

4 August 2022

## Touch Ventures Limited (ASX: TVL)

**TVL adjusts its NTA to A\$158.9m following a review of the portfolio, which includes A\$63m of cash on hand at 31 July 2022. TVL completed a US\$2.4m investment in Sendle on 2 August 2022.**

### Net Tangible Asset Backing Position: 31 July 2022

	Current Month	Prior Month
Net Tangible Asset Backing (NTA)	A\$158.9m	A\$195.4m
Net Tangible Asset Backing per share <sup>1</sup>	\$0.223	\$0.274

## Management Commentary

### Portfolio Review

Touch Ventures Limited (**Touch Ventures** or **Company**) has completed a half yearly review of the carrying values of its portfolio companies. The review resulted in adjustments to the carrying values of Happay and one of our early stage investments which, after providing for operating costs and foreign exchange movements, resulted in a A\$36.5m or 18.7% reduction in the NTA to A\$158.9m or 22.3 cents per share<sup>2</sup>. Excluding cash, this implies a 27.1% reduction in the value of the investment portfolio.

Over the last six months, public market valuations, particularly for technology companies, have reduced significantly. Touch Ventures conducted a detailed review of the carrying values of its portfolio companies in light of the current market and funding environment.

Happay impairment: A\$34.6m of the movement in NTA relates to the impairment of the valuation of Happay. We were carrying Happay at its last valuation when it conducted a Series B capital raise of approximately US\$19m in July 2021 at a post-money valuation of US\$150m led by a Chinese investment group. The company has however been impacted by regulatory changes and market dynamics in China, which have led the business to pivot towards building a white-label BNPL product. The business has also been adversely affected by extended lockdowns in major cities in China. This hampered Happay's ability to execute its new strategy and its development has been slow. We are taking a conservative position and adjusting our investment in Happay to US\$1.1m (A\$1.6m) which approximates our share of net cash<sup>3</sup>

1. NTA figures are unaudited and no adjustments have been made for future exercises of options or performance rights, future tax liabilities/benefits or end of period accounting adjustments.

2. The movement in the NTA per share also includes unrealised foreign currency adjustments of investments denominated in foreign currencies and monthly operating costs.

<sup>3</sup> Net cash is inclusive of cash security deposits.

in Happay. Going forward, we will report Happay within our Early Stage Portfolio as the company is effectively back to being in start up mode with its new product.

Other than the adjustment to the value for Happay and one of our early stage portfolio companies, we are not making changes to the carrying value of the remaining investments in the portfolio as a result of the review. This is after having regard to a range of factors including our entry valuation, timing of investment, structure of our investment into these assets (which in many cases provide downside protection) and the operating performance of relevant companies. An update on each of our Core Portfolio investments is included below.

Whilst the impairments and overall reduction in NTA is disappointing, we continue to be positive about the portfolio and its prospects.

Given the current economic conditions, we have slowed down the pace of deployment of capital and held approximately A\$63m (or 9c/share) of cash on hand at 31 July 2022. This enables Touch Ventures to selectively support its existing portfolio and to consider new opportunities as valuations of technology businesses revert to more attractive levels.

The relevant figures disclosed in this announcement will be reflected in the 30 June 2022 half-year financial report, subject to a final review by Touch Ventures' auditors.

#### **Note: Events post 31 July**

In early August 2022, we invested US\$2.4m in a convertible note issued by Sendle as part of a ~US\$10m capital raise to support the business as it continues its expansion in the United States.

#### **Core Portfolio Updates**

We note the following updates across the remaining investments in our Core Portfolio:

1. **Sendle:** The company has made good progress over the last twelve months and has continued to build US partnerships with courier networks and shipping aggregators. Sendle has now delivered and collected a parcel to and from every 3 digit zip code in the USA and recently sent its first parcel in Canada. While the general e-commerce retail market has softened, we continue to be optimistic about Sendle whilst acknowledging that greater scale is needed in the US before the business is sustainable. In August 2022, Sendle completed a ~US\$10m capital raise through the issuance of convertible notes which Touch Ventures supported with a further investment of US\$2.4m.
2. **Play Travel / PlanPay:** Under guidance from new CEO Gary Burrows, the Play Travel business recently launched a cruising offering and continues to offer existing travel products. Play Travel has decided to focus on its lay-by technology called "PlanPay" and make it available to the broader travel market and is already showing some green shoots with some early engagement with large enterprise customers. We expect the business to go live with these opportunities in the next

4-6 months. Touch Ventures completed a further \$2.1m investment in June 2022 (part of the agreed capital round in December 2021) to extend the company's runway.

3. **Basiq:** Basiq continues to perform strongly with good growth in their revenues over our investment period. With the continued focus on Open Banking, the company continues to make in-roads into new revenue streams and has recently launched a payments product which allows its customers to manage payments from within Basiq's API suite.
4. **Postpay:** Postpay continues to perform well and has recently partnered with the UAE's largest fashion and beauty destination, Namshi.com. Postpay has seen strong growth, with monthly GMW growing ~10x since Touch Ventures' initial investment. Postpay's merchant base has grown to around 1,000 merchants across the Middle East region. The company recently completed a US\$10.5m capital raise through the issue of a convertible note, with a new institutional investor based in Saudi Arabia investing alongside Touch Ventures. Touch Ventures invested a further US\$5.0m into the convertible note. Whilst the company has seen significant growth since our initial investment, we have not adjusted our valuation as the company has not recently undertaken a priced equity funding round and we recognise that BNPL market valuation multiples have reduced.
5. **Till Payments:** Till Payments is growing strongly, showing 40% growth of processed volume on a quarterly basis and over 300% from the same time last year. The company's acquisition of Ziosk systems last year is also showing strong growth and provides a platform for Till to expand into the US.
6. **Preezie:** The company has shown good growth in revenue since our investment and continues to expand their offering to global merchants. Co-founder Quoc Nguyen recently relocated to the USA to drive the company's sales efforts.
7. **Refundid:** Refundid is showing good traction with merchants and consumers and the additional capital from its recent capital raise will be used to further fuel growth. Over 70 retailers now offer Refundid to their customers, including Princess Polly, Adore Beauty, DISSH, sass & bide, PE Nation, Culture Kings and Aquila. As announced on 14 June 2022 Refundid undertook a funding round, which was led by Salesforce Ventures. The carrying value was adjusted to reflect the revised valuation in this investment round and to account for Touch Ventures' pro-rata investment of A\$0.9m in June. Touch Ventures invested a further A\$0.6m in July 2022, which brings its total amount invested in Refundid to A\$2.4m, with a carrying value of A\$5.9m reflecting the valuation set at the most recent funding round.

Authorised for release by the Touch Ventures Board.

## Portfolio Summary

Company	Capital Invested <sup>4</sup>	Carrying Value <sup>5</sup>	NTA per share (\$)	% of NAV	Investment interest types
 sendle	US\$25.0m / A\$32.6m	US\$25.0m / A\$35.7m	0.050	22.5%	Series C Preferred Shares
 Happy	US\$10.0m / A\$14.1m	US\$1.1m / A\$1.7m	0.002	1.0%	Ordinary Shares
 postpay	US\$10.0m / A\$13.6m	US\$10.0m / A\$14.3m	0.020	9.0%	Pre-Series A Preferred Shares & Convertible Notes
 play travel	A\$17.2m	A\$12.0m	0.017	7.6%	Ordinary Shares
 BASIQ	A\$10.0m	A\$10.0m	0.014	6.3%	Convertible Notes
 Till.	A\$5.0m	A\$5.4m	0.008	3.4%	Convertible Notes
 preezie	A\$4.5m	A\$4.5m	0.006	2.8%	Series A Preference Shares
 refundid	A\$2.4m	A\$5.9m	0.008	3.7%	Seed Preference Shares
<b>Early Stage Portfolio</b>	A\$2.5m	A\$1.5m	0.002	0.9%	Various
<b>Strategic Investments</b>	A\$3.8m	A\$4.8m	0.007	3.0%	Various
<b>Total Portfolio Value</b>	<b>A\$105.7m</b>	<b>A\$95.7m</b>	<b>A\$0.134</b>	<b>60.2%</b>	
Cash and other <sup>6</sup>		A\$63.2m	0.089	39.8%	
<b>Total Net Asset Value / NTA per share</b>		<b>A\$158.9m</b>	<b>A\$0.223</b>	<b>100%</b>	

4. Capital invested has been translated using the prevailing foreign exchange rates at the date of investment

5. Current valuation has been translated using the prevailing foreign exchange rates at month end.

6. Cash and other includes operational cash accounts, other current assets and other current liabilities.

### About Touch Ventures

Touch Ventures Limited (**Touch Ventures**) is an investment holding company focused on high growth, scalable investment opportunities in Australia and internationally, including companies that may benefit from exposure to Afterpay's ecosystem.

Touch Ventures is an internally managed vehicle and has broad flexibility as to how it deploys capital. Touch Ventures' investment strategy is to deploy capital towards high growth, scalable investment opportunities, in particular, investment opportunities within the retail innovation, consumer, finance and data segments in Australia and internationally.

Through its subsidiary Touchcorp Limited, Afterpay Limited (**Afterpay**) is the largest shareholder in Touch Ventures and is also party to a collaboration agreement with Touch Ventures whereby Afterpay may refer potential opportunities to Touch Ventures for evaluation.

Touch Ventures listed on the ASX on 29 September 2021.

### Contact details

For further information, please visit our investor website <https://investors.touchventures.com> or contact Investor Relations at [investors@touchventures.com](mailto:investors@touchventures.com)

### Important Notice

Touch Ventures Limited ACN 612 559 958 (ASX: TVL) has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only. It does not constitute an offer, invitation, solicitation or recommendation regarding the purchase or sale of any securities in TVL, nor does it constitute a financial product or investment advice, nor take into account your investment, objectives, taxation situation, or financial situation or needs. Any investor must not act based on any matter contained in this announcement in making an investment decision but must make its own assessment of TVL and conduct its own investigations and analysis. Past performance is not a reliable indicator of future performance.