements relating to governance, disclosure, capital, risk management, licensing, anti-money laundering, privacy, cyber security, sales practices and conduct of business. Touch Ventures relies on portfolio companies to conduct their businesses in accordance with legal obligations and to have policies, processes and procedures in place to endeavour to ensure that they are met, to understand the effect of compliance obligations upon business activities, and to achieve ongoing compliance by detecting and responding to business changes. However, there is a risk that a portfolio company's past or current activities, have caused or may cause them to contravene laws or regulations (including, amongst other things, laws relating to employment terms and conditions, intellectual property, banking laws and investment, corporations and securities laws or privacy laws) that could result in fines, penalties, injunctions or suspensions of certain activities and payment of compensation to affected parties and affect the enforceability of contracts. There is also a risk that portfolio companies may not become aware of such contraventions for some time, which may exacerbate the nature of the contravention or their consequences. Compliance obligations may also divert a portfolio company's attention from the day-to-day operation of its business.

5.3.7 Changes in laws and regulations (including new laws and regulations)

Changes to government policy, legislation or regulations (for example relating to taxation legislation, governmental research or development grants and BNPL regulation) may adversely impact a portfolio company, for example by impacting its ability to perform certain transactions or operate in a certain way cost effectively or at all. This risk may be heightened in jurisdictions where the laws relating to portfolio company activities are uncertain, developing or yet to develop. For example, the applicable regulatory landscape in countries such as China and the UAE (where Touch Ventures has two portfolio companies, being Happay and Postpay respectively) is, to a degree, uncertain and may develop over time. Changes in, or extensions of, Chinese laws and regulations, for example in relation to capital controls, data privacy, provision of financial and telecommunications services, foreign investment and regulation of financial technology businesses could possibly impede or complicate Happay's business activities or increase its compliance costs. Similarly, business in the UAE operates in an environment with many cultural and financial product differences to that experienced in countries like Australia, and developing regulations impacting BNPL businesses like Postpay may change over time. Laws in western countries like Australia may also be subject to further change and activities subject to regulatory scrutiny. For example, the Australian banking and financial services industry has experienced, and may continue to experience, significant regulatory change, which may impact Basiq as an open-banking provider. Additionally, changes to regulations in the travel industry in Australia which may relate to the advertising of products, taking of customer deposits in advance and capital holdings requirements may affect Play Travel. Future changes in regulations to industries in which Touch Ventures invests may be beneficial or detrimental to portfolio companies, and may require a portfolio company to modify its services, applications or business model to achieve compliance. There is a risk that measures taken by a portfolio company to address changing or new laws or regulations are insufficient to comply with all its obligations, and that it is unable to adequately respond to a breach in accordance with relevant regulatory requirements. This could lead to claims and/or litigation, monetary penalties and fines, reputational damage and restrictions on carrying on business in certain jurisdictions.

5. Key risks continued

5.3.8 Foreign jurisdictions regulatory regimes and economic environments

Portfolio companies operating outside Australia and other developed countries may be exposed to risks not usually associated with investing in Australia and other developed markets. These may include political, social and economic instability, difficulty in enforcing legal rights, unforeseen taxes and less stringent regulatory protections, reporting and disclosure requirements.

In addition to Happay and Postpay, Touch Ventures may make further investments in emerging market jurisdictions in the future. While Touch Ventures may seek to implement internal controls, risk management protocols and improve the corporate governance and reporting practices of a portfolio company in an emerging market to bring the portfolio company's standards in line with their Australian equivalents, there is no guarantee that Touch Ventures will be able to successfully implement satisfactory corporate governance and risk management protocols as a minority owner of a portfolio company. This could result in Touch Ventures receiving less protection than is customary for a minority owner. There is also a risk that Touch Ventures may not be able to effectively enforce its legal rights in foreign jurisdictions with changing regulatory regimes, which could limit Touch Ventures ability to receive its expected return on an investment in a portfolio company.

Changes to foreign economic and international trade environments may also impact the business of a portfolio company, and subsequently the value of Touch Ventures' investment. Many of the portfolio companies operate in either one or multiple foreign jurisdictions, and are reliant on harmonious trade relations to successfully operate their businesses. In the case of Postpay, which operates through the Middle East, changing regulation of free trade zones in the UAE, Saudi Arabia and other Gulf Arab states may be beneficial or detrimental to Postpay in affecting its potential customer base, international operations, and changing reporting or compliance requirements, which may affect the financial performance of the business.

5.3.9 Risks in investment structures

As noted in Section 5.3.8, Touch Ventures may invest in many foreign jurisdictions, or the entities in which it invests may have operations in different foreign jurisdictions, including developing countries or countries with legal systems based on different legal foundations to those of Australia. The securities or structure through which Touch Ventures holds its portfolio companies in, the terms of those securities or structures and the legal systems underpinning those securities may differ from those commonly used in Australia.

Touch Ventures may choose to use those securities or structures based on advice that they are commonly or appropriately used, or necessary to use, in the jurisdictions that it invests in. While they may be considered to be appropriate or necessary in the context of Touch Ventures' overall investment strategy and its objectives in relation to a particular portfolio company, they may involve risks. For example, these risks may relate to:

- the certainty or enforceability of Touch Ventures' (or entities through which it invests) rights, including against counterparties;
- Touch Ventures' ability to inject, move or extract money in relation to the portfolio companies in a tax effective manner or at all;
- Touch Ventures' ability to operate in certain jurisdictions in a cost effective manner or at all or to obtain governmental permissions to operate in those jurisdictions where required; and
- risks in relation to uncertainties over the potential legality of their rights or the absence or changing nature of laws and regulations affecting them or the potential for laws or regulations to be introduced or changed in the future.

In addition to risks faced by Touch Ventures' and entities through which it invests, similar risks may be faced by the portfolio companies themselves and their operations. Some of these risks are present in Touch Ventures' investment in Happay, and these risks, or similar, may arise in future investments in other jurisdictions.

Risks in VIE structures

Structure

As discussed in Section 4.3.3, Touch Ventures' investment in Happay is an equity investment in a holding company which is part of a corporate group that includes a variable interest entity (VIE) structure, which includes the PRC-incorporated operating companies of the Happay group. While it is not uncommon for foreign companies to invest or otherwise participate in Chinese businesses through VIE structures that fall into a restricted or prohibited foreign investment category under Chinese laws and regulations, there is a risk that these structures could be determined by Chinese regulatory bodies to be a circumvention of its laws and regulations and deemed illegal. Such a determination could be implemented, for example through the adoption by the Chinese government of either generally applicable rules or industry specific rules which may prohibit certain VIE structures in certain sectors.

Enforceability

Further, while PRC law can recognise nominee shareholder and trust arrangements (which are used in VIE structures) to be valid and enforceable on an individual basis, there is a risk that, when viewed in totality, VIE structures and their related agreements could be determined as a design to evade foreign investment restrictions imposed by the Chinese government. The implications of any such determination, if actually made, against VIE structures like those included in the Happay group is uncertain, including because of the relatively low regulatory enforcement action and lack of established enforcement precedent in this area to date. It could include however: the revocation business and of operational licenses of PRC-incorporated entities within the VIE structure; the forcible wind-down of the entire VIE structure; cancellation of the underlying VIE contractual agreements; fines and penalties imposed on business activities deemed to be illegal; and reputational damage and other unforeseen issues as a result of an enforcement action against entities within the VIE structure or their upstream entities and foreign investors.

There is also a risk that other security holders, or counterparties to other contractual arrangements, including those used in VIE structures, relating to Touch Ventures' portfolio companies disagree with Touch Ventures on the rights and obligations arising from those arrangements or do not comply with them in the manner that Touch Ventures expects. This could give rise to litigation and other enforcement costs for Touch Ventures or otherwise impact the value of its portfolio companies.

As outlined in Section 9.2.2.2, Touch Ventures relies on the suite of contractual arrangements between the Happay founders and certain entities within the VIE structure in order to facilitate Touch Ventures' investment into the group, and intra-group capital flows to provide a return on investment from the entities within the VIE structure back to Touch Ventures. These contractual arrangements may not be as effective or practical as direct ownership, which would ordinarily grant Touch Ventures greater control over the entities within the VIE structure. Accordingly, if other security holders or the counterparties to the VIE contractual arrangements fail to perform their respective obligations, have conflicts of interest, or otherwise do not comply in a matter which Touch Ventures expects under these contractual arrangements, Touch Ventures potential recourse may be limited in scope given its indirect holding in the VIE structure and minority ownership position in the group's holding company despite Touch Ventures having secured a veto right to certain reserved matters of relatively important nature under the investment agreements and VIE contractual arrangements in relation to Happay.

5. Key risks continued

In addition to these challenges, any enforcement of rights under the VIE contractual agreements would be under PRC law, which will be subject to uncertainties in the PRC legal system, and the time required, expense, and prospects of a successful outcome may render enforcement of certain rights economically unfeasible, which may impact the value of Touch Ventures' investment in Happay. For instance, in the case of the WFOE (in which Touch Ventures has an indirect shareholding and which entered into a suite of VIE contractual arrangements with the operating company and/or the Happay founders) exercising its purchase options to acquire all or part of the equity interests of the operating company under the Exclusive Purchase Agreement (as outlined in Section 9.2.2.2), the acquisition of the entire equity interests in the operating company may only be conducted to the extent permitted by applicable Chinese laws and regulations and will be subject to necessary approvals (as applicable), registrations and relevant procedures under applicable Chinese laws and regulations. In addition, the abovementioned acquisition may be subject to a minimum price limitation (such as an appraised value for the entire equity interests in the operating company) or other limitations as imposed by applicable Chinese laws and regulations. Further, a substantial amount of other costs, expenses and time may be involved in transferring the ownership of the operating company, which may have a material adverse impact on the WFOE's businesses and results of operation.

Taxation

The VIE contractual arrangements may be subject to scrutiny by the relevant PRC tax authorities. A finding that an entity in the Happay group owes additional taxes may necessitate changes to the flow of funds between the VIE entities and the holding company, and may make the existing arrangements less cost-effective, which may in turn negatively affect the value of Touch Ventures' investment in Happay, and the value of the Shares. The tax regime in China is rapidly evolving and there is significant uncertainty for taxpayers in China as PRC tax laws may be interpreted in significantly different ways. Entities in the Happay group may be subject to adverse tax consequences if the PRC tax authorities determine that the VIE contractual arrangements are not on an arm's length basis, and constitute favourable transfer pricing. In addition to forcing changes to the group's existing flow of funds structure, PRC tax authorities may increase the Happay group's overall tax liabilities or levy financial penalties and late payment interest against the Happay group, which could reduce the income of the group, and consequently, the return on Touch Ventures' investment.

Future changes in laws

Although Touch Ventures believes that the use of the VIE structure does not directly violate applicable Chinese laws and regulations currently in effect and the contractual arrangements within the Happay VIE structure governed by Chinese law should generally be valid, binding and enforceable in accordance with their terms and applicable Chinese laws and regulations currently in effect, the Chinese regulatory bodies who have broad discretionary power, may adopt a different interpretation and application of current Chinese laws and regulations and find that the use of the VIE structure would be in violation of law, or designed to evade foreign investment restrictions imposed by the Chinese government.

It is also uncertain whether the industry in which the Happay group operates will be subject to further restrictions in the future which may mandate additional compliance measures, such as market entry clearance or restructure of Happay's corporate structure and operations. While the current group corporate structure and underlying VIE contractual arrangements with the shareholders of the operating company are in compliance with and should generally be enforceable in accordance with existing PRC laws and regulations, this may change if other developments or new laws and regulations are put into place, which may also have retrospective effect.

Significant uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law, and how it may impact the Happay group structure, its business and financial condition. The PRC Foreign Investment Law was published in March 2019, and took effect from 1 January 2020, replacing numerous existing laws governing foreign investment in the PRC. Although the PRC Foreign Investment Law does not make provision for VIE structures as a restricted or prohibited structure for foreign investment, and does not currently consider entities which are 'controlled by contract' to be foreign-investment entities, due to the recent implementation of the PRC Foreign Investment Law, there can be no guarantee that the law will not change in the future to prohibit these business structures. In this event, the Happay group may need to reorganise its corporate structure or business operations to comply with the law, which may come at a considerable cost, or prove detrimental to the Happay group's financial position, which could adversely affect the value of Touch Ventures' investment, and the value of the Shares.

5.3.10 COVID-19 pandemic on portfolio companies

As a result of the COVID-19 pandemic, global credit and investment markets have experienced a high degree of uncertainty and volatility. A continuation or exacerbation of the COVID-19 pandemic, and any future pandemics, epidemics or large-scale outbreaks of diseases (and the impacts of governmental responses to them) may also adversely impact the portfolio companies' financial position, performance and prospects. The impact of events like COVID-19 on portfolio companies may differ depending on the nature, industry or location of their businesses and many of these impacts cannot be accurately predicted and are outside of the portfolio company's control. For example, as a travel services business, portfolio company Play Travel has been significantly impacted by the ongoing effects of the COVID-19 pandemic. The impediment on travel services resulting from COVID-19 restrictions (including travel bans, border closures and local lockdown measures imposed by governments) may continue to affect Play Travel's present and future operations and performance. A portfolio business, when faced with these events, may take steps or adopt strategies to seek to reduce their impact. For example, Play Travel has received government assistance through JobKeeper for parts of the pandemic, targeted regional and domestic travel and has prioritised streamlining the business and positioning it for growth following unwinding of travel restrictions. Conversely, Sendle saw an uplift in parcel volumes and sales during COVID-19, attributable to higher merchant and consumer demand, with these elevated levels since normalising but, remaining higher than pre-pandemic levels. However there is no guarantee that steps that a portfolio company like Play Travel or Sendle may take will result in its long term stability, profitability or success.

5.3.11 Industry disruption

In addition to the business risks created by the COVID-19 pandemic, certain portfolio companies may experience more specific disruption in the industries in which they operate due to factors outside of their control which affect demand for the services offered by these businesses. As a travel services business, Play Travel has to date been impacted by travel restrictions caused by border closures and reduced flights resulting from the effects of the COVID-19 pandemic. Demand for the services offered by Play Travel and its industry competitors may be impacted in a similar way by travel restrictions which may be caused by weather events, natural disasters, conflicts, and changing government travel policy. As a BNPL business with a focus in part on in-store payments, Happay has been affected by regional lockdowns resulting from the COVID-19 pandemic, and may continue to be affected by disruption in the retail industry, such as further or prolonged lockdowns, shutdown of shopping centres, and changing customer preferences to in-store or online shopping. Operating in the logistics industry, Sendle relies on efficient, unimpeded and cost-effective delivery of parcels in order to properly run its business, attract new customers and compete in the market. Events such as a reduction in international travel, changes to international trade relations, and weather events or natural disasters may all result in delays to delivery times, or increases to Sendle's cost of delivery. There is no guarantee that a portfolio company will be able to react and respond effectively to any industry-specific disruptions, and a failure of a portfolio company to adapt to changing external circumstances efficiently, or in a superior manner than its competitors, may negatively impact the financial performance of the portfolio company.

5. Key risks continued

5.3.12 BNPL – bad debts

Touch Ventures invests in BNPL businesses, currently including Happay and Postpay, which are exposed to the service of bad or doubtful debts of their customers. There is a risk that the BNPL businesses in which Touch Ventures invests may not be able to adequately adapt their business process and any credit assessments, credit limits or customer purchasing restrictions as these businesses evolve, which may lead to a higher than expected rate of defaults by customers of these businesses. A failure to effectively manage default risk may negatively impact the financial performance of a BNPL portfolio company, which would reduce the value of Touch Ventures' investment.

5.3.13 Managing rapid growth

Portfolio companies may seek to generate rapid growth in their operating activities, for example by onboarding new clients and expanding their operations in their existing markets and also in new jurisdictions. If a portfolio company is unable to control growth effectively (which includes successful training, integration and recruitment of employees needed to manage the envisaged growth, upgrading of technology and systems, and efficient improvement of business processes and controls), there is a risk that the portfolio company will not take advantage of market dynamics and opportunities, execute its business strategy as effectively as it otherwise could, fulfil customer expectations or respond to competitive market forces.

5.3.14 Inability to protect intellectual property

Many portfolio companies will rely on their intellectual property rights to maintain and grow their businesses. There is a risk that a portfolio company may fail to adequately protect its rights and that, despite precautionary procedures, is unable to detect unauthorised use, misappropriation or theft of its intellectual property rights. Portfolio companies or their employees, associates and partners may also disclose, even inadvertently, confidential information regarding their systems and procedures, which could result in other persons leveraging intellectual property for their own advantages. As a result, a portfolio company may not have full right, title and interest to some or all of its intellectual property. In this event, the portfolio company may have difficulty taking enforcement measures against a third party who attempts to use its intellectual property or may be barred from using its own intellectual property due to a third party having priority rights. Any threatened or actual breach of intellectual property rights may result in disputes, litigation and administrative proceedings and further divert management's attention from its key business activities. Any dispute or legal proceeding may also be unsuccessful, time-consuming, costly and difficult to implement enforcement action against.

5.3.15 Breach of third-party intellectual property rights

There is a risk that third parties may allege that portfolio companies use intellectual property derived by them or from their products without their consent or permission. Portfolio companies may therefore be the subject of claims which could result in disputes or litigation, which could necessitate the payment of monetary damages, cause delays and increase costs.

5.3.16 Disruption or failure of technology systems and data breaches

Portfolio companies may become the subject of system failures, viruses, cyber-attacks, hacking, vandalism or other negative events which could render its technology or platforms unavailable for a period of time or result in the theft, loss or corruption of sensitive information and data. The effects of any such events could extend to reputational harm, regulatory scrutiny and claims from affected employees, clients, prospective clients and potentially even government fines. Such circumstances could materially negatively impact the ability of portfolio companies to achieve their financial and operational positions, performance or prospects. Further it is possible that measures utilised by portfolio companies (including firewalls, data encryption software, privacy policies and policies pertaining to restricted access to data) will not be sufficient to detect or prevent unauthorised access to or disclosure of confidential information by third parties, hackers or other governmental bodies. As a result, if any data security breaches, corruption of portfolio companies' databases or leak of confidential information occurs, there is a risk that the portfolio companies themselves could suffer loss of information integrity, reputational damage, system outages and breaches of their obligations under applicable laws, counter-party agreements and customer arrangements.

5.3.17 Currency risk

Portfolio companies may face currency risks in their businesses like those faced by Touch Ventures which are discussed in Section 5.2.12, and where portfolio companies operate in foreign jurisdictions, differences in foreign exchange rate against the home currency, or fluctuations in this rate may impact a portfolio company's pricing competitiveness or profitability.

5.4 Other Risks

5.4.1 Market risk to Touch Ventures and its Shares

As Touch Ventures will be listed on the ASX, the Shares will be exposed to market risks including those of the nature described in Section 5.2.4 and the Shares may trade at a price which is at a discount or a premium to their NTA backing. Touch Ventures' shares may not trade in line with the underlying value of the portfolio, and may trade below the Offer Price and it may be difficult for investors to value their Shares. The aggregate value of Touch Ventures' portfolio companies may or may not be an appropriate reference point to the value of Touch Ventures or its Shares. No guarantee can be given in respect of the future performance or position of Touch Ventures or the price at which its Shares may trade on ASX.

5.4.2 Financial market volatility

A fall in global or domestic equity markets or movements in global or local bond markets may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which the Shares trade on ASX.

5.4.3 Touch Ventures Shares liquidity risk

Touch Ventures' Shares are exposed to liquidity risk. The ability of an investor in Touch Ventures to sell their Shares on the ASX will depend on the turnover or liquidity of the Shares at the time of sale, as well as the cumulative investment intention of all current and possible investors in Touch Ventures at any one point in time. The liquidity may also be impacted by the free float of Touch Ventures and the effect of escrowed securities on the free float. Further, escrowed securities may create volatility, which could impact share price when the escrowed securities are released. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire. Refer to Section 6.5 in relation to escrowed securities.

5. Key risks continued

5.4.4 Dividend risk

As noted in Section 2.5, Touch Ventures does not have any present plan to pay dividends and may never decide to do so. Further, if Touch Ventures wishes to pay a dividend, its ability to do so, or the extent to which any dividend it may be franked, is contingent on Touch Ventures satisfying the legal requirements to the payment of dividends, and the availability of franking credits. No guarantee can be given concerning the future performance of Touch Ventures or its ability to pay dividends. Further Touch Ventures may make investment decisions which may result in the taxable profits being inadequate to pay franked dividends to Shareholders.

5.4.5 Changes in taxation laws and policies

Tax laws in Australia and other jurisdictions are in a continual state of change which may affect Touch Ventures (and the portfolio companies) and its Shareholders. Changes to tax laws may adversely affect Touch Ventures' financial performance and/or the returns achieved by investors. Touch Ventures is not responsible for either taxation implications or penalties incurred by investors. Investors should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of the tax legislation to an investment in Touch Ventures.

5.4.6 Interest rate risk

Changes in short and long-term interest rates can have a positive or negative impact on investment returns, either directly or indirectly. Generally, an increase in interest rates has a contractionary effect on the state of the economy and the valuation of securities. For example, rising interest rates can have a negative impact on Touch Ventures' (or a portfolio company's value). This may particularly be the case if Touch Ventures (or a portfolio company) borrows money as increased borrowing costs may cause earnings to decline. As a result, Touch Ventures' value may fall, and therefore the value of an investment in Touch Ventures may fall.

5.4.7 Accounting policy risk

Australian Accounting Standards are set by the AASB and International Financial Reporting Standards are issued by the International Accounting Standards Board and are outside the control of Touch Ventures. New or refined Australian Accounting Standards or International Financial Reporting Standards may affect factors like recognition and measurement of key statement of profit and loss and balance sheet items, including fair value measurement of financial instruments and share-based payments. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the recognition and measurement of financial instruments and share-based payments, may differ. Changes to Australian Accounting Standards issued by the AASB and International Financial Reporting Standards issued by the International Accounting Standards Board or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in Touch Ventures' financial statements. For example, changes to accounting policies may impact on Touch Ventures' ability to qualify as an investment entity and measure its investments on a fair value basis through profit or loss, or alternatively may change the manner in which the fair value of its investments is determined. Either of these changes may have a detrimental impact on the reported value of Touch Ventures' investments within the financial statements, including how changes in assumptions affect them.

5.4.8 Force majeure

Events may occur within Australia or in other jurisdictions in which Touch Ventures and the portfolio companies operate in, that could impact upon a jurisdiction's economy, Touch Ventures and the portfolio companies' operations, investor sentiment and the price of the Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or severe viruses (e.g. COVID-19 or variants of it) or other natural or man-made events or occurrences that can have an adverse effect on the demand for Touch Ventures' and portfolio companies' products and offerings, and their abilities to conduct business. Touch Ventures and the portfolio companies may only have a limited ability to insure against some of these risks.

5.4.9 Time frame for investment

The investments undertaken by Touch Ventures by their very nature may require a lengthy period of time to mature and deliver results. Investors are advised to seek advice to discuss their investment in Touch Ventures as a long term proposition and to be aware that substantial fluctuations in the value of their investment may occur over that period.



6.

Key people, interests and benefits

6. Key people, interests and benefits

6.1 Security holdings

The capital structure of Touch Ventures as at the Prospectus Date, and anticipated capital structure at Completion is set out in Table 8 below:

Table 8: Touch Ventures' current and expected capital structure

	Prospectus Date				Completion			
	Number of Shares	% Shares (undiluted)	Number of Existing Options ¹	Shares to be acquired under the Offer	Number of Shares	% Shares (undiluted)	Number. Existing Options ¹	% Shares (fully diluted)
Afterpay ²	148,395,431	32.0%	–	25,000,000	173,395,431	24.3%	–	23.3%
Woodson Funds ³	46,250,000	10.0%	1,250,000	24,953,069	71,203,069	10.0%	1,250,000	9.8%
Thorney Investment Group	37,000,000	8.0%	–	10,000,000	47,000,000	6.6%	–	6.3%
Directors ⁴	31,437,692	6.8%	5,062,500	11,681,892	43,119,584	6.0%	5,062,500	6.5%
Hein Vogel ⁵	850,000	0.2%	17,000,000	250,000	1,100,000	0.2%	17,000,000	2.4%
Other employees	400,000	0.1%	5,750,000	645,455	1,045,455	0.1%	5,750,000	0.9%
Other existing Shareholders	198,484,245	42.8%	–	85,975,163	284,459,408	39.9%	–	38.3%
Other Existing Option holders	552,500	0.1%	337,500	–	552,500	0.1%	337,500	0.1%
New Investors ⁶	–	–	–	91,494,421	91,494,421	12.8%	–	12.3%
Total	463,369,868	100%	29,400,000	250,000,000	713,369,868	100%	29,400,000	100%

Notes:

- Includes 7,000,000 Existing Performance Rights held by Hein Vogel. No new options or performance rights will be granted on Completion.
- Afterpay's holding is held by its 100% wholly owned subsidiary Touchcorp Limited.
- Jim Davis is the owner of the Woodson Capital Entities and (directly and indirectly through one of those entities) has an interest in approximately 5% of the Woodson Funds. A Woodson Capital Entity receives management fees for acting as investment manager for the Woodson Funds. The other is the general partner of the Woodson Funds and may be entitled to receive an incentive allocation (similar to a "carried interest") from the Woodson Funds subject to a number of factors, including the performance of Touch Ventures and other investments associated with the Woodson Funds.
- Excludes indirect interests of Jim Davis referred to in Note 3 above.
- Hein Vogel's interests are held through Cardinal Investments Australia Pty Limited, of which he is a director.
- Existing security holders may apply for additional Shares under the Offer.




6. Key people, interests and benefits continued



6.2 Directors, employees and company secretary

6.2.1 Directors

The management and investment team will be overseen by the Board, which has a broad range of experience in investment management combined with financial and commercial expertise. Table 9 lists the Directors on the Board.

Table 9: Touch Ventures' Board

Director	Summary
Michael Jefferies <i>Independent, non-executive Chair</i> 	<p>Michael joined the Board on 29 July 2019.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Jim Davis <i>Independent, non-executive Director</i> 	<p>Jim joined the Board on 17 March 2021.</p> <p>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 Touch Ventures.</p> <p>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.</p> <p>Jim is based in Greenwich, Connecticut in the United States.</p>
Sophie Karzis <i>Independent, non-executive Director</i> 	<p>Sophie joined the Board on 23 May 2016.</p> <p>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.</p> <p>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.</p>

Director	Summary
<p>Associate Professor John McBain AO Independent, non-executive Director</p> 	<p>John joined the Board on 14 June 2018.</p> <p>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.</p> <p>John is a member of The Royal College of Obstetricians and Gynaecologists and a fellow of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists, has a MB ChB and is based in Melbourne.</p>
<p>Hugh W. Robertson Non-Independent, non-executive Director</p> 	<p>Hugh joined the Board on 14 June 2018.</p> <p>Hugh has 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, Centrepont Alliance 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.</p> <p>Hugh is based in Melbourne.</p> <p>Further disclosure in relation to Hugh's association with Bell Potter, the lead manager and underwriter in relation to the Offer, is contained in Section 6.3.1.5.</p>

The composition of the Board committees is set out in Section 6.10.

Each Director has confirmed to Touch Ventures that they anticipate being available to perform their duties as a director, including serving on board committees to which they are appointed, without constraint from other commitments.

Following Listing, the Board will continue to assess the composition and experience of the Board and may consider appointing directors in the future.

6.2.2 Management and investment team

Profiles of key members of Touch Ventures' management and investment team are set out in Section 3.7.

6. Key people, interests and benefits continued

6.2.3 Company secretary

Alyn Tai was appointed as company secretary of Touch Ventures in June 2016.

Touch Ventures entered into a new engagement agreement with Holding Redlich (of which Alyn is a Partner) on or about 2 August 2021 pursuant to which Holding Redlich has agreed to provide company secretarial services to Touch Ventures. Pursuant to this agreement, Holding Redlich provides Alyn to perform duties as Touch Ventures' company secretary. Alyn will be responsible for liaising with ASX, ASIC and the share registry on behalf of Touch Ventures. Alyn will also assist on general matters including meetings and registers, corporate governance and regulatory compliance and reporting requirements. The agreement is a contract for services and is not an employment agreement. Fees payable to Holding Redlich are based on a fixed monthly retainer as set out in the engagement letter. Either party may terminate the agreement at any time.

6.3 Interests and benefits

6.3.1 Directors

6.3.1.1 Director appointment letters

Each non-executive Director has entered into an appointment letter with Touch Ventures, confirming the terms of their appointment, roles and responsibilities and Touch Ventures' expectations of them as directors. The letters also set out a restraint clause that prohibits the non-executive Directors from accepting directorships in any business that competes with Touch Ventures, except with prior written consent of the Board.

Non-executive Directors may resign at any time. They will also cease to be a Director if they are not re-elected at the relevant annual general meeting, or if any of the disqualifying events prescribed in the Constitution or as prescribed by law occur.

6.3.1.2 Non-executive Director remuneration

Under the Constitution, each Director may receive remuneration for services performed as a non-executive director. From Completion, 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 Table 10 below. Annual director fees have not been paid prior to Completion. The maximum aggregate remuneration payable to non-executive directors per annum following Completion is currently capped at \$800,000. Under the Listing Rules this amount may not be increased without prior approval of the Shareholders at a general meeting.

Table 10: Director fees

Position	Annual fees (inclusive of superannuation where required)
Chair	\$90,000
Other non-executive Directors	\$60,000
Committee chair (per committee)	\$10,000

Remuneration is reviewed annually and any increase to it will be at the discretion of the Board (subject to the aggregate cap referred to above). Non-executive Directors are entitled to participate in the New Incentive Plan, but are not eligible to receive any performance based awards (see Section 6.3.2.2).

Directors are also entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred while attending company meetings or when otherwise engaged on business of Touch Ventures in carrying out their duties as a Director.

Directors who serve on any Board committee, who devote special attention to the business of Touch Ventures, who otherwise perform services which, in the opinion of the Board, are outside of the scope of the ordinary duties of a Director or who, at the request of the Board, travel on the business of Touch Ventures, may be paid extra remuneration as the Board decides.

Additionally, subject to the Corporations Act, any person (including an officer of Touch Ventures) may be paid a benefit in connection with the retirement from office (including loss of office, resignation from office or death of a person who held office at the time immediately preceding his or her death) of any officer of Touch Ventures. The Board may make arrangements with any officer with respect to providing for or making payment of benefits in accordance with this Prospectus.

6.3.1.3 Deeds of access, insurance and indemnity

Touch Ventures has entered into deeds of access, insurance and indemnity with each Director, the CEO and the CFO. Each deed contains the right of access to certain company and related body corporate's books and records for the period from the date of the deed until seven years after the person ceases to hold office of Touch Ventures (or a related body corporate of Touch Ventures). This seven year period can be extended where certain actions or proceedings commence before the period expires. Pursuant to the Constitution and to the extent permitted by law, Touch Ventures may enter into such deeds with any past or present officer of Touch Ventures or a related body corporate of Touch Ventures.

Pursuant to the Constitution, Touch Ventures must indemnify its officers against liabilities incurred as an officer of Touch Ventures to the maximum extent permitted by law. Under the deed, Touch Ventures indemnifies each Director and relevant officers against any liability that may arise from their position as an officer of Touch Ventures (or of a related body corporate) to the extent permitted by law. The deed provides that Touch Ventures must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, Touch Ventures may arrange directors and officer's insurance for each of its Directors and any relevant officers to the extent permitted by law. Under the deed, Touch Ventures must maintain such insurance for the period from the date of the deed until seven years after the Director, CEO or CFO ceases to hold their position as an officer of Touch Ventures except in certain cases. This seven year period can be extended where certain actions or proceedings commence before the period expires.

6. Key people, interests and benefits continued

6.3.1.4 Directors' interests in Shares and Existing Options

Details of the Shareholdings and Existing Options of Directors are set out in Table 11 below.

Table 11: Directors' Shareholdings on the Prospectus Date and on Completion

Director	Prospectus Date			Completion		
	Number of Shares	Number of Existing Options	Shares to be acquired under the Offer ¹	Number of Shares	Number of Existing Options	% (fully diluted)
Michael Jefferies ²	9,686,890	1,250,000	3,522,506	13,209,396	1,250,000	1.9%
Jim Davis ³	–	–	–	–	–	–
Sophie Karzis ⁴	711,283	1,312,500	258,649	969,932	1,312,500	0.3%
John McBain ⁵	10,094,269	1,250,000	3,920,645	14,014,914	1,250,000	2.1%
Hugh W. Robertson ⁶	10,945,250	1,250,000	3,980,092	14,925,342	1,250,000	2.2%
Total	31,437,692	5,062,500	11,681,892	43,119,584	5,062,500	6.5%

Notes:

1. To be acquired at the Offer Price per Share.
2. Michael Jefferies and his wife hold interests as trustees for the Jefferies Super Fund and also hold shares indirectly through Goen Pty Ltd, of which they are directors.
3. Refer to Note 3 of Table 8 in Section 6.1 for a description of Jim's interests in the Woodson Funds and the Woodson Capital Entities.
4. Sophie Karzis interests in Shares are held through Sophie Karzis Superfund Account Pty Ltd, of which she is the sole director, and holds her Existing Options personally.
5. John McBain's interests are held through Fifty-Second Celebration Pty Ltd and Thirty-Fifth Celebration Pty Ltd, companies of which he is a director.
6. Hugh Robertson's interests are held through Bungeeltap Pty Limited, of which he is a director.

Directors are not required under the Constitution to hold any Shares. Terms of the Existing Options held by the Directors are described in Section 6.3.3.2.

6.3.1.5 Directors' interests: contracts and business dealings with Touch Ventures

Hugh W. Robertson

Bungeeltap Pty Ltd (**Bungeeltap**), an entity associated with non-executive Director Hugh W. Robertson, is currently engaged by Bell Potter. Bungeeltap makes Hugh personally available exclusively to represent and provide investment advisory services to Bell Potter's investment advisory division under an independent contractor agreement between Bungeeltap and Bell Potter. Touch Ventures has engaged Bell Potter to act as the lead manager and underwriter to the Offer. Bell Potter will be paid fees for its services as described in Section 9.3.1. Bungeeltap will receive a fixed origination fee from Bell Potter (not Touch Ventures) of \$300,000 (plus GST) in respect of Bell Potter's lead manager role in the Offer.

While the Board reached the decision to appoint Bell Potter independently of Hugh, and Hugh is not part of Bell Potter's corporate finance or equity markets divisions (the divisions that are providing lead manager and underwriting services to Touch Ventures for the Offer), the Board acknowledges that actual or potential conflicts of interests (or the perception of them) may arise where an officer or employee of the lead manager or broker to an entity's initial public offering is also a director of the entity.

The Board (excluding Hugh) determined, having regard to the above, that it could adequately and appropriately act in the interests of Touch Ventures and Shareholders, and determined to implement certain related protocols and arrangements. In particular Hugh recused himself from decisions in regard to the engagement of Bell Potter (including the fees Bell Potter should be paid or the terms of the Underwriting Agreement), the pricing of the Offer and allocations to applicants under the Offer. Further, Hugh has confirmed that he is not representing or advising Bell Potter in relation to the Offer, was not part of Bell Potter's investment committee approval process to underwrite the Offer, and would not solicit broker firm offers from his private clients or other private clients of Bell Potter in relation to the Offer.

Hugh is regarded by the other Directors as a valuable member of the Board and is its second longest serving member. He is not a nominee director of any particular shareholder and the other Directors believe he is able to act in the interests of Shareholders as a whole. He was unanimously re-elected as a director by shareholders attending and voting in Touch Ventures' annual general meeting in May 2021. Hugh will stand for re-election at Touch Ventures' first annual general meeting following Completion.

Sophie Karzis

Sophie Karzis has provided consulting services related to previous capital raisings and ad hoc company secretarial services under an agreement on arm's length basis (totalling \$86,400 in FY20 and \$17,600 in 1H'FY21).

6.3.2 Employees

Touch Ventures' philosophy on employee remuneration is that it should be aligned with Shareholder interests by providing levels of fixed remuneration and, particularly in the case of the management and investment team, 'at risk' pay sufficient to attract and retain individuals with the skills and experience required to build on and execute Touch Ventures' 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 eligible employees 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 for the management and investment team. It is intended that these 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 management and investment team, remuneration packages will typically consist of:

- fixed base salary;
- short-term incentives; and
- long-term incentives.

At the Prospectus Date, Touch Ventures employs 5 employees, all of whom currently comprise its management and investment team as described below. Touch Ventures expects generally to engage employees (on a full time or part time basis as required) but may engage contractors where appropriate from time to time.

6.3.2.1 Chief Executive Officer and Chief Investment Officer

Hein Vogel has been engaged by Touch Ventures on a full time basis as Chief Executive Officer and Chief Investment Officer under an employment contract dated 23 August 2021. Hein is responsible for the day-to-day operations of Touch Ventures and implementing the strategy as approved by the board. In addition, he plays a key role in originating transaction opportunities, oversees the investment team as opportunities are assessed, as investments are made and subsequently managed (currently serving on the boards of Sendle, Happay and Play Travel). He is also responsible for managing the relationship with Afterpay.

6. Key people, interests and benefits continued

Table 12: Key terms of CEO's employment

Term	Description
Base salary	Hein is entitled to receive a base salary of including statutory superannuation for a total employment cost of \$450,000.
Short term incentives (STI)	<p>Hein is eligible to participate annually in Touch Ventures' short term incentive plan, as described at Section 6.3.3.1. Hein's annual target STI amount is between 50% and 70% of his 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.</p> <p>For FY21, Hein will be entitled to receive a cash STI in addition to his base salary up to the amount of 70% of his base salary. The key performance measure for Hein's FY21 STI is a successful listing of Touch Ventures (subject to adjustment by the Board for significant adverse events (if any) within management's control). The Board proposes to consider performance measures applicable to Hein's FY22 STI in late 2021.</p>
Long term incentives (LTI)	<p>Subject to any relevant performance or other conditions, restrictions or requirements, Hein is entitled to participate in Touch Ventures' long term incentive plan. Hein's annual target LTI amount will be 80% of his base salary. Any grant will vest over a performance period of 3 years will be subject to the terms of the incentive plan 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.</p> <p>As at the Prospectus Date, Hein holds 10,000,000 Existing Options at various exercise prices and vesting dates and 7,000,000 Existing Performance Rights. Details of Hein's Existing Options and Existing Performance Rights are set out in Section 6.3.3.2.</p> <p>For FY21, Hein received the above 7,000,000 Existing Performance Rights (details of which are set out in Section 6.3.3.2). Following Completion, Hein will be eligible to participate in the New Incentive Plan. The Board proposes that Hein's next LTI will be in respect of FY23 and will be granted by 31 December 2022. Hein will be entitled to LTI grants annually thereafter. Further information on the New Incentive Plan is detailed in Section 6.3.3.3.</p>
Termination	Hein's employment may be terminated by Touch Ventures or Hein at any time on the giving of 6 months' notice in writing, or immediately by Touch Ventures for serious misconduct.
Restraints	When Hein'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 Touch Ventures.

Hein's Shareholding in Touch Ventures is described in Section 6.1.

6.3.2.2 Other members of the management and investment team

This Section 6.3.2.2 refers to members of the management and investment team other than the CEO.

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 Hein Vogel (but with a base salary of \$350,000, and a notice period and restraint of 3 months). Gerard is entitled to STI's under Touch Ventures short term incentive plan and, following Completion, LTIs under the New Incentive Plan.

Touch Ventures engages its other employees, Carl-Olav Scheible, Gary Xu and Franco Venter as full time employees under similar contracts as Gerard Pais, with varying amounts of remuneration and notice/restraint periods.

As at the Prospectus Date, the above employees held 5,750,000 Existing Options at various exercise prices and vesting dates. Details of these Existing Options are set out in Section 6.3.3.2. Their Shareholdings in Touch Ventures are summarised in Section 6.1.

Touch Ventures' short term incentive plan allows for the provision of cash-based STIs to the management and investment team based on performance measures set by the Board on an annual basis as detailed in Section 6.3.3.1 below. For the FY21 STIs, up to 50% of an employee's base salary may be allocated to the employee by the CEO in his discretion having regard to the performance of Touch Ventures against its objectives for the year and the employee's performance during that year. The STI for FY22 and following will be determined by the Board in accordance with the remuneration policy.

For FY21 LTIs, the employees received 5,750,000 Existing Options in aggregate as described in Section 6.3.3.2. For LTIs for FY22 and following, eligible employees will be entitled to be granted awards based on a percentage of their base salary and in accordance with the remuneration policy. Further information on the New Incentive Plan is contained in Section 6.3.3.3.

6.3.3 Incentive arrangements

Touch Ventures has established a number of incentive arrangements to enable the attraction, motivation and retention of Directors and its management and investment team.

6.3.3.1 Short term incentives

Touch Ventures' employee arrangements recognise the potential for the award of annual cash STIs, which may become payable upon satisfaction of specified performance criteria. Participation in any STI program will be determined by the Board in its absolute discretion and is assessed annually prior to the conclusion of the relevant financial year and publication of Touch Ventures' audited financial statements.

Current STI percentage targets for the management and investment team are described in Section 6.3.2.1 and Section 6.3.2.2 respectively. Whether an STI is granted in a particular year will depend on satisfaction of various criteria, which may include individual performance against KPIs, Touch Ventures' financial performance against KPIs and investment outcomes as determined by the CEO or the Board. The structure of STI grants may change over time and may be in the form of cash or awards under the New Incentive Plan.

6. Key people, interests and benefits continued

6.3.3.2 Existing Options and Existing Performance Rights granted under the Existing Incentive Plan

As at the Prospectus Date, Touch Ventures has on issue 22,400,000 Existing Options (including 5,062,500 Existing Options held by Directors, and 10,000,000 Existing Options held by the CEO), and 7,000,000 Existing Performance Rights all held by the CEO, which were granted under the Existing Incentive Plan. Key terms of these Existing Options and Existing Performance Rights are set out in Table 13, Table 14 and Table 15 below. Touch Ventures does not intend to grant further options or performance rights after the Prospectus Date under the Existing Incentive Plan.

In respect of the Existing Options and Existing Performance Rights held by the CEO, the Board seeks to ensure that it remunerates and incentivises Touch Ventures' executives in a fair, balanced and responsible manner. The Board has adopted a remuneration framework which is designed to attract, retain and motivate key personnel. Under the Touch Ventures' remuneration framework, executive remuneration ideally comprises both fixed and variable 'at risk' elements. In order to best align the long-term interests of Touch Ventures and an executive's conduct and performance, the Board has issued the Existing Performance Rights (which are not considered by the Board to be ordinary course of business remuneration securities) to the CEO with milestones linked to Touch Ventures' strategic objectives. The intention underlying the decision to issue the Existing Performance Rights to the CEO is to ensure that the performance and results achieved by the CEO are rewarded in circumstances where Touch Ventures' shareholders and other stakeholders have benefitted from such performance and results.

In determining the number of Existing Performance Rights to be issued to the CEO, the Board reviewed available independent benchmarking data and determined that the value of the Existing Performance Rights should be equal to approximately 80% of the base salary of the CEO. The value of the Existing Performance Rights was calculated at the date of issue by dividing the intended maximum value of the Existing Performance Rights by the Share price, and in turn the Share price was determined by reference to the price at which Touch Ventures had conducted its previous capital raising.

Table 13: Summary of the Existing Incentive Plan

Term	Description
Exercise price	The exercise price is between \$0.08 and \$2.00 per Existing Option. The Existing Performance Rights have a nil exercise price.
Rights	Each Existing Option or Existing Performance Right entitles the holder to one Share on exercise of the Existing Option or Existing Performance Right.
Vesting	<p>Some Existing Options, and all Existing Performance Rights will be unvested on Completion, and will vest subject to various vesting schedules and performance criteria, as set out in Table 14 and Table 15 below. Only vested Existing Options or Existing Performance Rights are exercisable.</p> <p>All Existing Performance Rights and some Existing Options are subject to the CEO remaining employed by Touch Ventures by the earliest vesting date noted in Table 15, and for Options, the dates noted in Table 14.</p>

Term	Description
Expiry	<p>An Existing Option will lapse on the earliest of:</p> <ul style="list-style-type: none"> • the expiry date of the Existing Option, which is outlined in the vesting schedule in Table 14; • for: <ul style="list-style-type: none"> – vested Existing Options: where a participant is deemed by the Board to be a 'good leaver', the first to occur of the expiry date above and 12 months following cessation of the employment or contractor arrangement; and otherwise immediately following cessation of the employment or contractor arrangement; – unvested Existing Options, following cessation of the employment or contractor arrangement.
Change in structure or control	<p>Upon the occurrence of a change of control, the Board in its direction may resolve that the vesting conditions applicable to unvested Rights be waived or determine that a restriction on disposal or dealing in a Share to be delivered upon the exercise of a Right is to no longer apply.</p>
Other provisions	<p>If at any time prior to the exercise of an Existing Option or Existing Performance Right there is a reorganization of the share capital of Touch Ventures, then the terms of the Existing Options and Existing Performance Rights shall be proportionately reorganised in accordance with governing plan terms.</p> <p>Existing Options and Existing Performance Rights do not confer voting rights, rights to dividends or rights participate in a return of capital (whether in a winding up, upon a reduction of capital or otherwise), or an entitlement to participate in the surplus profit or assets of Touch Ventures upon winding up of Touch Ventures.</p> <p>Existing Options or Existing Performance Rights are not transferrable without prior Board approval and will not be quoted.</p> <p>The exercise of rights and obligations under the Existing Options and Existing Performance Rights will be subject to the Listing Rules.</p> <p>If Touch Ventures makes a bonus issue of Shares (other than an issue in lieu or in satisfaction of dividend or by way of dividend reinvestment) to eligible employees, and the Shares in respect of Existing Options or Existing Performance Rights held by an eligible employee have not been issued or transferred or registered in the name of the eligible employee before the record date, then the number of Shares subject of the Existing Options or Existing Performance Rights held by the eligible employee will be increased by the number of Shares the eligible employee would have received before the record date.</p>

6. Key people, interests and benefits continued

Table 14: Existing Options granted under the Existing Incentive Plan

Holder	Grant date	Expiry date	Exercise price	Number	Number vested at Completion
Directors					
Michael Jefferies	16 September 2020	17 September 2025	\$0.40	1,250,000	1,250,000
Jim Davis	23 April 2021	17 September 2025	\$0.40	1,250,000	1,250,000
Sophie Karzis	18 October 2016	18 October 2021	\$2.00	62,500	62,500
	23 April 2021	17 September 2025	\$0.40	1,250,000	1,250,000
John McBain	16 September 2020	17 September 2025	\$0.40	1,250,000	1,250,000
Hugh W. Robertson	16 September 2020	17 September 2025	\$0.40	1,250,000	1,250,000
Employees					
Hein Vogel	23 January 2020	31 December 2024	\$0.08	2,500,000	2,500,000
	23 January 2020	31 December 2024	\$0.20	2,500,000	2,500,000
	23 January 2020	31 December 2024	\$0.60	2,500,000	— ¹
	23 January 2020	31 December 2024	\$0.80	2,500,000	— ²
Gerard Pais	4 November 2020	4 November 2025	\$0.20	2,000,000	— ³
	4 November 2020	4 November 2025	\$0.40	500,000	— ³
Gary Xu	26 April 2021	26 April 2026	\$0.40	750,000	— ⁴
Carl-Olav Scheible	26 April 2021	26 April 2026	\$0.40	2,500,000	— ⁵
Others					
Former directors/ employees	18 October 2016	18 October 2021	\$2.00	312,500	312,500
	12 December 2017	16 October 2022	\$2.00	25,000	25,000
Total				22,400,000	11,650,000

Notes:

1. Vesting on 31 December 2022, subject to Hein Vogel's continuing employment with Touch Ventures.
2. Vesting on 31 December 2023, subject to Hein Vogel's continuing employment with Touch Ventures.
3. 33% vesting on each of 1 November 2021, 1 November 2022 and 1 November 2023, subject to Gerard Pais' continuing employment with Touch Ventures.
4. 33% vesting on each of 31 March 2022, 31 March 2023 and 31 March 2024, subject to Gary Xu's continuing employment with Touch Ventures.
5. 25% vesting on each of 1 May 2022, 1 May 2023, 1 May 2024 and 1 May 2025, subject to Carl-Olav Scheible's continuing employment with Touch Ventures.

Table 15: Existing Performance Rights granted to Hein Vogel under the Existing Incentive Plan

Performance milestone	Status	Grant date	Vesting date	Number	Expiry date	Number vested at Completion
Deployment of 70% of the cash balance of \$50m (as at September 2020) into Board approved investments by 30 June 2021. 90% of the \$50m must have been deployed in Board approved investments by 31 December 2021.	Satisfied	24 December 2020	31 December 2023	1,400,000	31 December 2025	— ¹
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.	To be satisfied on Completion (as a result of Completion occurring)	24 December 2020	31 December 2023	2,100,000	31 December 2025	— ¹
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	24 December 2020	31 December 2023	3,500,000	31 December 2025	— ¹

Note:

1. If the performance milestones are satisfied and Hein remains in continuing employment with Touch Ventures until the vesting date, he may, after that time, exercise the Existing Performance Rights prior to the expiry date (for nil exercise price) and receive one Share for each Existing Performance Right. If Existing Performance Rights are not converted prior to the expiry date, the Existing Performance Rights will lapse.

6. Key people, interests and benefits continued

6.3.3.3 New Incentive Plan

On the Prospectus Date, Touch Ventures adopted the Touch Ventures Incentive Plan (**New Incentive Plan**) which provides the framework under which future individual grants of equity incentives (awards) may be made to employees of Touch Ventures. The New Incentive Plan has been designed to attract and retain employees, and to provide additional incentive to employees of Touch Ventures to promote Touch Ventures' success. No grants under the New Incentive Plan will have been made on or prior to Completion. The key terms of the New Incentive Plan are set out below:

Table 16: Key terms of the New Incentive Plan

Term	Description
Administration	The New Incentive Plan will be administered by the Board.
Eligibility	Full-time and part-time employees of Touch Ventures, contractors to Touch Ventures, and directors are eligible to receive awards under the New Incentive Plan. The Board will select eligible employees to whom awards are to be granted from time to time.
Awards	<p>The New Incentive Plan provides Touch Ventures with flexibility to grant the following types of awards:</p> <ul style="list-style-type: none"> • options to subscribe for Shares (options); • ability to subscribe for Shares that are subject to restrictions, including on transfer, until specified conditions are satisfied (restricted shares); or • rights to receive Shares or cash, based on specified performance factors (performance rights), <p>(together Awards).</p>
Shares	Shares issuable under the New Incentive Plan may be newly issued Shares or already issued Shares acquired and held by an employee benefit trust established by the Board.
Conditions	<p>The Board will determine the terms and conditions of each award, including:</p> <ul style="list-style-type: none"> • the type of Award; • the number or value of Shares or other consideration subject to the Award; • if the Award is an option, the exercise price of the option, or if it is any other type of Award, the purchase price (if any) payable for the Shares under the Award; and • any vesting conditions, including service and/or performance conditions. <p>The terms and conditions of each award will be set out in an award agreement.</p>
Exercise price or purchase price	The exercise price or purchase price will be determined by the Board.

Term	Description
Vesting and exercise	<p>Options will become exercisable when the applicable vesting conditions have been satisfied.</p> <p>Performance rights will vest and be settled by the delivery of Shares (or, where applicable, cash) when the applicable vesting or performance conditions have been satisfied.</p> <p>Restricted shares will cease to be restricted when the applicable vesting conditions have been satisfied in accordance with the award agreement.</p>
Lapsing and forfeiture	<p>An option will lapse on the date specified in the grant or any earlier date specified in the award agreement (for example, upon failure to satisfy a vesting condition).</p> <p>Restricted shares will become subject to forfeiture or compulsory transfer, and Performance rights will lapse, on the occurrence of a date or circumstance specified in the award agreement (for example, upon failure to satisfy a vesting or performance condition).</p>
Dealing restrictions	<p>A participant may not dispose of an award in any manner, other than on his or her death or if permitted by Touch Ventures or under an award transfer program approved by Touch Ventures that permits transfers in specified circumstances.</p>
Cessation or change of employment	<p>The Board may specify in the terms of an invitation or make a determination as to how an employee's Awards will be treated on the occurrence of cessation of employment of the employee, or engagement of the contractor, as relevant. Applicable treatment may include:</p> <ul style="list-style-type: none"> • vesting on the cessation date; • options only being exercisable within a specified period; or • lapsing or forfeiture of the Awards.
Restrictions on dealing	<p>Prior to vesting, the plan rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, participants will be free to deal with their incentives, subject to the Securities Trading Policy.</p>
Change of control	<p>Where there is a change of control event (for example, a takeover bid, scheme of arrangement, merger or any other transaction or event that in the Board's opinion is a change of control event), the Board may determine, subject to the Listing Rules, with respect to each award, that:</p> <ul style="list-style-type: none"> • Awards, to the extent not fully vested, will become vested and exercisable in full or in part; • options may be exercised within a specific period only, otherwise they will lapse; • disposal restrictions or any other terms which apply to the Awards cease to apply; or • Touch Ventures, on behalf of the employee, will direct the trustee to transfer trust shares into the employee's name.

6. Key people, interests and benefits continued

Term	Description
Award adjustments	In order to minimise material advantage or disadvantage to a participant resulting from a variation in Touch Ventures' issued share capital, before the delivery of Shares or payment to a participant, Touch Ventures may, subject to the Listing Rules, appropriately and proportionately adjust the exercise price and/or number and/or class of Shares subject to each outstanding option or Award, provided that the exercise price or purchase price of any Share may not be less than the nominal value of a Share, and a fraction of a Share will not be issued.
Amendments	The Board may amend or supplement the New Incentive Plan, however it may not do so without consent or approval of more than 50% of the participants holding Awards where the amendment adversely affects the existing rights of participants in respect of any granted Awards.
Listing Rules	The New Incentive Plan and awards made under it are always subject to the Listing Rules and applicable law.

6.3.4 Interests of advisers

Touch Ventures has engaged the following professional advisers:

- Bell Potter Securities Limited has acted as Lead Manager and Authorised Intermediary to the Offer. Touch Ventures has paid, or agreed to pay, the Lead Manager fees pursuant to the Underwriting Agreement as described in Section 9.3;
- Clayton Utz has acted as Australian legal advisor to Touch Ventures in relation to the Offer (excluding in relation to taxation and stamp duty matters). Touch Ventures has paid, or agreed to pay, approximately \$650,000 (excluding GST and disbursements) for these services up to the date of this Prospectus. Further amounts may be paid to Clayton Utz in accordance with its time-based charge-out rates; and
- KPMG Transaction Services has acted as the Investigating Accountant and has prepared the Investigating Accountant's Report for inclusion in this Prospectus. KPMG Transaction Services has also performed due diligence enquiries in relation to the Pro Forma Historical Financial Information and taxation services. Touch Ventures has paid, or agreed to pay, approximately \$210,000 (excluding GST) for these services to the date of this Prospectus. Further amounts may be paid to the Investigating Accountant in accordance with its normal time-based charge-out rates.

The amounts, and other expenses of the Offer, will be paid by Touch Ventures out of the funds raised under the Offer or available cash. See Section 2.1.4 for further information on the use of proceeds of the Offer.

6.4 Other interests and benefits

Other than as set out below or elsewhere in this Prospectus, no:

- director or proposed director of Touch Ventures;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Touch Ventures; or
- underwriter to the Offer or financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Touch Ventures;
- property acquired or proposed to be acquired by Touch Ventures in connection with its formation or promotion or the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of Touch Ventures or the Offer or to any director or proposed director to induce them to become, or qualify as, a director of Touch Ventures.

6.5 Escrow

The parties listed in Table 17 have agreed to enter into voluntary escrow arrangements in relation to the Shares indicated in that table and held on Completion under which they will be restricted from dealing with those Shares from Completion until 4.15pm on the date on which Touch Ventures' preliminary financial report on the financial results for the 6 month period ending 30 June 2022 is released on ASX (subject to the terms of the escrow agreements). Any Shares issued prior to this time to these parties on conversion of Existing Options on issue at the Prospectus Date will also be escrowed on the same terms until this time. Shares acquired by these parties under the Offer at the Offer Price will not be subject to escrow.

The restriction on "dealing" is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, entering into any option which, if exercised, enables or requires the selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares (except to the extent outlined in this Section 6.5), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things. There are limited circumstances in which the escrow may be released, or escrowed Shares otherwise dealt with, early including:

- to allow the Escrowed Shareholder to accept an offer under a takeover or similar transaction in relation to its escrowed Shares if holders of at least half of the securities the subject of the transaction that are not subject to similar escrow arrangements have accepted the transaction or relevant offer and the takeover is unconditional or all its conditions have been satisfied or waived (subject to a requirement to return the escrowed Shares to escrow if the Offer does not proceed);
- to allow the Escrowed Shareholder to tender escrowed Shares into a bid acceptance facility established in connection with a takeover, provided that holders of not less than half of the securities to which the takeover relates that are not subject to similar escrow arrangements have either accepted the takeover or tendered their securities into the bid acceptance facility (subject to a requirement to return the escrowed Shares to escrow if the Offer does not proceed);

6. Key people, interests and benefits continued

- to allow Escrowed Shareholders to participate in an equal share buyback, capital return, capital reduction or other similar pro rata reorganisation, a merger, which has in any such case received all necessary approvals and is conducted in accordance with applicable law;
- to allow the Escrowed Shareholder to transfer the escrowed Shares provided the transfer does not result in a change in the beneficial ownership of the escrowed Shares, does not extend the period of escrow and the transferee enters into escrow arrangements on substantially the same terms;
- the grant of securities over any or all of their escrowed Shares to a bona fide third party financial institution as security for a loan, hedge or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interests, or decrease an economic interest, that the relevant Escrowed Shareholder has in any of its escrowed Shares and no escrowed Shares may be transferred to the financial institution in connection with the encumbrance (with the documentation for such an encumbrance making clear that the escrowed Shares remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements);
- to allow the Escrowed Shareholder to transfer their escrowed Shares provided the transfer does not result in a change in the beneficial ownership of the escrowed Shares, the transfer does not extend the escrow period and the transferee enters into an escrow deed on substantially the same terms as existing escrow arrangements (including that the transferee agrees to inherit the same restrictions on voting and disposals);
- to the extent required by applicable law (including an order of a court of competent jurisdiction); or
- on the death or permanent incapacity of the Escrowed Shareholder who is an individual.

The escrow arrangements with Afterpay will also permit a transfer (in one or more transactions) of any or all escrowed Shares to a member of a wholly-owned group which includes the Escrowed Shareholder (and such member transferee agrees to be bound by the voluntary escrow arrangements for the term of those arrangements) provided the Company has obtained an ASIC instrument modifying the operation of the Corporations Act to permit such a transfer without contravention by the Company of Chapter 6 of the Corporations Act (referred to in Section 10.7.1).

Table 17: Escrowed Shares on Completion

Escrowed Party	Number of escrowed Shares at Completion	Percentage of total issued Shares at Completion
Afterpay	148,395,431	20.8%
Woodson Funds	46,250,000	6.5%
Directors ¹	31,437,692	4.4%
Hein Vogel ²	850,000	0.1%
Other employees	400,000	0.1%
Total	227,333,123	31.9%

Note:

1. Comprises the Shares held by Directors (or their associated entities) as at the Prospectus Date (but not those acquired under the Offer at the Offer Price) indicated in Table 11 in Section 6.3.1.4.
2. Hein Vogel's interests are held through Cardinal Investments Australia Pty Limited, of which he is a director.

6.6 Corporate governance

This section explains the main corporate governance policies and practices adopted by Touch Ventures. The Board is responsible for the overall corporate governance of Touch Ventures. It is accountable to Touch Ventures' members as a whole and must act in the best interests of Touch Ventures. The Board monitors the financial position and performance of Touch Ventures and oversees its corporate strategy, including approving the strategic objectives and budgets of Touch Ventures. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Touch Ventures.

In conducting business with these objectives, the Board seeks to ensure that Touch Ventures is properly managed to protect and enhance Shareholder interests, and that Touch Ventures, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Touch Ventures, including adopting prudent and effective internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Touch Ventures business and which are designed to promote the responsible management and conduct of Touch Ventures.

The main policies and practices adopted by Touch Ventures, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. Details of Touch Ventures key policies and the charters for the Board and each of its committees will be available at www.touchventures.com.

6.7 ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

Touch Ventures is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations 4th edition (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations.

The ASX Recommendations are not prescriptions, but guidelines. Under the Listing Rules, Touch Ventures will be required to provide a statement in its annual report on its website disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where Touch Ventures does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Touch Ventures intends to follow all of the ASX Recommendations from Listing, with one exception. Recommendation 4.1 provides that the board of a listed entity should have an audit committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors, and is chaired by an independent director who is not the chair of the board. On Listing this recommendation will be followed in all respects except that its chair, Michael Jefferies, will also be the Chair of the Board. The Board (excluding Michael) considers that the proposed Audit and Risk Committee composition is appropriate in light of the current Board size, which is itself appropriate in light of the nature of Touch Ventures as an internally managed investment holding company. As noted in Section 6.2.1, Michael is a chartered accountant with extensive experience in finance and investment. He has significant experience in serving on audit committees of ASX listed entities (in total for 8 companies since 2008, including Afterpay Limited, Resimac Group Limited, Clearview Wealth Limited and Tower Limited). As also noted in Section 6.2.1, he and the other members of the Audit and Risk Committee have confirmed to Touch Ventures that they anticipate being available to perform their duties as a director, including serving on board committees to which they are appointed, without constraint from other commitments. He also has no affiliations with the current auditor. As noted in Section 6.2.1, following Listing the Board will continue to assess the composition and experience of the Board and may consider appointing directors in the future, including to comply with all aspects of Recommendation 4.1.

6. Key people, interests and benefits continued

6.8 Board composition

The Board is currently made up of five Directors, comprising Michael Jefferies, Jim Davis, Sophie Karzis, John McBain and Hugh W. Robertson.

Detailed biographies of the Directors are provided above in 6.2.1.

The Board considers a Director to be independent where he or she is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. The Board will assess the independence of each non-executive Director in light of interests disclosed by them at least annually on a case-by-case basis. Each non-executive Director must provide the Board with all relevant information for this purpose.

The Touch Ventures Board Charter sets out guidelines and thresholds of materiality to assist in considering the independence of Directors, and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that each of Michael Jefferies, Jim Davis, Sophie Karzis and John McBain is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment and is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

The Woodson Funds are expected to hold approximately 10.0% of the Shares on Completion. The Woodson Capital Entities act as investment manager and general partner of the Woodson Funds. Jim's interests in the Woodson Funds and Woodson Capital Entities are described in Note 3 of Table 11 in Section 6.1. The Board (absent Jim Davis) has specifically taken these factors into account when considering whether Jim should be considered to be independent. The Board (absent Jim Davis) does not consider those factors to be sufficiently dominant or influential in the circumstances so as to conclude he is not independent or that his interests will be sufficiently different to those of shareholders with smaller stakes. In particular it had regard to Jim's conduct to date on the Board, his significant experience, the existence of Afterpay's expected shareholding on Completion and the lack of other factors referred to in the ASX Recommendations and Board Charter which might lead the Board to query his independence.

Hugh W. Robertson is not currently classified by the Board to be an independent director, because of his association with Bell Potter (as referred to in Section 6.3.1.5) and Bell Potter's role as lead manager and underwriter to the Offer.

If the Board determines that a Director's independent status has changed, that determination will be disclosed to the market in a timely manner.

6.9 Board charter

The Board has adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged. The Charter includes an overview of:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management;
- the authority delegated by the Board to management and Board committees; and
- the Board's process.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising Touch Ventures' strategies, policies and performance;
- protect and optimise Touch Ventures' performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and Touch Ventures' Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with Touch Ventures' values and governance framework (including establishing and observing high ethical standards); and
- ensure Shareholders are kept informed of Touch Ventures' performance and major developments affecting its state of affairs.

The Board, together with the Remuneration and Nomination Committee, determines the size and composition of the Board. Under the Charter, the Board should have a majority of independent non-executive Directors and an independent non-executive Director as Chair of the Board. As at the Prospectus Date, Touch Ventures satisfies its Board independence objectives.

The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by other officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate. The Board collectively, and each Director individually, has the right to seek independent professional advice at Touch Ventures' expense, subject to the approval of the Chair of the Board.

6.10 Board committees

The Board may from time to time establish committees to streamline the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on Touch Ventures' needs, relevant legislative and other requirements, and the skills and experience of individual Directors.

6. Key people, interests and benefits continued

6.10.1 Audit and Risk Committee

The role and responsibilities, composition and membership requirements of the Audit and Risk Committee are documented in an Audit and Risk Committee Charter. The purpose of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing Touch Ventures' financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the Financial Information prepared by Touch Ventures, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides advice to the Board and reports on the status and management of the risks to Touch Ventures. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

In accordance with the ASX Recommendations, the Audit and Risk Committee comprises of at least three members, each of whom is an independent non-executive Director. Membership of the Audit and Risk Committee is as follows: Michael Jefferies (Chair), Sophie Karzis and John McBain.

6.10.2 Remuneration and Nomination Committee

The role and responsibilities, composition, structure and membership requirements of the Committee are documented in a Remuneration and Nomination Committee Charter.

The purpose of the Remuneration and Nomination Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing Touch Ventures' remuneration and nomination policies and practices.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and management and investment team. The Remuneration and Nomination Committee is also responsible for administering short term and long term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and management and investment team). Independent advice will be sought where appropriate.

In accordance with the ASX Recommendations, the Remuneration and Nomination Committee Charter will have three members, two of whom are independent. Membership of the Remuneration and Nomination Committee is as follows: Sophie Karzis (Chair), Jim Davis and Hugh W. Robertson.

6.11 Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which will be made available on Touch Ventures website at www.touchventures.com.

6.11.1 Purpose, strategy and values

Touch Ventures' vision is to become a global investment company, focussed on local and global venture capital investment opportunities. We look to generate capital growth over a long-term investment horizon through our investment strategy (as outlined in Section 3.2.1).

Touch Ventures' core values are:

1. **Integrity:** We hold ourselves up to the highest standards in how we operate and who we choose to partner with. We follow through on the commitments we make. We believe that honesty and trust are essential for long-term business success.
2. **Collaboration:** We are one team. We work together with mutual respect and appreciation of all perspectives, alongside founders, their companies and our partners.
3. **Ambition:** We take initiative and look to work with those who challenge the status quo, to create opportunities and better outcomes for all.

6.11.2 Continuous disclosure policy

Once listed, Touch Ventures will be required to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act. Touch Ventures is aware of its obligation to keep the market fully informed of any information Touch Ventures becomes aware of concerning itself that a reasonable person would expect to have a material effect on the price or value of Touch Ventures' securities.

Touch Ventures has adopted a Continuous Disclosure Policy and a Communications Policy and established a Disclosure Committee (comprising the Chair of the Board, CEO, CFO and Company Secretary, or their delegates) to ensure compliance with these requirements. The Continuous Disclosure Policy applies to all Directors, officers, employees and consultants of Touch Ventures.

6.11.3 Communication with Shareholders

Touch Ventures aims to communicate all important information relating to Touch Ventures to its Shareholders. Additionally, Touch Ventures recognises that potential investors and other interested stakeholders may wish to obtain information about Touch Ventures from time to time. To achieve this, Touch Ventures communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including Touch Ventures website, at the annual general meeting, through Touch Ventures' Annual Report and, once listed, via ASX announcements.

6. Key people, interests and benefits continued

6.11.4 Securities trading policy

Touch Ventures has adopted a Securities Trading Policy which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and explain Touch Ventures' policy and procedure for the buying and selling of securities that protects Touch Ventures' Directors and employees and their closely connected persons against the misuse of unpublished information which could materially affect the price or value of securities. The policy applies to Touch Ventures' Directors, employees and their closely connected persons (collectively, **Employees**).

The policy provides that Employees must not:

- deal in Touch Ventures' securities when they are aware of confidential information that is materially price sensitive or 'inside' information;
- deal in Touch Ventures' securities when Touch Ventures has notified Employees that they must not do so;
- deal in Touch Ventures' securities on a speculative or short-term trading basis;
- hedge Touch Ventures securities that are subject to a holding lock, or that are unvested or subject to a restriction on dealing under the terms of any incentive or other share plan operated by Touch Ventures; and
- deal in securities in another company where they are aware of 'inside' information in relation to that company.

In addition, Directors and the management and investment team have been advised by Touch Ventures that they are subject to special restrictions (collectively, Restricted Persons) and that they and their connected persons must not deal in Touch Ventures' securities during any of the following blackout periods (except in exceptional circumstances with approval):

- the period from the close of trading on the ASX on 31 December each year until the first trading day following the announcement to ASX of Touch Ventures' full-year results;
- the period from the close of trading on the ASX on 30 June each year until the first trading day following the announcement of Touch Ventures' half-year results;
- for the two weeks preceding, and until the first trading day following, the Company's Annual General Meeting; and
- any other period that the Board specifies from time to time.

Otherwise, trading by Restricted Persons and their connected persons will only be permitted with prior approval. Restricted Persons and their connected persons must also not engage in margin lending activities in respect of Touch Ventures' securities or deal in financial products issued over Touch Ventures securities by third parties, unless Touch Ventures securities form a component of a listed portfolio or index product.

In all instances, dealing in Touch Ventures' securities is not permitted at any time by any person who possesses 'inside' information.

6.11.5 Code of conduct

Touch Ventures is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct which outlines how Touch Ventures expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of Touch Ventures (including temporary employees, contractors, Directors, officers, consultants and other persons that act on behalf of Touch Ventures) must comply with the Code of Conduct.

The objective of the Code of Conduct is to:

- provide a benchmark for professional behaviour throughout Touch Ventures;
- support Touch Ventures' business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

6.11.6 Diversity policy

The Board has formally adopted a Diversity Policy, which sets out Touch Ventures' vision for diversity, incorporating a number of different factors including gender, ethnicity, age and educational experience. The Diversity Policy has been approved in order to actively facilitate a more diverse and representative management and leadership structure.

The Board will include in its annual report each year a summary of Touch Ventures' progress towards achieving the measurable objectives set under the Diversity Policy and Touch Ventures' most recent "Gender Equality Indicators" as defined by the *Workplace Gender Equality Act 2012* (Cth) (the Act) or, where Touch Ventures is not required to comply with the Act, the proportion of women employees, executives and Board members.

With a small number of employees, individual hires can alter significantly Touch Ventures' diversity measures in a numerical sense. The Board acknowledges the importance of diversity and it will be an important factor in Touch Ventures' employment practices as it grows into the future.

6.12 Related party agreements

Touch Ventures does not anticipate that it will be party to any material related party arrangements with its Directors, officers or Shareholders (or affiliates from them) from Completion other than as set out in this Prospectus.



7.

Financial Information

7. Financial Information

7.1 Overview

This financial information contained in Section 7 includes a summary of the historical financial information for Touch Ventures for the financial years ended 31 December 2019 (**FY19**) and 31 December 2020 (**FY20**) as set out below:

Statutory Historical Financial Information being the:

- Statutory historical statements of profit and loss and other comprehensive income for FY19 and FY20 (**Statutory Historical Income Statements**);
- Statutory historical cash flow information for FY19 and FY20 (**Statutory Historical Cash Flows**); and
- Statutory historical statement of financial position as at 31 December 2020 (**Statutory Historical Statement of Financial Position**).

Pro Forma Historical Financial Information being the:

- Pro forma historical statements of profit and loss and other comprehensive income for FY19 and FY20 (**Pro Forma Historical Income Statements**);
- Pro forma historical cash flow information for FY19 and FY20 (**Pro Forma Historical Cash Flows**); and
- Pro forma historical statement of financial position as at 31 December 2020 (**Pro Forma Historical Statement of Financial Position**).

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information collectively form the **Financial Information**.

Also summarised in Section 7 are:

- the basis of preparation and presentation of the Financial Information (refer to Section 7.2);
- information regarding certain non-International Financial Reporting Standards (**IFRS**) financial information (refer to Section 7.2.4);
- the pro forma adjustments to the Statutory Historical Financial Information and reconciliations to the Pro Forma Historical Financial Information (refer to Sections 7.3.2, 7.5 and 7.6);
- expected pro forma net cash position at Completion (refer to Section 7.7);
- information regarding Touch Ventures' contractual obligations, commitments and contingent liabilities (refer to Section 7.8);
- quantitative and qualitative disclosures about market risk (refer to Section 7.9);
- significant accounting policies of Touch Ventures (refer to Section 7.10); and
- a summary of Touch Ventures' proposed dividend policy (refer to Section 7.11).

All amounts disclosed in Section 7 are presented in Australian dollars unless disclosed otherwise. Tables are rounded to the nearest \$1,000 and have not been amended to correct immaterial summation differences that may arise from this rounding convention.

The information in this Section 7 should also be read in conjunction with the risk factors set out in Section 5, Touch Ventures' significant accounting policies and other information contained in this Prospectus.

7. Financial Information continued

7.2 Basis of Preparation and Presentation of the Financial Information

7.2.1 Overview

The Financial Information presented in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of Touch Ventures. The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information, except where otherwise noted, has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**), which are consistent with the IFRS and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

The significant accounting policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout FY19 and FY20 (the **Historical Period**) presented in this Prospectus.

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

A number of new standards are effective from 1 January 2020. These standards do not have a material impact on Touch Ventures' financial statements.

7.2.2 Preparation of Financial Information

The Historical Statutory Financial Information has been derived from the general purpose statutory financial statements for FY20 (which include comparative information for FY19). The general purpose statutory financial statements for FY20 were audited by KPMG in accordance with Australian Auditing Standards. KPMG issued an unqualified audit opinion in respect of the financial statements for the period covered by the financial statements.

The statutory financial statements for FY19 were audited by Touch Ventures' auditor at that time, Ernst & Young. In the statutory financial statements for FY20, the FY19 comparative financial information was restated in order to remove the historical results of Change Up Pte Ltd, Touch Ventures' former Singapore subsidiary which was wound up in FY20. Financial information for FY19 included in this Prospectus has been derived from the FY19 comparative financial information included in Touch Ventures' statutory consolidated financial statements for FY20.

The financial statements for Touch Ventures for FY19 and FY20 will be lodged with ASX and will be available at www.touchventures.com.

The Pro Forma Historical Financial Information has been prepared solely for the purpose of inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information adjusted for the effects of the following pro forma adjustments:

- include incremental costs associated with operating as a listed public company as if they were incurred from 1 January 2019;
- include the impact of Touch Ventures' capital raising in January 2021 and investments in portfolio companies undertaken post 31 December 2020 as if they had occurred as at 31 December 2020;

- the revaluation by Touch Ventures of certain investments held by Touch Ventures post 31 December 2020 as a result of capital raisings conducted by portfolio companies post that date;
- reclassification of a term deposit as cash following the expiry of the term deposit post 31 December 2020;
- the impact of the Offer including capital raised and anticipated Offer costs, reflecting the pro forma capital structure expected to be in place at Completion; and
- reflect the tax impact of the above adjustments where appropriate.

Table 19 in Section 7.3.2 sets out the pro forma adjustments made to the Statutory Historical Income Statements and a reconciliation of the Statutory Historical Income Statements to the Pro Forma Historical Income Statements.

Pro forma adjustments were also made to the Statutory Historical Cash Flow Statements to reflect the cash impact of the pro forma adjustments. Table 21 in Section 7.5 set out the pro forma adjustments to the Statutory Historical Cash Flows and a reconciliation of the Statutory Historical Cash Flows to the Pro Forma Historical Cash Flows.

Pro forma adjustments were also made to the Statutory Historical Statement of Financial Position. Table 22 in Section 7.6 set out the pro forma adjustments to the Statutory Historical Statement of Financial Position and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position.

In preparing the Financial Information, Touch Ventures' accounting policies have been consistently applied throughout the periods presented.

The Pro Forma Historical Financial Information has been reviewed by KPMG Financial Advisory Services (Australia) Pty Ltd (**KPMG Transaction Services**), whose Investigating Accountant's Report is continued in Section 8. Investors should note the scope and limitations of the report.

7.2.3 Investment entity

Touch Ventures 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 Touch Ventures 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 Touch Ventures' purpose, commitments to its investors, and how it measures and evaluates the performance of its investments. This is discussed further in paragraph (h) of the Touch Ventures' significant accounting policies as summarised in Appendix A.

7.2.4 Explanation of certain non-IFRS financial measures

Touch Ventures uses certain measures to manage and report on its business that are not recognised under IFRS or AAS. These measures are collectively referred in this Section 7 and under Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* published by ASIC as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **NTA per Share** is the Company's total assets less any intangible assets less its total liabilities divided by the number of outstanding Shares.

7. Financial Information continued

7.3 Pro Forma Historical Income Statements

7.3.1 Overview

Table 18 sets out the Pro Forma Historical Income Statements for FY19 and FY20. The Statutory Historical Income Statements are reconciled to the Pro Forma Historical Income Statements in Section 7.3.2.

Table 18: Pro Forma Historical Income Statements

\$000	Notes	FY19	FY20
Losses on financial assets at fair value	1	–	(1,099)
Share based payment expense	2	(49)	(302)
Due diligence and acquisition costs		–	(719)
Employee benefits expense	3	(1,072)	(1,524)
Professional fees	4	(287)	(759)
Insurance expense		(510)	(532)
Legal expense		(16)	(10)
Other expenses	5	(1,687)	(223)
Operating loss		(3,621)	(5,168)
Interest income		–	46
Loss before tax		(3,621)	(5,122)
Income tax	6	–	–
Loss for the year		(3,621)	(5,122)

Notes:

1. Losses on financial assets at fair value relates to unrealised losses in relation to movement in foreign exchange on investments.
2. Share based payment expenses relate to Existing Options and Existing Performance Rights.
3. Employee benefits expense increase reflects additional headcount and the impact of STI payments in FY20.
4. Increase in professional fees primarily relates to audit fees, outsourced finance costs, and consulting fees paid to the CEO and an investment director prior to them becoming salaried employees.
5. Other expenses in FY19 includes \$1.5 million (excluding GST) reimbursement to Afterpay for due diligence expenses incurred by Afterpay in relation to Play Travel as part of the transaction under which Touch Ventures made its initial investment in Play Travel in February 2020 (refer to Section 9.2.3).
6. Touch Ventures is currently loss making and is not expected to redeem the tax losses in the near future, therefore deferred tax balances are derecognised.

7.3.2 Pro forma adjustments to the Statutory Historical Income Statements

Table 19 below sets out the pro forma adjustments made to the statutory net profit/(loss) after tax in the Statutory Historical Income Statements to derive the Pro Forma Historical Income Statements. No pro forma adjustments have been made to revenue in the Statutory Historical Income Statements.

Table 19: Pro forma adjustments to the Statutory Historical Income Statements

\$000	Notes	FY19	FY20
Statutory loss after tax		(1,906)	(3,407)
Incremental public company costs	1	(1,715)	(1,715)
Pro forma loss after tax		(3,621)	(5,122)

Notes:

1. Reflects Touch Ventures' estimate of the incremental annual costs that Touch Ventures will incur as a result of being a listed public company. These costs include Directors' fees, listing fees, share registry costs, audit and legal fees, Directors' and officers' insurance premiums, investor relations costs, annual general meeting costs, annual report costs and other public costs.

7.4 Pro Forma Historical Cash Flows

Table 20 sets out Touch Ventures' Pro Forma Historical Cash Flows for FY19 and FY20. The Statutory Historical Cash Flows are reconciled to the Pro Forma Historical Cash Flows in Section 7.5.

Table 20: Pro Forma Historical Cash Flows

\$000	Notes	FY19	FY20
Net loss		(3,621)	(5,122)
Adjustments for non-cash items	1	49	1,391
Increase/decrease in working capital	2	1,641	(1,415)
Net operating cash		(1,931)	(5,146)
Purchase of PPE		–	(2)
Loan to Play Travel	3	(144)	–
Purchase of financial assets at fair value	4	–	(24,146)
Payment of security deposit		–	(6)
Investments in term deposits		–	(10,025)
Cash flow from investing activities		(144)	(34,179)
Proceeds from issue of Shares		1,165	65,000
Transaction costs on issue of Shares		–	(1,929)
Cash flows from financing activities		1,165	63,071
Net increase in cash		(910)	23,746
Opening cash		975	65
Closing cash		65	23,812

Notes:

1. Adjustments for non-cash items in FY20 relate to unrealised losses in relation to movement in foreign exchange on investments (\$1.1 million) and share based payments expense (\$0.3 million).
2. The increase/(decrease) in working capital primarily relates to the recognition of a payable to Afterpay referred to in Note 5 of Table 18 and the subsequent payment of the expense in FY20.
3. Touch Ventures provided a loan of \$0.1 million to Play Travel prior to Touch Ventures' initial investment. The loan amount plus interest was repaid in full on successful completion of Touch Ventures' investment in Play Travel.
4. Represents the investments in Happay and Play Travel (refer to Sections 9.2.2 and 9.2.3).

7. Financial Information continued

7.5 Pro forma adjustments to the Statutory Historical Cash Flows

Table 21 set out the pro forma adjustments that have been made to the Statutory Historical Cash Flows. These adjustments are summarised and explained below.

Table 21: Pro forma adjustments to the Statutory Historical Cash Flows

\$000	Notes	FY19	FY20
Statutory net increase in cash		805	25,461
Incremental public company costs	1	(1,715)	(1,715)
Pro forma net increase in cash		(910)	23,746

Notes:

1. Reflects Touch Ventures' estimate of the incremental annual costs that Touch Ventures will incur as a result of being a listed public company. These costs include Directors' fees, listing fees, share registry costs, audit and legal fees, Directors' and officers' insurance premiums, investor relations costs, annual general meeting costs, annual report costs and other public costs.

7.6 Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position

Table 22 sets out the Statutory Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position. These adjustments reflect the matters described below which occurred after 31 December 2020 as if they had occurred as at 31 December 2020. The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of Touch Ventures' view of its financial position upon Completion or at a future date.

Table 22: Statutory Historical Statement of Financial Position and Pro Forma Historical

Statement of Financial Position as at 31 December 2020

\$000	Statutory	January 2021 placement ²	Term deposit ³	Investments in portfolio companies ⁴	Impact of the Offer	Pro forma
Cash ¹	27,241	18,500	10,045	(51,463)	95,378	99,700
Trade and other receivables	–	–	–	–	–	–
Prepayments	2	–	–	–	–	2
Other current assets	10,051	–	(10,045)	–	–	6
Total current assets	37,294	18,500	–	(51,463)	95,378	99,708
PPE	2	–	–	–	–	2
Financial assets at fair value	23,190	–	–	66,434	–	89,624
Total non current assets	23,192	–	–	66,434	–	89,626
Total assets	60,486	18,500	–	14,971	95,378	189,335
Trade and other payables	(297)	–	–	–	–	(297)
Employee benefit liabilities	(7)	–	–	–	–	(7)
Total current liabilities	(304)	–	–	–	–	(304)
Net assets	60,182	18,500	–	14,971	95,378	189,031
Issued capital ⁵	82,517	18,500	–	–	95,652	196,669
Accumulated losses ⁶	(23,144)	–	–	14,971	(274)	(8,447)
Reserves	809	–	–	–	–	809
Total Equity	60,182	18,500	–	14,971	95,378	189,031

Notes:

- In addition to the investment cash flows, Touch Ventures has incurred operating costs of approximately \$150,000 a month between 1 January 2021 and the Prospectus Date, which would reduce pro forma cash by approximately \$1.4 million. Touch Ventures entered into conditional agreements to invest \$1.0 million by way of equity and provide a \$1.0 million unsecured debt facility to an early-stage Australian fintech company under its early-stage investment strategy. Touch Ventures expects this investment to close prior to Completion subject to satisfaction or waiver of agreed closing conditions. Refer to Section 4.7 for further information. If the investment closes by Completion, the pro forma cash would decrease by \$1.0 million to \$98.7 million and financial assets at fair value would increase by \$1.0 million.
- Refers to a placement in January 2021 to the Woodson Funds – refer to Section 3.1.1.
- In FY20 Touch Ventures invested in a term deposit, which matured in April 2021 (\$10.025 million plus interest of \$0.02 million).
- In January and February 2021, Touch Ventures invested \$9.95 million in convertible notes in respect of the portfolio company Basiq. In June 2021, Touch Ventures invested US\$25.0 million (\$32.6 million) in Sendle and participated in a further capital raising conducted by Play Travel (\$1.9 million) and in July 2021 invested US\$5.0 million (\$6.6 million) in Postpay. Excludes \$1.0 million equity investment in an early-stage company referred to in Note 1 which Touch Ventures expects to close prior to Completion subject to satisfaction or waiver of agreed closing conditions. (Refer to Note 1 for the impact on Table 22 if this investment were included in the table.) Section 4 contains further information in relation to these investments. Touch Ventures incurred a total of \$0.37 million of due diligence costs in relation to these investments.
- Issued capital is expected to increase \$100.0 million as a result of Shares issued in connection with the Offer, offset by transactions costs directly attributable to the issue of Shares which are applied against shareholders' equity (\$4.6 million).
- Accumulated losses decrease due to the revaluation uplift (approximately \$20 million) by Touch Ventures in July 2021 of its investment in Happay following a capital raising completed by Happay in July 2021. This is partially offset by a write-down (\$5.1 million) by Touch Ventures in June 2021 of its investment in Play Travel following a capital raising by Play Travel. The decrease in accumulated losses is partially offset by transaction costs of the Offer which are not directly attributable to the issue of Shares.

7. Financial Information continued

7.7 Expected pro forma net cash position at Completion

Touch Ventures' expected pro forma net cash position at Completion is summarised in Table 23 below.

Table 23: Expected pro forma net cash position at Completion

\$000	Statutory	Pro forma adjustments ¹	Impact of the Offer	Pro forma	Operating costs ²	Pro forma at Completion
Cash	27,241	(22,918)	95,378	99,700	(1,362)	98,338
Debt	—	—	—	—	—	—
Net cash/(debt)	27,241	(22,918)	95,378	99,700	(1,362)	98,338

Notes:

1. The pro forma adjustment to cash reflects the combination of the January 2021 placement (referred to in Section 3.1.1), maturity of the term deposit and investments in portfolio companies as outlined in Table 22 and in Notes 2, 3 and 4 to Table 22. The pro forma adjustment excludes \$1.0 million equity investment in an early-stage company referred to in Note 1 of Table 22 (and Section 4.7) which Touch Ventures expects to close prior to Completion subject to satisfaction or waiver of agreed closing conditions. If the investment closes by Completion, pro forma net cash at Completion would decrease by \$1.0 million to \$97.3 million.
2. Touch Ventures has incurred operating costs including salaries and wages and associated on costs of the management and investment team, rent, outsourced finance services and general expenses (excluding due diligence costs) of approximately \$150,000 a month between 1 January 2021 and the Prospectus Date, which would reduce pro forma cash by approximately \$1.4 million.

7.8 Contractual obligations, commitments and contingent liabilities

As outlined in Section 4.7, Touch Ventures entered into conditional agreements with an early-stage Australian fintech company to provide a \$1.0 million unsecured term loan facility which Touch Ventures expects to close prior to Completion subject to satisfaction or waiver of agreed closing conditions. The expected commitments under this facility, and Touch Ventures existing operating lease commitments, are summarised in Table 24. (If the unsecured loan facility does not close by Completion, there would be no early-stage investment commitments at Completion.)

Table 24: Commitments at Completion

\$000	<1 year	1-2 years	Pro forma
Operating lease commitments	32	—	32
Early stage investment commitments	500	500	1,000
	532	500	1,032

7.9 Quantitative and qualitative disclosures about market risk

7.9.1 Price risk

Touch Ventures is exposed to equity securities price risk. This arises from investments held by Touch Ventures and classified in the statement of financial position as financial assets at fair value through profit or loss. Touch Ventures seeks to manage and constrain market risk by diversification of its investment portfolio.

7.9.2 Credit risk

Credit risk arises from the financial assets of Touch Ventures. Touch Ventures' exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. To reduce credit risk exposure, Touch Ventures attempts to trade with recognised and 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.

7.9.3 Interest rate risk

Touch Ventures' exposure to market interest rates relates primarily to Touch Ventures' cash and cash equivalents and term deposits.

7.10 Critical accounting policies

Preparing financial statements in accordance with AAS requires management to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements Touch Ventures has made in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to the financial statements. The key areas in which critical estimates and judgements are applied are in respect of the fair value of investments, as described in the significant accounting policies outlined in Appendix A.

7.11 Dividend policy

As described in Section 3, one of Touch Ventures' key investment objectives is to deliver long-term absolute returns to Shareholders primarily from the capital appreciation of its investments and its investment strategy is focused on seeking to deploy capital towards high growth, scalable investment opportunities. Accordingly, in seeking companies which exhibit the potential for long term capital growth, rather than immediate and consistent dividend income, it does not expect to distribute dividends to Shareholders in the foreseeable future. Where returns are realised from exits in investments, Touch Ventures may redeploy that capital into new investment opportunities.

The payment of a dividend by Touch Ventures, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of Touch Ventures and its Directors and management, and are not reliably predictable), including the timing of exit of existing investments, the timing and rate of deployment of new investments, the general business environment, future funding requirements, the growth and financial health of Touch Ventures' portfolio companies, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Touch Ventures, and any other factors the Directors may consider relevant.



8.

Investigating Accountant's Report

8. Investigating Accountant's Report



ABN: 43 007 363 215

KPMG Transaction Services

A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
Level 38 Tower Three
300 Barangaroo Avenue
Sydney NSW 2000

Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

P O Box H67 Australia Square
Sydney NSW 1213
Australia

The Directors
Touch Ventures Limited
Level 36 | Gateway Tower
1 Macquarie Place
Sydney NSW 2000

6 September 2021

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Touch Ventures Limited ("Touch Ventures"), to prepare this report for inclusion in the prospectus to be dated on or around 6 September 2021 ("Prospectus"), and to be issued by Touch Ventures, in respect of the proposed initial public offering of ordinary shares and listing on the Australian Securities Exchange ("Transaction").

Expressions defined in the Prospectus have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Prospectus.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

KPMG Financial Advisory Services (Australia) Pty Ltd is an affiliate of KPMG. KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

8. Investigating Accountant's Report continued

*Touch Ventures Limited
Limited Assurance Investigating Accountant's Report and
Financial Services Guide
6 September 2021*

Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Touch Ventures (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of Touch Ventures, after adjusting for the effects of pro forma adjustments described in section 7.2 of the Prospectus.

The pro forma financial information consists of Touch Ventures' pro forma historical statement of financial position as at 31 December 2020:

- pro forma historical statements of profit and loss and other comprehensive income for the financial years ended 31 December 2019 and 31 December 2020; and
- pro forma historical of cash flow information for the financial years ended 31 December 2019 and 31 December 2020,

as set out in section 7 of the Prospectus issued by Touch Ventures (collectively the "Pro Forma Historical Financial Information").

The stated basis of preparation of the Pro Forma Historical Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 7.2 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Touch Ventures to illustrate the impact of the event(s) or transaction(s) on Touch Ventures' financial position as at 31 December 2020 and Touch Ventures' financial performance and cash flows for the years ended 31 December 2019 and 31 December 2020. As part of this process, information about Touch Ventures' financial position, financial performance and cash flows has been extracted by Touch Ventures from its financial statements for the years ended 31 December 2019 and 31 December 2020.

The financial statements of Touch Ventures for the year ended 31 December 2019 were audited by Touch Ventures' external auditor and for the year ended 31 December 2020 by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Touch Ventures relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not

prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 7 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in section 7 of the Prospectus, comprising:

- the pro forma historical statements of profit and loss and other comprehensive income of Touch Ventures for the years ended 31 December 2019 and 31 December 2020;
- the pro forma historical cash flow information of Touch Ventures for the years ended 31 December 2019 and 31 December 2020; and
- the pro forma historical statement of financial position of Touch Ventures as at 31 December 2020,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 7 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Touch Ventures' accounting policies.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Transaction, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Touch Ventures and from time to time, KPMG also provides Touch Ventures with certain other professional services for which normal professional fees are received.

8. Investigating Accountant's Report continued

***Touch Ventures Limited**
Limited Assurance Investigating Accountant's Report and
Financial Services Guide
6 September 2021*

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to section 7.2.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully



David Willis
Authorised Representative



KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215
Australian Financial Services Licence No. 246901

Financial Services Guide

Dated October 2020

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) ('**KPMG Transaction Services**'), and David Willis as an authorised representative of KPMG Transaction Services, authorised representative number 404265 ('**Authorised Representative**').

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted;
- The services KPMG Transaction Services and its Authorised Representative are authorised to provide;
- How KPMG Transaction Services and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG Transaction Services have in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services.

This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;

8. Investigating Accountant's Report continued

- Securities;
- Superannuation;
- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units, to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Touch Ventures Limited ("Touch Ventures"), to provide general financial product advice in the form of a Report to be included in Prospectus (Document) prepared by Touch Ventures in relation to the initial public offering of ordinary shares in Touch Ventures on the ASX (Offer).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Client.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive, and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by Touch Ventures. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Touch Ventures has agreed to pay KPMG Transaction Services \$210,000 for preparing the Report and other services. KPMG

Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are

eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The AFSL Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than **45 days** after receiving the written complaint, the response to your complaint will be advised in writing.

8. Investigating Accountant's Report continued

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 56 55 62

Facsimile: (03) 9613 6399

Email: info@afca.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1800 931 678 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001(Cth)*.

Contact details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory
Services (Australia) Pty Ltd
Level 38, Tower Three
300 Barangaroo Avenue
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

David Willis

C/O KPMG
PO Box H67
Australia Square
NSW 1213

Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200



9. Material contracts

9. Material contracts

9.1 Afterpay Collaboration Agreement

9.1.1 Overview

In July 2019, Touch Ventures and Afterpay formally partnered with each other by entering into the Collaboration Agreement. The Collaboration Agreement was subsequently amended in December 2019 by an amended agreement and more recently varied by a Deed of Variation and Acknowledgement in August 2021. The terms of the Collaboration Agreement frame the relationship under which Afterpay may, in its absolute discretion, refer potential investment opportunities to Touch Ventures for Touch Ventures' evaluation.

9.1.2 Term and Termination

The Collaboration Agreement commenced on 21 January 2020 and continues until it is terminated. From 21 January 2025 onwards, either party may terminate the Collaboration Agreement for convenience with three months' written notice. Before this date, a party can only terminate the arrangement if the other party:

- suffers or commits an insolvency event;
- has a change of control event occur⁶ in relation to it and Touch Ventures is not admitted to the ASX;
- purports to assign rights without prior written consent; or
- materially breaches the terms of the agreement and either the breach is incapable of remedy, or where a breach is capable of remedy, the party fails to remedy such breach within 20 days of being notified.

Refer also to Section 9.1.5 for additional information about the consequences of the partnership being terminated.

9.1.3 Collaboration

Under the terms of the agreement:

- Afterpay and Touch Ventures have agreed to collaborate by way of Afterpay, in its discretion, providing Touch Ventures with access to potential opportunities, in order for Touch Ventures to evaluate their feasibility and, if Touch Ventures determines such an opportunity to be viable and consistent with its investment strategies, pursue them in conjunction with Afterpay (or separately if Afterpay does not wish to pursue the opportunity);
- Where Afterpay becomes aware of a potential opportunity that it may wish to pursue with Touch Ventures, it may provide all relevant information to Touch Ventures and if appropriate in Afterpay's opinion, facilitate introductions to relevant third parties;
- If Touch Ventures determines that a potential opportunity is not viable or consistent with its investment strategies, it will promptly inform Afterpay that it does not wish to proceed;
- Touch Ventures will at its own expense and with assistance of Afterpay, as reasonably required, undertake an evaluation of the potential opportunities and conduct due diligence investigations Touch Ventures determines appropriate;
- each party must at all times act in a commercial and diligent matter, with a high degree of professional skill, care and diligence and comply with all reasonable notices, directions, instructions, information and other communications given by the other party under the provisions of this agreement;
- each party must not do anything which would or may adversely affect the reputation, business standing or goodwill of the other party;

- each party will meet their obligations and meet their own costs and expenses (unless otherwise agreed in writing); and
- both parties must act reasonably and work together in good faith to jointly pursue the collaboration objectives of the agreement.

9.1.4 Exclusivity

Afterpay grants Touch Ventures the exclusive right to assess and pursue potential opportunities referred by Afterpay until the earlier of:

- 3 months from date of the referral;
- Touch Ventures informing Afterpay that it does not wish to pursue the opportunity; or
- Afterpay considering there to be a third party who may contribute to or help develop the opportunity, either directly with Afterpay, or in conjunction with Afterpay and Touch Ventures.

Afterpay is not obliged to refer opportunities to Touch Ventures under the Collaboration Agreement and Afterpay may, in its absolute discretion, choose to pursue opportunities (including those opportunities initially referred to Touch Ventures by Afterpay) itself or with others. Both Touch Ventures and Afterpay are also free to enter into similar collaboration or partnership arrangements with third parties.

Once the parties agree to pursue an opportunity together, the parties will negotiate the terms and structure of the relevant transaction on a case-by-case basis. Once agreed upon, the parties will formally document terms and conditions in a separate agreement.

No fees, commissions or bonuses are payable by Touch Ventures to Afterpay for the referral of any opportunities.

9.1.5 Indemnities

Touch Ventures and Afterpay have also agreed to mutually indemnify each other for losses which arise in relation to a breach of the Collaboration Agreement or any unlawful, wilful or negligent acts or omissions occurring in respect of the Collaboration Agreement. The maximum amount any party can claim against the other under their respective indemnities, is limited to the reasonable cost of resupplying the goods or services, or \$100,000.

9.2 Investments in the foundation portfolio

9.2.1 Sendle

Touch Ventures owns 5,091,650 series C-1 preferred shares⁷ in Sendle, PBC (**Sendle Shares**) (**Sendle**). The Sendle business is described at Section 4.2 of the Prospectus. Touch Ventures acquired the Sendle Shares on 16 June 2021 for total consideration of US\$25,000,000 (**Sendle Transaction**). There is no prior relationship between Sendle and Touch Ventures or any related party or promoter of Touch Ventures. Touch Ventures has appointed Hein Vogel to the board of Sendle.

In conjunction with the Sendle Transaction, Touch Ventures entered into a number of agreements to regulate and manage the rights of investors. These agreements with Sendle and its shareholders took effect from completion of the Sendle Transaction, and provide Touch Ventures with certain rights and protections as a shareholder which Touch Ventures considers customary and appropriate having regard to the size and nature of its investment and the capital structure of the business more broadly. As a majority holder of preferred stock in Sendle, Touch Ventures' consent is required for certain amendments to these agreements, and receives certain rights including a right to appoint a director, priority rights to dividends, conversion and redemption rights on a liquidity event, pre-emptive rights on proposed transfers by other shareholders, anti-dilution rights to participate in new stock issues, drag along and tag along rights and veto or blocking rights for certain business matters which require a preferred shareholder majority vote.

9. Material contracts continued

9.2.2 Happay

Touch Ventures owns 25,000,000 ordinary shares in Happay (Cayman) Limited (**Happay Shares**) (**Happay Cayman**), a Cayman Islands-incorporated holding company. The Happay group operated by Happay Cayman is described at Section 4.3 of the Prospectus. Touch Ventures acquired the Happay Shares on 29 October 2020 under the terms of a subscription agreement dated 1 September 2020, for total consideration of US\$10m (**Happay Transaction**). There is no prior relationship between the Happay group and Touch Ventures or any related party or promoter of Touch Ventures.

Touch Ventures' investment in the Happay group is through its equity ownership in Happay Cayman, and due to foreign investment restrictions and practical hurdles in China which make it difficult for Touch Ventures to make an equity investment directly in the operating company, Hainan Xian Mai Hou Fu E-commerce Co., Ltd (**Operating Company**), the Happay group includes a variable interest entity (VIE) structure to facilitate Touch Ventures' investment. The VIE structure comprises contractual arrangements between the founders of the Happay group and subsidiary entities in the Happay group, and is summarised below.

9.2.2.1 Background

It is not uncommon for foreign companies to invest or otherwise participate in Chinese businesses through VIE structures due to the legal or practical restrictions on foreign investment and ownership in industries such as telecommunications services in China. After coming to prominence in 2000, VIE structures are now the predominant form of business structure used to facilitate listings of Chinese businesses on the NYSE, NASDAQ and HKEX. Under the VIE structure, the PRC-incorporated operating company usually holds all regulatory licences and approvals required to operate the business, as many of these cannot be issued to or are practically arduous to be obtained by foreign persons or entities. Foreign investors take an equity interest in a foreign-incorporated holding company, which puts in place a series of operating agreements with the PRC-incorporated subsidiary entities, the operating company, and the respective Chinese nationals who are shareholders of the PRC-incorporated operating company. These operating agreements are structured to provide the foreign holding company with contractual control over the operating company, in circumstances where direct equity control is prohibited or restricted.

As investments into groups including VIE structures contain certain risks, some of which are detailed at Section 5.3.9, Touch Ventures undertook due diligence on Happay, and received advice from professional advisers prior to its investment in Happay.

9.2.2.2 Happay structure

Happay Cayman is the sole shareholder of a Hong Kong-incorporated holding company subsidiary (**Hong Kong Holding Company**), which is the sole shareholder of a PRC-incorporated entity referred to as a 'Wholly Foreign Owned Entity', or WFOE. The WFOE has operating agreements in place with the Operating Company, three founder shareholders, being Jin Chen, Jie Zhuang and Zhengrong Huang (**Founder Shareholders**), and a fourth founder Yang Tang, the spouse of Jie Zhuang (collectively with the Founder Shareholders, the **Founders**). These operating agreements are intended to enable Happay Cayman, through the WFOE, to exercise contractual control over the Operating Company and Founders, and facilitate the flow of the economic benefit derived by the Operating Company to the WFOE, and ultimately, to Happay Cayman. The principle operating agreements underpinning Touch Ventures' investment and the VIE structure are described in Table 25 below.

Table 25: Overview of the purpose of principle Happay VIE operating agreements

Agreement	Description
Loan Agreement	Touch Ventures' investment in Happay Cayman was used to provide further capital to the Operating Company via the WFOE and Founder Shareholders. This was achieved through an interest-free loan from the WFOE to each of the Founder Shareholders, following which the Founder Shareholders used the funds to inject capital into the Operating Company. Under the terms of the loan agreement, the Founder Shareholders undertake to not take any action or omission which would have a material effect on the assets, businesses or liabilities of the Operating Company (or its subsidiaries), without the WFOE's prior written consent, and the loan may be repaid via a transfer of the shares in the Operating Company from the Founder Shareholders to the WFOE.
Equity Pledge Agreement	The WFOE and Founder Shareholders entered into an Equity Pledge Agreement, under which the Founder Shareholders pledged their respective equity interests in the Operating Company as security for their performance of the Loan Agreement and the performance by the Founder Shareholders and the Operating Company of their obligations under the other VIE contractual agreements, being the Operation and Management Agreement, Exclusive Purchase Agreement and Exclusive Service Agreement.
Powers of Attorney	Additionally, each Founder Shareholder signed a Power of Attorney in favour of the WFOE whereby the WFOE may exercise the voting rights of the Founder Shareholders in the Operating Company for the duration of the Operation and Management Agreement, Loan Agreement and Equity Pledge Agreement.
Operation and Management Agreement	The WFOE, Founder Shareholders and Operating Company entered into an Operation and Management Agreement which is intended to provide the WFOE with operational control of the Operating Company and to restrict the manner in which the Operating Company (and its subsidiaries) operate, including in relation to the approval of annual budget, material alteration of the business scope, appointment and change of senior executives, amendment to constitutional documents, selling of assets, borrowing of capital, changing shareholding structure, and other corporate control, operational and management matters.
Exclusive Service Agreement	The movement of capital between the Operating Company and the WFOE is governed by the Exclusive Service Agreement. Under this agreement, the WFOE is appointed as an exclusive service provider to the Operating Company of certain services provided for a fee. These services mainly include opinion and advice with respect to assets, business operations and disposals, public relations services, information technology supporting services, market development and marketing services, investigation, research and market consulting services. Consequently, this agreement seeks to facilitate the movement of capital and transfer of operational profits of the Operating Company to the WFOE, and ultimately to Happay Cayman.

9. Material contracts continued

Agreement	Description
Exclusive Purchase Agreement	The Exclusive Purchase Agreement provides the WFOE with the right to acquire all or part of the equity interests held by each of the Founder Shareholders in the Operating Company, at any time, at a nominal value in accordance with Chinese laws and regulations.
Spouse Consent Confirmation	The Spouse Consent Confirmation was signed by the spouses of the Founder Shareholders (to the extent applicable), in which each spouse confirms and agrees that the relevant Founder Shareholder may enter into the operating agreements and dispose of their equity interests in the Operating Company, that the portion of equity interests that the spouse may personally be entitled to shall and could be pledged, sold, transferred and/or disposed of in other ways in accordance with the operating agreements, and that the spouse will not make any claim or take any action inconsistent with the contents of the operating agreements in respect of his/her personal equity interests.

9.2.2.3 Shareholders' agreement

In conjunction with the Happay Transaction, Touch Ventures entered into a shareholders' agreement on 29 October 2020 with the other shareholders of Happay Cayman and the Founders with effect from completion of the Happay Transaction. Touch Ventures considers the shareholders' agreement to be on customary and appropriate terms having regard to its investment and the capital structure of the business more broadly, and provides certain rights and protections to Touch Ventures as a minority shareholder which include the right to appoint a director, restraints of trade and escrow periods on the Founders, non-compete restrictions for a period of two years after Touch Ventures ceases to be shareholder, a pre-emptive right to purchase shares being sold by other shareholders, anti-dilution protection through the issuance of bonus shares to Touch Ventures and requirements for an affirmative vote by Touch Ventures or its appointed directors on certain key business matters.

9.2.3 Play Travel

Touch Ventures owns 678,936 ordinary shares in LayAway Travel Australia Pty Ltd ACN 604 105 740 (**LayAway Shares**) (**LayAway**). The Play Travel business is operated by LayAway and described at Section 4.4 of the Prospectus. Touch Ventures acquired the LayAway Shares on 19 February 2020 under the terms of a share sale agreement and subscription deed dated 7 January 2020, for a total consideration of \$10.2m (**LayAway Transaction**). Touch Ventures participated in a follow-on investment of \$1.94m in LayAway in June 2021. There is no prior relationship between any vendor of the LayAway Shares, or LayAway and Touch Ventures or any related party or promoter of Touch Ventures.

In conjunction with the LayAway Transaction, Touch Ventures entered into a shareholders' agreement with the other shareholders of LayAway with effect from completion of the LayAway Transaction. Touch Ventures considers the shareholders' agreement to be on customary and appropriate terms having regard to its investment and the capital structure of the business more broadly, and provides certain rights and protections to Touch Ventures as major shareholder which include the right to appoint directors in proportion to Touch Ventures' shareholding, restraints of trade on the founder, escrow periods on the founder shareholder, a first right of refusal for Touch Ventures to purchase shares of other shareholders, drag and tag along rights, and requirements for an affirmative vote by Touch Ventures or its appointed directors on certain key business matters.

9.2.4 Basiq

Touch Ventures owns 9,950,000 convertible notes with a face value of \$1.00 each in Braavos Corporation Pty Ltd ACN 616 581 474 (**Braavos CNs**) (**Braavos**). The Basiq business operated by Braavos is described at Section 4.5 of the Prospectus. Touch Ventures subscribed for the Braavos CNs under the terms of convertible note deed polls in two separate tranches, being a first tranche of \$7,000,000 on 12 January 2021, and a second tranche of \$2,950,000 on 2 February 2021 (**Braavos Transaction**). The maturity date of the Braavos CNs is 30 November 2022, and the Braavos CNs do not pay interest.

Under the terms of the Braavos CNs, Touch Ventures may elect to either redeem or convert the Braavos CNs to preference shares at maturity, and may redeem the Braavos CNs prior to maturity in the event of default by Braavos, and the Braavos CNs will convert automatically on an initial public offer, business or share sale of Braavos, or an equity raising exceeding \$10,000,000 or such lesser amount as agreed between Braavos and the noteholders. The number of shares issued on conversion of the Braavos CNs will be calculated by reference to the valuation of Braavos, and a time-based discount rate, and any offer price of shares in the event of an initial public offer, share sale or equity raising. Braavos must also obtain Touch Ventures' consent prior to making any changes to its capital structure, returning any capital to shareholders, or incurring any financial indebtedness.

In conjunction with the Braavos Transaction, Braavos and its shareholders entered into a new shareholders' agreement on 23 December 2020. Touch Ventures considers the shareholders' agreement to be on customary and appropriate terms having regard to its investment and the capital structure of the business more broadly, and includes a restraint of trade on the founder in the event that Damir Cuca sells his shares in Braavos, and provides any shareholder holding over 10% of the shares in Braavos the right to appoint a director. Upon conversion of the Braavos CNs, Touch Ventures may appoint a director if it holds over 10% of the shares in Braavos. Under the shareholders' agreement, as a holder of Braavos CNs, Touch Ventures has the right to appoint an observer to the Board, and has anti-dilution protection to participate in future offers of securities, and must accede to the shareholders' agreement upon conversion of the Braavos CNs. Touch Ventures will only receive other standard shareholder rights (such as voting and dividend rights) on conversion of the convertible notes and accession to the shareholders' agreement.

9.2.5 Postpay

Touch Ventures owns 5,500,000 pre-series A preference shares^a in Postpay Technology Limited (**Postpay Shares**) (**Postpay**). The Postpay business is described at Section 4.6 of the Prospectus. Touch Ventures acquired the Postpay Shares on 8 July 2021 under the terms of a subscription agreement dated 20 May 2021, for total consideration of US\$4,999,995 (**Postpay Transaction**). There is no prior relationship between Postpay and Touch Ventures or any related party or promoter of Touch Ventures.

In conjunction with the Postpay Transaction, Touch Ventures entered into a shareholders' agreement with the other shareholders of Postpay on 20 May 2021 with effect from completion of the Postpay Transaction. Touch Ventures considers the shareholders' agreement to be on customary and appropriate terms having regard to its investment and the capital structure of the business more broadly, and provides certain rights and protections to Touch Ventures as a minority shareholder which include the right to appoint a director, anti-dilution rights, restraints of trade on the founders, escrow periods on the founder shareholders, drag and tag along rights, a put-option requiring Postpay to buy back all of Touch Ventures' shares and requirements for an affirmative vote by Touch Ventures' appointed director on certain key business matters.

9. Material contracts continued

9.3 Underwriting Agreement

The Offer is being underwritten by the Lead Manager pursuant to an underwriting agreement, dated on or about the Prospectus Date between the Lead Manager and Touch Ventures (**Underwriting Agreement**).

9.3.1 Commissions, fees and expenses

Touch Ventures must pay the Lead Manager in accordance with the Underwriting Agreement:

- a management fee of 1.0% of the Offer Proceeds raised from Touchcorp Limited, the Woodson Funds, the CEO and the Directors (or their associated entities), and 2.0% of the Offer Proceeds raised from all other investors; and
- an underwriting fee of 1.5% of the Offer Proceeds.

Touch Ventures has also agreed to pay or reimburse the Lead Manager for agreed reasonable costs and expenses incurred by it in connection with the Offer, as well as other additional out-of-pocket expenses.

9.3.2 Termination events

The Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and before 4.00pm on the Settlement Date, or at any other time earlier as specified below, by notice to Touch Ventures if any of the following events occur:

- the Lead Manager forms the view (acting reasonably) that:
 - there is a material omission from the Prospectus or any supplementary Prospectus of material required by the Corporations Act to be included;
 - the Prospectus or any supplementary Prospectus contains a material statement which is untrue, inaccurate or misleading or deceptive (including by omission);
 - the Prospectus or any supplementary Prospectus is likely to mislead or deceive (whether by inclusion or omission) in a material respect; or
 - the Prospectus or any supplementary Prospectus does not contain all material information required to comply with all applicable laws;
- Touch Ventures issues or, in the reasonable opinion of the Lead Manager is required to issue, a supplementary Prospectus because of the operation of section 719(1) of the Corporations Act or lodges a supplementary Prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in accordance with the Underwriting Agreement;
- there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement (as applicable), that is materially adverse from the point of view of an investor;
- at any time the S&P/ASX All Ordinaries index falls to a level that is 90% or less of the level of that index as at the close of trading on the business day immediately preceding the date of the Underwriting Agreement and closes at or below that 90% level on 2 consecutive business days prior to the Settlement Date, or on the business day prior to the Settlement Date;

- a voluntary escrow agreement (other than in respect of an escrowed security holder under the Priority Offer), the Collaboration Agreement, the Afterpay subscription agreement, or the Priority Offer Letters with Touchcorp Limited, a Director, the CEO or the Woodson Funds as referred to in Section 6.1:
 - are withdrawn, varied, terminated, rescinded, altered or amended;
 - cease to have effect, otherwise than in accordance with its terms, in a material respect;
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - Touch Ventures' admission to the official list of ASX on or before 10.00 am on the Settlement Date; or
 - the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before the quotation date,
 or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- Touch Ventures or the Registry not receiving payment by Afterpay under its subscription agreement in immediately available funds by 4.00pm on the Settlement Date;
- any of the following notifications are made in respect of the Offer or offer documents, pathfinder or public information:
 - ASIC issues an order (including an interim order) under sections 739 or 1324B of the Corporations Act in relation to the Offer, the offer documents, the pathfinder or public information or gives notice of an intention to prosecute Touch Ventures or any of its Directors and any such intention, application or notice becomes public is not withdrawn within 3 business days or if it is made within 3 business days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
 - ASIC holds a hearing under section 739(2) of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer, an offer document, the pathfinder or public information or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an offer document, and any such application inquiry or hearing is not withdrawn within 3 business days or if it is made within 3 business days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
 - any person who has previously consented to the inclusion of its name in the Prospectus (other than the Lead Manager) withdraws that consent; or
 - any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than the Lead Manager);
- Touch Ventures withdraws the Prospectus or the Offer or any circumstance arises after lodgement of the Prospectus with ASIC that results in Touch Ventures either repaying any money received from applicants under the Offer or offering applicants under the Offer an opportunity to withdraw their application for new Shares and be repaid their application monies;
- Touch Ventures or any of its Directors or officers (as those terms are defined in the Corporations Act) engage, or have been alleged by a governmental authority to have engaged since the date of this agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;

9. Material contracts continued

- an event specified in the timetable up to and including the Settlement Date is delayed by more than one business day (other than any delay caused solely by the Lead Manager or any delay agreed between Touch Ventures and the Lead Manager or a delay as a result of an extension of the Exposure Period by ASIC);
- Touch Ventures is prevented from allotting and issuing the new Shares, by applicable laws, an order of a court of competent jurisdiction or a governmental authority, within the time required by the timetable (as may be amended in accordance with this agreement), offer documents and the Listing Rules;
- any of the following occur:
 - a Director of Touch Ventures is charged with an indictable offence; or
 - any Director of Touch Ventures is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- Touch Ventures is or becomes Insolvent or there is an act or omission which is likely to result in Touch Ventures becoming Insolvent;
- Touch Ventures does not provide a closing certificate as and when required by the Underwriting Agreement;
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency which makes it illegal for the Lead Manager to satisfy a material obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- Touch Ventures:
 - alters the issued capital of Touch Ventures, other than as contemplated in the Prospectus;
 - disposes or attempts to dispose of a substantial part of the business or property of Touch Ventures; orwithout the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed);
- if a regulatory body withdraws, revokes or amends any regulatory approvals required for Touch Ventures to perform their obligations under the Underwriting Agreement, such that Touch Ventures is rendered unable to perform its obligations under the Underwriting Agreement or the transactions contemplated by the offer documents;
- an event occurs which is a material adverse change or effect, or any development involving a prospective material adverse change or effect (in each case, whether occurring before, on or after the date of this agreement) in or affecting the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, prospects, earnings position, shareholder's equity, or results of operations of Touch Ventures from that disclosed in the Prospectus, and for the avoidance of doubt an adverse change in the revenues or expenses, assets or liabilities of Touch Ventures or an event which is reasonably likely to lead to such an adverse change, of an amount equal to or greater than 10% of the respective level as set out in Touch Ventures' financial statements for the period ended 31 December 2020 will be considered a material adverse effect; or
- a change in the Board of Directors, CEO, or CFO of Touch Ventures occurs;
- Touch Ventures varies any term of its constitution without the prior written consent of the Lead Manager.

9.3.3 Termination events subject to materiality

The Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and before 10:00am on the date for Settlement under the Offer by notice to Touch Ventures, if any of the following events occur and the Lead Manager has reasonable grounds to believe and, acting reasonably, does believe that the event: (a) has had or is likely to have a material adverse effect: (i) on the success of the Offer; (ii) on the ability of the Lead Manager to market or settle the Offer; (iii) the willingness of persons to apply for, or settle obligations to subscribe for, Shares under the Offer; or (b) will, or is likely to, give rise to a liability of the Lead Manager under a contravention by the Lead Manager or its affiliates, of, any applicable law:

- an offer document (other than the Prospectus) or public information contains a statement which is untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission); or
- an offer document or pathfinder (other than the Prospectus) or public information does not contain all information required to comply with all applicable laws;
- the due diligence report is, or becomes, false, misleading or deceptive, or likely to mislead or deceive, in each case including by way of omission;
- any information supplied (including any information supplied prior to the date of this agreement) by or on behalf of Touch Ventures to the Lead Manager (and where information has been supplemented, or supplied in draft and then in final form, in its final form as at the Prospectus Date) in respect of the Offer or Touch Ventures is, or becomes, misleading or deceptive, or is likely to mislead or deceive (including by omission);
- a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Lead Manager for any statement or estimate in the Prospectus and offer documents which relates to a future matter;
- any of the offer documents or pathfinder or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, or any other applicable law or regulation;
- there is introduced, or there is a public announcement of a proposal to introduce, a new applicable law or regulation or policy of a governmental agency in Australia (excluding a policy of the Reserve Bank of Australia), New Zealand, the United States, the United Kingdom, the People's Republic of China, the United Arab Emirates, Hong Kong, Singapore or any member state of the European Union (other than a law, regulation or policy which has been announced before the date of this agreement);
- there is a contravention by Touch Ventures of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001*, its constitution or the Listing Rules;
- if any of the obligations of the relevant parties under any voluntary escrow agreement, the Collaboration Agreement, Afterpay's subscription agreement or any Priority Offer Letter of Touchcorp Limited, a director, the CEO or the Woodson Funds to subscribe for the Shares as referred to in Section 6.1 are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of those contracts in the reasonable opinion of the Lead Manager:
 - is altered, amended or varied without the consent of the Lead Manager (acting reasonably); or
 - is breached, or there is a failure by a party to comply;

9. Material contracts continued

- if any of the obligations of the relevant parties under any of the contracts referred to in Section 9.2 to which the Company is a party are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of those contracts:
 - is terminated, withdrawn, rescinded, avoided or repudiated;
 - is altered, amended or varied without the consent of the Lead Manager (acting reasonably);
 - is breached, or there is a failure by a party to comply, in a material respect;
 - cease to have effect, otherwise than in accordance with its terms, in a material respect; or
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- a representation or warranty contained in the Underwriting Agreement on the part of Touch Ventures is breached, becomes not true or correct or is not performed, where the pathfinder or public information contains a statement that is not true or correct and this is rectified, with the prior written consent of the Lead Manager, in the Prospectus;
- Touch Ventures defaults on one or more of its undertakings or obligations under the Underwriting Agreement;
- any of the following occurs:
 - the commencement of legal proceedings against Touch Ventures or any of its Directors in their capacity as a director; or
 - any regulatory body commences any investigation or inquiry against Touch Ventures, or announces that it intends to take action;
- hostilities not existing at the date of the Underwriting Agreement commence or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, the People's Republic of China, Japan, Singapore, the United Arab Emirates or any member state of the European Union, or the declaration by any of these countries of a national emergency (other than in relation to COVID-19 or as already existing prior to entry into the Underwriting Agreement), or war, or a major terrorist attack is perpetrated on any of those countries; or
- any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom, the United States, Singapore, the United Arab Emirates or any member state of the European Union is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended for at least 1 day (or a substantial part of 1 day) on which that exchange is open for trading; or
 - any adverse disruption or change (or any escalation thereof) to the existing financial markets, political or economic conditions of, or currency exchange rates or controls of Australia, New Zealand, the United Kingdom, the United States, Hong Kong, Singapore, the United Arab Emirates or any member state of the European Union, or the international financial markets, or any development involving a prospective change in the financial markets or political conditions or currency controls in any of those countries; or
- Touch Ventures creates or agrees to create an encumbrance over the whole or substantial part of its business or property.

9.3.4 Indemnity and guarantee

Subject to certain exclusions relating to, among other things, gross negligence, recklessness, fraud or wilful misconduct by an indemnified party, Touch Ventures agrees to keep the Lead Manager and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.3.5 Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by Touch Ventures to the Lead Manager (as well as common conditions precedent).

The representations and warranties given by Touch Ventures include but are not limited to matters such as power and authorisations, compliance with applicable laws and Listing Rules, Financial Information, information contained in the offer documents, the conduct of the Offer and the due diligence process, litigation, data privacy, encumbrances, internal controls and insurance.

Touch Ventures provides undertakings under the Underwriting Agreement which include but are not limited to notifications of breach of any obligation, representation, warranty or undertaking or non-satisfaction of any condition given by it under the Underwriting Agreement that it will not, during the period following the date of the Underwriting Agreement until 90 days after Completion, issue any Shares or Securities without the consent of the Lead Manager, subject to certain exceptions.



10.

Additional information

10. Additional information

10.1 Registration

Touch Ventures was registered in the State of Victoria, Australia on 23 May 2016 as a public company limited by shares.

10.2 Corporate structure

As at the date of the Prospectus, Touch Ventures has no wholly owned subsidiaries. For further information about Touch Ventures' activities refer to Section 3.2.1.

10.3 Capital structure

The capital structure of Touch Ventures as at the Prospectus Date, and anticipated capital structure at Completion is set out in Section 6.1.

Terms of Shares are summarised in Section 6.1. Afterpay agreed not to vote 47,417,372 (of the 148,395,431 Shares it holds at the Prospectus Date) when subscribing for these Shares. These voting restrictions will cease by Completion and the Shares will have the same voting and other rights as other Shares.

Terms of Existing Options and Existing Performance Rights are described in Section 6.3.3.2.

10.4 Participation in issues of securities

Except as described in this Prospectus, Touch Ventures has not granted, or proposed to grant, any rights to any person, or to any class of person, to participate in an issue of Touch Ventures securities.

10.5 Company tax status and financial year

Touch Ventures will be taxed in Australia as a public company. The accounts of Touch Ventures will have a 31 December year end.

10.6 Rights attaching to the Shares

10.6.1 Introduction

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive, does not constitute a definitive statement of the rights and liabilities of Shareholders and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liability of Shareholders. The summary assumes that Touch Ventures is admitted to the Official List.

10.6.2 Meetings of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at, general meetings of Touch Ventures and to receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules. Touch Ventures must give Shareholders at least 28 days' written notice of a general meeting.

10. Additional information continued

10.6.3 Voting at a general meeting

At a general meeting of Touch Ventures, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

10.6.4 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of Touch Ventures justifies. The Directors may fix the amount, time and method of payment of the dividends. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and method of payment.

10.6.5 Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- a Proper ASTC transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Board approves, as permitted by the Corporations Act and Listing Rules.

The Board may, in circumstances permitted under the Listing Rules or Settlement Operating Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares.

10.6.6 Issue of further Shares

Subject to the Constitution, the Listing Rules, the Settlement Operating Rules and the Corporations Act, the Board may issue Shares or grant options over unissued Shares to any person and they may do so at such times and on the conditions they think fit.

10.6.7 Preference shares

Touch Ventures may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of Touch Ventures.

10.6.8 Winding up

If Touch Ventures is wound up, then subject to the Constitution and the rights or restrictions attached to any shares or class of shares, any surplus must be divided among Touch Ventures' members in the proportion to the number of shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

If Touch Ventures is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of Touch Ventures' property and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

10.6.9 Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, Touch Ventures may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares. A marketable parcel of Shares is defined in the Listing Rules and is, generally, a holding of Shares with a market value of less than \$500.

10.6.10 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those provisions were adopted or the date those rules were last renewed.

10.6.11 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of Touch Ventures is divided into different classes of shares, the rights attaching to any class of shares may be varied:

- with the consent in writing of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

10.6.12 Directors – appointments and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is ten or such lower number as the Directors determine provided the proposed lower number has been authorised at a general meeting of Touch Ventures' members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. Except as permitted by the Listing Rules, no Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later). The Board may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of Touch Ventures following their appointment.

A person is eligible for election to the office of a Director at a general meeting if they are nominated by the Board or by another Shareholder in accordance with procedures in the Constitution (subject to timing requirements).

10.6.13 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

A written resolution of the Board may be passed without holding a meeting of the Board, if all of the Directors sign or assent to the resolution (other than Directors not permitted to vote on the resolution in accordance with the terms of the Constitution).

10. Additional information continued

10.6.14 Director remuneration

Under the Constitution, the Board may decide the remuneration from Touch Ventures to which each Director is entitled for his or her services as a Director. The total aggregate amount provided to all non-executive Directors for their services as Directors must not exceed in any financial year the amount fixed by Touch Ventures in general meeting for that purpose. The remuneration of a Director must not include a commission on, or a percentage of operating revenue. The current maximum aggregate sum of non-executive Director remuneration is set out in Section 6.3.1.2. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be reimbursed for travel and other expenses properly incurred in attending to Touch Ventures' affairs, including attending and returning from general meetings of Touch Ventures, Board meetings or meetings of committees of the Board. If a Director renders or is called on to perform extra services, or make any special exertions in connection with the affairs of Touch Ventures, the Directors may arrange for special remuneration to be paid to that Director either in addition to or in substitution for that Director's remuneration. Directors' remuneration is discussed in Section 6.3.

10.6.15 Power and duties of Directors

The Directors are responsible for managing the business of Touch Ventures and may exercise to the exclusion of Touch Ventures in a general meeting all powers of Touch Ventures which are not required by law or by the Constitution to be exercised by Touch Ventures in general meeting.

10.6.16 Variation of the Constitution

The Constitution may be amended only by special resolution passed by at least 75% of the members present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of Touch Ventures.

10.6.17 Directors' and officers' Indemnities

Touch Ventures, to the extent permitted by law, indemnifies each person who is a current or former director, executive officer or officer of Touch Ventures and such other officers or former officers of Touch Ventures or its related bodies corporate as the Directors in each case determine against all losses or liability incurred by that person as an officer of Touch Ventures or of a related body corporate of Touch Ventures including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis.

Touch Ventures, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer or officer of Touch Ventures, and such other officers or former officers of Touch Ventures or its related bodies corporate as the Directors in each case determine, against any liability incurred by the person as an officer of Touch Ventures or of a related body corporate of Touch Ventures including, but not limited to, a liability for negligence or for legal costs.

10.7 ASIC Relief and ASX waivers

10.7.1 ASIC Relief

Touch Ventures has applied for a modification of Section 707 of the Corporations Act to the extent necessary to permit the Shares that will be issued on exercise of Options and Performance Rights granted before the Prospectus Date to be able to be sold within 12 months of issue without the requirement for a future disclosure document to be prepared in connection with that sale.

Touch Ventures has also applied for a declaration from ASIC modifying Chapter 6 of the Corporations Act so that the voluntary escrow arrangement with Touchcorp Limited and Afterpay as described in Section 6.5 does not give rise to a relevant interest for Touch Ventures in respect of the escrowed Shares under those arrangements.

10.7.2 ASX Waivers

ASX has confirmed it is not aware of any reasons that would cause Touch Ventures not to have a structure and operations suitable for a listed entity for the purposes of Listing Rule 1.1 condition 1 or that would cause ASX to exercise its discretion to refuse admission to the official list under ASX Listing Rule 1.19. Matters referred to ASX by Touch Ventures in seeking this confirmation included:

- Hugh W Robertson's directorship of Touch Ventures and his contractor agreement between Bungeeltap and Bell Potter Securities Limited;
- Touch Ventures' controlling position in a portfolio company and application of the Control Threshold as outlined in Section 3.4; and
- Touch Ventures' investment in a portfolio company held through a VIE structure and application of the VIE Threshold as outlined in Section 3.4.

Touch Ventures has also sought from ASX a waiver of Condition 12 of Listing Rule 1.1 in relation to certain Existing Options and Existing Performance Rights held by the CEO at the Prospectus Date.

10.8 Australian taxation implications of investing under the Offer Introduction

10.8.1 Introduction

The following tax comments are based on the tax law in Australia in force as at the date of this Prospectus. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the ownership of the Shares by investors, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax and stamp duty implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate investors that hold their Shares on capital account. These comments do not apply to investors that hold Shares as trading stock on revenue account, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth) which have made elections for the fair value or Reliance on Financial Reports (ROFR) methodologies.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

10.8.2 Dividends paid on Shares

Dividends may be paid to Shareholders by the Company where the relevant legal and accounting requirements are met. The Company may attach 'franking credits' to such dividends. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Directors.

10. Additional information continued

Australian resident individuals and complying superannuation entities

Dividends paid by the Company on a share will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to Shares to the extent they are held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend. Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, such investors should be entitled to a tax refund.

Australian tax resident Corporate investors

Corporate investors are also required to include both the dividend and associated franking credit in their assessable income. They are then allowed a tax offset up to the amount of the franking credit on the dividend. Where the tax offset exceeds the tax payable, the excess cannot give rise to a refund for a company but can be converted into carry forward tax losses in certain circumstances.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This will allow the corporate investor to pass on the benefit of the franking credits to its own investor(s) on the payment of dividends.

Australian tax resident trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

Qualified person

The benefit of franking credits can be denied where an investor is not a 'qualified person' in which case the investor will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an investor is required to hold Shares "at risk" for more than 45 days continuously over a specified period in order to qualify for franking benefits, including franking credits. This period is measured as the period commencing the day after the Shares were acquired and ending on the 45th day after the Shares become ex-dividend.

Shares are held 'at risk' to the extent no material 'positions' are adopted in relation to the Shares which have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain derivatives or agreements to sell the shares).

This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the Shares at risk for the continuous 45 day period as above but within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

10.8.3 Disposal of Shares

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian capital gains tax (**CGT**) provisions in respect of the disposal of their Shares.

Where the capital proceeds received on disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will be required to recognise a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are added together. To the extent that a net gain exists, such Shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). Any remaining net gain (after the application of any carried forward capital losses) will then be required to be included in the Australian tax resident Shareholder's assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the Shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for at least 12 months prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder or trust, and a one third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder. The concession applies to any net capital gain (i.e. it applies after capital losses have been deducted against any gains). The concession is not available to corporate Shareholders.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied. Shareholders which are trusts should seek specific advice as to the circumstances in which a beneficiary may be entitled to a CGT discount.

10.8.4 Tax file numbers and Australian Business Number

A Shareholder is not obliged to quote their tax file number (TFN), or where relevant, Australian Business Number (ABN), to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be deducted by the Company at the highest marginal tax rate plus the Medicare levy from certain dividends paid.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

10.8.5 Goods and Services Tax (GST)

Under current Australian GST law, GST should not be payable in respect of the issue of Shares by the Company or the sale of Shares in the Company, made to Australian investors. No GST will be payable on the payment of dividends.

However, Australian investors may incur GST on brokerage, or other professional advisory services acquired by them in their own right in relation to the proposed IPO of the Company.

Australian investors should seek their own advice in relation to the GST implications associated with the proposed IPO of the company, including to determine whether they will be entitled to claim GST incurred on costs associated with the acquisition of Shares.

10. Additional information continued

10.8.6 Stamp duty

The below provides high level guidance on the landholder duty implications for the acquisition of the Shares. However, investors will need to seek their own advice to determine whether any duty would be payable on the acquisition of Shares under the Offer and any subsequent acquisitions/disposal of Shares.

Landholder duty

Stamp duty is a State and Territory based tax. An entity will be a landholder if it holds, directly or indirectly through its downstream entities, interests in land (i.e. freehold land, leaseholds and fixtures/assets fixed to land depending on the jurisdiction) which have an unencumbered market value that meets or exceeds the relevant statutory landholder duty threshold in the relevant State and Territory.

The landholder duty threshold in each State and Territory ranges from nil to \$2 million and landholder duty is calculated at rates of up to 6.5% on the unencumbered market value of the landholder's interests in land (and goods in certain jurisdictions). In certain jurisdictions, higher rates apply to residential land if the acquirer of the interest is a foreign person.

The Company is not a landholder

No landholder duty should be payable by the investors in respect of the Offer on the basis that the Company does not hold any land or interests in land in any State or Territory of Australia that meets or exceeds the relevant statutory landholder duty thresholds (nor have entered into any agreements to acquire land in any State or Territory of Australia at that time).

If the Company subsequently acquires land in any State or Territory of Australia directly or indirectly through downstream entities, no liability for landholder duty should arise for the Shareholders on subsequent acquisitions of shares in the Company, provided no Shareholder (alone or with any associated persons or persons acquiring under one arrangement or in concert) will acquire or hold 90% or more of the quoted shares in the Company at the time it is listed with its shares quoted on the ASX. Please note the lower acquisition threshold of 50% or more will apply if any Shareholder alone or together with associates acquires an interest in the Company at the time the Company is not listed on the ASX.

10.9 Intermediary Authorisation Agreement

In respect of the Offer, Touch Ventures and Lead Manager have entered into an intermediary authorisation agreement dated 3 September 2021 (**Intermediary Authorisation Agreement**) for the Lead Manager to make offers to potential investors to arrange for the issue of Shares by Touch Ventures under the Offer. The Lead Manager as the Authorised Intermediary is the holder of an AFSL issued by ASIC pursuant to section 913B of the Corporations Act (Licence Number. 243480). Under s911A of the Corporations Act, a person who carries on a financial services business in Australia must hold an AFSL covering the provision of the financial services unless an exemption applies. As Touch Ventures does not hold an AFSL it has entered into the Intermediary Authorisation Agreement in order to rely on the exemption from this requirement in section 911A(2)(b) of the Corporations Act. Pursuant to the terms of the Intermediary Authorisation Agreement the parties agree and acknowledge the following:

- Touch Ventures is able to rely on the above exemption by reason of the arrangements in the Intermediary Authorisation Agreement which appoint the Lead Manager as the Authorised Intermediary; and
- the Authorised Intermediary is to only make offers under the Intermediary Authorisation Agreement, and in accordance with the Engagement Letter and provisions of this Prospectus relating to the Offers applicable to it.

No additional fee to that described in Section 9.3 is payable by Touch Ventures to the Lead Manager under the Intermediary Authorisation Agreement.

10.10 Consents and responsibility statements

10.10.1 Consenting Parties

Each of the parties listed below (each a **consenting party**) and each of their respective related bodies corporate, shareholders and affiliates and their respective officers, directors, employees, partners, affiliates, agents and advisers, to the maximum extent permitted by law, expressly disclaims all liabilities (including, without limitation, any liability arising out of fault or negligence for any direct, indirect, consequential or contingent loss or damage) in respect of, makes no representations or warranties regarding, and takes no responsibility for, any statements in or omissions from this Prospectus, other than in the case of a consenting party the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below. Each of the above expressly disclaims any fiduciary relationship with any investor in the Offer.

Each of the consenting parties has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

- Clayton Utz
- Bell Potter Securities Limited
- KPMG
- Ernst & Young
- KPMG Transaction Services
- Link Market Services Limited

KPMG has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as auditor of Touch Ventures in respect of FY20 in the form and context in which it is named in this Prospectus.

Ernst & Young has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as auditor of Touch Ventures in respect of FY19 in the form and context in which it is named in this Prospectus.

KPMG Transaction Services has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as the Investigating Accountant in the form and context in which it is named and to the inclusion in this Prospectus of its Independent Limited Assurance Report set out in Section 8.

10.11 Description of the syndicate

The lead manager and underwriter of the Offer is Bell Potter Securities Limited.

10.12 Offer costs

Touch Ventures will pay, or procure the payment of, all of the Offer Costs which are expected to be \$4.6 million (including GST).

10. Additional information continued

10.13 Australian corporate regulation

As a company incorporated in Australia, Touch Ventures is already subject to, and will further be subject to on listing on the ASX, a number of corporate laws and regulations, including the Corporations Act, *Australian Securities and Investment Commission Act 2001* (Commonwealth) (ASIC Act) and Listing Rules. ASIC is an independent Australian Government body and regulates corporates, markets, financial services and consumer credit. ASIC is empowered under the ASIC Act and regulates corporate conduct via that Act and other legislation/regulations including the Corporations Act and works closely with the ASX to ensure compliance with the Corporations Act and market integrity rules. The ASX is obliged to notify ASIC of various matters, including suspected contraventions of relevant laws and rules. ASIC has a number of enforcement powers including investigating actual and suspected breaches of the law and compulsory information gathering powers.

As a listed entity, Touch Ventures will be subject to the takeover provisions in Chapter 6 of the Corporations Act, which restrict acquisitions of shares in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in Touch Ventures.

Touch Ventures is also subject to the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (FATA), which applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where a foreign person holds a substantial interest in Touch Ventures or foreign persons hold an aggregate substantial interest in Touch Ventures, Touch Ventures itself will be a "foreign person" for the purposes of the FATA.

Where an acquisition of a substantial interest or an aggregate substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy (FATA Policy) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, in accordance with the FATA, acquisitions of a direct interest in an Australian company by foreign governments and their related entities must be notified to the Foreign Investment Review Board for approval, irrespective of value. According to the FATA Policy, a "direct interest" will typically include any investment of 10% or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10% where the investor obtains the ability to influence, participate or control the target investment.

10.14 Dividend reinvestment plan

On Completion, Touch Ventures will not have a dividend reinvestment plan. It may elect to implement one in the future.

10.15 Selling restrictions

This Prospectus does not constitute an offer or invitation of Shares in any jurisdiction in which, or to any person to whom, it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside of Australia except as set out in the international offer restrictions in Appendix B or as Touch Ventures otherwise agrees in its complete discretion in compliance with applicable laws.

10.16 Litigation and claims

As at the Prospectus Date, so far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which Touch Ventures is directly or indirectly concerned and which are likely to have a material adverse impact on the business or financial position of Touch Ventures.

10.17 Contract summaries

Summaries of contracts set out in this Prospectus (including the summaries of the Underwriting Agreement and other agreements set out in Section 9) are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

10.18 Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Touch Ventures. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

10.19 Governing law

This Prospectus, the Offer and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the laws applicable in New South Wales, Australia and each applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

10.20 Expiry date

No Shares will be offered on the basis of this Prospectus after the Expiry Date.

10.21 Statement of Directors

This Prospectus is authorised by each Director who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.



APPENDIX A

Significant accounting policies

Appendix A Significant accounting policies

The significant policies which have been adopted in the preparation of the Financial Information in Section 7 are set out below:

(a) Basis of preparation

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.

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. In estimating the fair value of an asset or a liability, Touch Ventures 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.

(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.

Touch Ventures 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 Touch Ventures' financial statements are not expected to have a significant impact on the preparation of Touch Ventures' financial statements. Touch Ventures 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 2020. These standards do not have a material impact to Touch Ventures' financial statements.

Appendix A 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. Touch Ventures 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 Touch Ventures. 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, Touch Ventures uses an appropriate valuation model to determine the fair value.

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 Touch Ventures' 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

Touch Ventures 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 Touch Ventures 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 Touch Ventures' purpose, commitments to its investors, and how it measures and evaluates the performance of its investments.

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to Touch Ventures and the revenue can be reliably measured. 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

Touch Ventures assesses whether a contract is or contains a lease, at inception of the contract. Touch Ventures 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, Touch Ventures 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.

Touch Ventures does not have any leases except for short-term leases at 31 December 2020 and accordingly has not recognised any right-of-use asset and lease liability in accordance with AASB 16 Leases.

(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) Financial assets

Recognition and initial measurement

Touch Ventures 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 Touch Ventures 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, Touch Ventures classifies financial assets as measured at amortised cost or FVTPL.

Appendix A Significant accounting policies continued

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 Touch Ventures are measured at FVTPL.

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 and foreign exchange gains and losses, are recognised in profit or loss in 'net income from financial instruments at FVTPL' 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

Touch Ventures 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
 - Touch Ventures 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 Touch Ventures has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(i) Financial liabilities

Recognition and initial measurement

Financial liabilities are initially recognised when Touch Ventures 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 the 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

Touch Ventures derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Touch Ventures 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.

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.

(j) Foreign currency translation

In preparing the financial statements of Touch Ventures, transactions in currencies other than Touch Ventures' 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 are recognised in profit or loss as net foreign exchange gains/losses, except for those arising on financial instruments at FVTPL, which are recognised as a component of net gains or losses on financial assets at fair value through profit or loss.

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

(k) 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. Touch Ventures' 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 Touch Ventures supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Appendix A Significant accounting policies continued

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.
- 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.

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.

Touch Ventures 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.

(I) 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.

(m) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the profit or loss as incurred.

Depreciation is calculated on the straight-line basis over the estimated useful life of the specific assets as follows:

- Computer equipment – 3 to 5 years
- Office equipment – 3 to 5 years

Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(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. 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, Touch Ventures determines fair value using other valuation techniques.

Touch Ventures 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, Touch Ventures 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.

Appendix A Significant accounting policies continued

(o) Impairment of assets

At each reporting date, Touch Ventures 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 Touch Ventures 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 exists, 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.

(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 Touch Ventures prior to the end of the financial year that are unpaid and arise when Touch Ventures 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 Touch Ventures has a present obligation (legal or constructive) as a result of a past event, it is probable that Touch Ventures 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 Touch Ventures 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

Touch Ventures provides benefits to employees (including key management personnel) and Directors of Touch Ventures, 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 New Incentive Plan 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.

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) Touch Ventures' 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.



APPENDIX B

International offer restrictions

Appendix B International offer restrictions

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below or as Touch Ventures otherwise agrees in its complete discretion in compliance with applicable laws.

Bermuda

The Company and the Prospectus have not been, and will not be, registered under the laws of Bermuda, nor has any regulatory authority in Bermuda passed comment upon or approved the accuracy or adequacy of the Prospectus. No offer or invitation to subscribe for Shares will be made to the public in Bermuda. The Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 (as amended) of Bermuda. No invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for any of the Shares.

China

This Prospectus has not been approved by, nor registered with, any competent regulatory authority of the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). Accordingly, the Shares may not be offered or sold, nor may any invitation, advertisement or solicitation for Shares be made from, within the PRC. This Prospectus does not constitute an offer of Shares within the PRC.

The Shares may not be offered to legal or natural persons in the PRC other than to: (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorization to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

Appendix B International offer restrictions continued

Monaco

The Shares may only be offered and sold, directly or indirectly, to the public in Monaco by a Monaco bank or a duly authorized Monegasque intermediary acting as professional institutional investor that has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the Shares. Consequently, this Prospectus may only be distributed to (i) banks duly licensed by the Autorité de Contrôle Prudentiel et de Résolution and fully licensed portfolio management companies by virtue of Law n°1.144 of July 26, 1991 and Law 1.338 of September 7, 2007, duly licensed by the Commission de Contrôle des Activités Financières and (ii) existing shareholders of the Company.

The recipients of this Prospectus in Monaco are perfectly fluent in English and expressly waive the possibility of a French translation of this Prospectus. (Les destinataires du présent document reconnaissent être à même d'en prendre connaissance en langue anglaise et renoncent expressément à une traduction française.)

New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the "FMC Act"). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This Prospectus and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, neither this Prospectus nor any other document relating to the Offer may be circulated or distributed, and the Shares may not be offered or sold (nor be made the subject of an invitation for subscription or purchase), to persons in Singapore except in accordance with exemptions in Subdivision (4) Division 2, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and/or Subdivision (3) Division 1A, Part XIII of the SFA, or in accordance with the conditions of any other applicable exemption under the SFA. In particular, the Shares will be offered in Singapore to less than 50 persons, each of whom is an "accredited investor" (as such term is defined in the SFA).

The offer of Shares does not relate to a collective investment scheme that is authorised under section 286 of the SFA or recognised under section 298 of the SFA and/or a business trust which is registered under Section 4 of the Business Trusts Act (Cap. 31A) or recognised under Section 282TA of the SFA. The Company is not authorised or recognised by the MAS and Shares are not allowed to be offered to the retail public. This Prospectus is not a prospectus as defined in the SFA and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. The offeree should consider carefully whether the investment is suitable.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered or sold in the United States or to US persons (as defined in Rule 902(k) under the US Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. In addition, the Company will not be registered as an “investment company” under the US Investment Company Act in reliance upon an exemption from registration.

The Shares will only be offered and sold in the United States under the US Offering Circular to persons who are both “accredited investors” (as defined in Rule 501(a) under the US Securities Act) and “qualified purchasers” (as defined in Section 2(a)(51) of the US Investment Company Act).



Glossary

Glossary

Term	Meaning
\$	An Australian dollar.
AASB	The Australian Accounting Standards Board.
AAS	Australian Accounting Standards.
AEST	Australian Eastern Standard Time.
Afterpay	Afterpay Limited ACN 618 280 649.
APIs	Application programming interfaces.
Application Form	An application form relating to the Offer, including in electronic form, including the Broker Firm Application Form and Priority Offer Application Form.
ASIC	Australian Securities and Investments Commission.
ASIC Act	<i>Australian Securities and Investment Commission Act 2001</i> (Cth).
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it as the context requires.
ASX Recommendations	The ASX Corporate Governance Principles and Recommendations (4th edition).
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532.
ASX Settlement Operating Rules	The operating rules of ASX Settlement.
ATO	Australian Taxation Office.
Authorised Intermediary	Bell Potter Securities Limited ACN 006 390 772.
Award	<p>Awards which Touch Ventures may grant under the New Incentive Plan including the following:</p> <ul style="list-style-type: none"> • options to subscribe for Shares; • ability to subscribe for Shares that are subject to restrictions, including on transfer, until specified conditions are satisfied; or • rights to receive Shares or cash, based on specified performance factors.
Basiq	A portfolio company and the trading name for Braavos Corporation Pty Ltd ACN 616 581 474. Refer to Section 4.5.
Bell Potter	Bell Potter Securities Limited ACN 006 390 772.
BNPL	Buy-now-pay-later.

Glossary continued

Term	Meaning
Board or Board of Directors	The Board of Directors as constituted from time to time.
Broker	Any ASX participating organisation selected by the Underwriter and Touch Ventures to act as a broker to the Offer.
Broker Firm Application Form	An Application Form for the Broker Firm Offer.
Broker Firm Offer	The invitation to Australian resident Sophisticated Investor clients of Brokers to acquire Shares offered under this Prospectus provided that such clients are not in the United States.
CEO	Chief executive officer.
CFO	Chief financial officer.
CGT	Capital gains tax.
Charter or Board Charter	The board charter of Touch Ventures.
CHESS	The clearing house electronic sub-register system operated by ASX Settlement.
Code of Conduct	The code of conduct of Touch Ventures. Refer to Section 6.11.5.
Collaboration Agreement	The collaboration and partnership agreement between Touch Ventures and Afterpay. Refer to Section 9.1.
Completion	Completion of the issue of Shares under this Prospectus.
Constitution	The constitution of Touch Ventures.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	The Corporations Regulations 2001.
COVID-19	The infectious disease caused by the coronavirus, SARS-CoV-2, a respiratory pathogen, declared a pandemic by the World Health Organisation on 11 March 2020. Where the context refers to the impact of COVID-19, the expression includes the impact of various governmental or regulatory responses to COVID-19.
Directors	Directors of Touch Ventures.
Diversity Policy	The diversity policy of Touch Ventures Refer to Section 6.11.6.
Eligible Existing Shareholder Client	Has the meaning given in Section 2.3.5.

Term	Meaning
Employees	The Directors, officers and other employees, consultants and contractors of the Touch Ventures.
Escrowed Shareholder	Existing Shareholders that have entered into a voluntary escrow deed with the Company as described in Section 6.5.
Existing Options	Options, each over one Share, issued under the Existing Incentive Plan.
Existing Incentive Plan	Touch Ventures' existing incentive plan. Refer to Section 6.3.3.2.
Existing Performance Rights	Performance rights each in respect of one Share, issued under the Existing Incentive Plan.
Expiry Date	The date that is 13 months after the Prospectus Date.
Exposure Period	The period of 7 days (or 14 days extended by ASIC) after the lodgement of the Prospectus with the ASIC during which Touch Ventures may not accept Applications.
FATA	<i>Foreign Acquisitions and Takeovers Act 1975 (Cth).</i>
FATA Policy	Australian Federal Government's Foreign Investment Policy.
Financial Information	The Statutory Historical Financial Information and Pro Forma Historical Financial Information as referred to in Section 7.1.
foundation portfolio	Touch Ventures' interests in Sendle, Happay, Play Travel, Basiq and Postpay described in Section 4.
fully diluted	Share or equity holdings in this prospectus calculated on a "fully diluted basis" assume all securities or rights which may convert into ordinary shares (including under incentive or employee share ownership plans) have converted into ordinary shares.
fintech	Financial technology.
FTE	Full time equivalent.
FVTPL	Fair value through profit or loss.
FY19	The financial year ended 31 December 2019.
FY20	The financial year ended 31 December 2020.
GCC	Gulf Cooperation Council.
GST	Goods and services tax.
Happay	A portfolio company. Touch Ventures interests are held in Happay (Cayman) Limited. Refer to Section 4.3.

Glossary continued

Term	Meaning
HIN	Holder Identification Number.
Historical Period	FY19 and FY20.
IFRS	The International Financial Reporting Standards.
Institutional Investor	A person to whom offers and issues of Shares may lawfully be made without the need for disclosure under Chapter 6D.2 of the Corporations Act or without any other lodgement, registration, disclosure or approval with or by a government agency (other than one with which Touch Ventures in their absolute discretion, are willing to comply) under any applicable law.
Institutional Offer	The invitation under this Prospectus to certain Institutional Investors to apply for Shares.
Investigating Accountant	KPMG Transaction Services.
JobKeeper	The JobKeeper program comprising a wage subsidy to help businesses keep staff employed, introduced by the Australian Federal Government that came into effect on 30 March 2020.
KPMG	KPMG ABN 51 194 660 183.
KPMG Transaction Services	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd.
LayAway	LayAway Travel Australia Pty Ltd ACN 604 105 740, the entity in which Touch Ventures holds its interests in Play Travel.
Lead Manager	Bell Potter Securities Limited ACN 006 390 772.
LIC	Listed investment company.
Listing	Admission of Touch Ventures to the official list of ASX.
Listing Rules	The official listing rules of the ASX.
LTI	Long term incentive.
NTA	Net tangible asset.
Offer	The offer pursuant to this Prospectus of 250,000,000 Shares for issue by Touch Ventures.
Official List	The official list of entities that the ASX has admitted to, and not removed, from listing.
Offer Period	As set out in the key dates on page 4 of this Prospectus.
Offer Price	\$0.40 per Share.

Term	Meaning
Play Travel	A portfolio company. Touch Ventures interests are held in LayAway Travel Australia Pty Ltd ACN 604 105 740. Refer to Section 4.4.
portfolio or portfolio companies	Companies Touch Ventures holds an interest in from time to time, and where the context permits, their businesses and operations.
Postpay	A portfolio company. Touch Ventures interests are held in Postpay Technology Limited. Refer to Section 4.6.
PRC	Peoples' Republic of China.
PRC Foreign Investment Law	Foreign Investment Law of the People's Republic of China.
Priority Offer Application Form	An Application Form for the Priority Offer and in the case of certain applicants under the Priority Offer includes a confirmation letter and its attachments.
Priority Offer Letter	A letter from Touch Ventures inviting certain existing Shareholders and other investors to apply for Shares.
Priority Offer	The offer of Shares to certain existing Shareholders and other investors who have received an invitation from the Company to participate in the Offer as described in Section 2.4.
Pro Forma Historical Financial Information	Comprising the Pro Forma Historical Income Statements , Pro Forma Historical Cash Flows and Pro Forma Historical Statement of Financial Position , each having the meaning given in Section 7.1.
Prospectus	This prospectus (including the electronic form of this prospectus) and any supplementary or replacement prospectus in relation to this document and the Offer.
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being September 2021.
Regulation S	Regulation S under the US Securities Act.
Sendle	A portfolio company. Touch Ventures interests are held in Sendle, PBC. Refer to Section 4.2.
Settlement or Settlement Date	The settlement of the Offer in accordance with the Underwriting Agreement.
Share	A fully paid ordinary share in the capital of Touch Ventures.
Share Registry	Link Market Services Limited ACN 083 214 537.
Shareholder	A holder of Shares.
Shareholding	A Shareholder's holding of Shares.
SMB	Small and medium business.

Glossary continued

Term	Meaning
Sophisticated Investor	In the case of an applicant under the Broker Firm Offer, a sophisticated investor within the meaning of section 708(8) of the Corporations Act or an experienced investor meeting the criteria in section 708(10) of the Corporations Act or a “professional investor” within the meaning of section 708(11) of the Corporations Act.
SRN	Security Reference Number.
Statutory Historical Financial Information	Comprising the Statutory Historical Income Statements , Statutory Historical Cash Flows and Statutory Historical Statement of Financial Position , each having the meaning given in Section 7.1.
STI	Short term incentive.
Touch Ventures or Company	Touch Ventures Limited ACN 612 559 958.
Touch Ventures Offer Information Line	As set out in the Corporate Directory.
Underwriter	The Lead Manager.
Underwriting Agreement	The underwriting agreement entered into between the Lead Manager and, Touch Ventures dated on or about the date of this Prospectus.
US Investment Company Act	US Investment Company Act of 1940.
US Securities Act	US Securities Act of 1933, 15 USC § 77a, as amended.
US Offering Circular	the offering circular that must accompany any distribution of the Prospectus in the United States to persons who are both “accredited investors” (as defined in Rule 501(a) under the US Securities Act) and “qualified purchasers” (as defined in Section 2(a)(51) of the US Investment Company Act).
US persons	Has the meaning given in Rule 902(k) under the US Securities Act.
VIE	Variable interest entity.
Woodson Capital Entities	Woodson Capital Management, LP (investment manager of the Woodson Funds) and Woodson Capital General Partner, LLC, (general partner of the Woodson Funds).
Woodson Funds	Woodson Capital Master Fund, LP and Woodson Capital Partners II, LP.

Corporate directory

Directors

Michael Jefferies – Non-Executive Chair

Jim Davis – Non-Executive Director

Sophie Karzis – Non-Executive Director

Associate Professor John McBain AO –
Non-Executive Director

Hugh W. Robertson – Non-Executive Director

Company Secretary

Alyn Tai

Lead Manager and Underwriter

Bell Potter Securities Limited

Level 29, 101 Collins Street
Melbourne VIC 3000

Australian Legal Advisor

Clayton Utz

Level 15, 1 Bligh Street
Sydney NSW 2000

Touch Ventures Offer Information Line

From 9.00 am to 5.00 pm (Melbourne time),
Monday to Friday (excluding public holidays)

Within Australia T: 1800 426 150
Outside Australia T: +61 1800 426 150

Company website

www.touchventures.com

Offer website

<https://ipo.touchventures.com>

Registered Office

Gateway Tower

Level 36, 1 Macquarie Place
Sydney NSW 2000

Investigating Accountant

KPMG Transaction Services

300 Barangaroo Avenue
Sydney NSW 2000

Auditor

KPMG

300 Barangaroo Avenue
Sydney NSW 2000

Share Registry

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

