

20 December 2022

ASX ANNOUNCEMENT

Portfolio valuation update

In recognition of the current market environment as we approach the end of 2022, Touch Ventures Limited (ASX:TVL) (**Touch Ventures** or **Company**) has undertaken a review of the valuation of its investment portfolio.

The review has resulted in a negative adjustment to the NTA of \$34.6m, reducing the total NTA to \$125.9m. The adjustment is mainly driven by changes in the carrying values of Sendle, Postpay and Till Payments and reflects the change in market conditions which has impacted valuation multiples along with the individual business performance of the relevant companies.

Touch Ventures believes that it is prudent to take a conservative view to valuations considering the current economic climate and will continue to assess the value of the investments at the end of each reporting period. Valuations are subject to the 2022 full year audit.

"We recognise that the current market sentiment is vastly different to that which existed in 2021, with no sign of a rebound in the short term. There is no doubt that listed technology valuations have generally reduced and the environment for raising new capital and achieving growth is materially different to what it was last year. We believe that rising interest rates, inflation and the risk of recession will continue to impact growth companies for some time and necessarily impacts our views on valuations and the outlook for growth companies in the short term" said Mike Jefferies, Chair of Touch Ventures.

"The team has worked closely with many of our existing portfolio companies, to support them as they adjust to these difficult market conditions. Touch Ventures is well capitalised with ~\$54m of cash or 7.6 cents per share, which positions us well for investing in new opportunities. We will continue to actively assess new opportunities but remain very patient and disciplined on deploying capital as the outlook remains uncertain for many growth companies" said Hein Vogel, CEO of Touch Ventures.

Portfolio valuation movements

Sendle

Sendle has made good progress on its expansion since our investment and has continued to build its US partnerships with courier networks and shipping aggregators. However, the general business environment has become very challenging during the course of 2022 as the e-commerce retail market is under pressure, particularly in the USA which is facing a recession and structural changes in the market. This has had an impact on the company's growth trajectory and general outlook.

We have reduced the value of our equity investment in Sendle by US\$17.3m, bringing our total investment value (including convertible notes) to US\$10.1m.

Postpay

Over the last 12 months Postpay has established itself as a leader within the UAE market, continuing to grow its merchant base and introducing new products to diversify its revenue base.

The BNPL market valuation multiples have however reduced significantly and the change in current economic conditions has impacted Postpay's overall performance and outlook.

We have reduced the value of our equity investment in Postpay by US\$2.8m, bringing our total investment value (including convertible notes) to US\$7.2m.








Till Payments

Till Payments has continued to see strong growth since our initial investment. Since its expansion to the US, the company has continued with its partnership growth and onboarded a number of new merchants. Till Payments is in the process of raising additional funding to continue developing the business.

As public market valuations, particularly for growth and technology companies, have reduced significantly and the availability of funding has reduced for growth companies since the time of our investment, we have reduced the value of our investment in Till Payments by \$4.4m, bringing our total investment value to \$1.2m (including accrued interest).

Authorised for release by the Touch Ventures Board.

Portfolio Summary

Company	Capital Invested ¹	Carrying Value ²	NTA per share (\$)	% of NAV	Investment interest types
	US\$27.4m / A\$36.0m	US\$10.1m / A\$15.0m	0.021	11.9%	Series C Preferred Shares & Convertible Notes
	US\$10.0m / A\$13.6m	US\$7.2m / A\$10.8m	0.015	8.6%	Pre-Series A Preferred Shares & Convertible Notes
	A\$17.2m ³	A\$12.0m	0.017	9.6%	Ordinary Shares
	A\$10.0m	A\$10.0m	0.014	7.9%	Convertible Notes
	A\$2.4m	A\$5.9m	0.008	4.7%	Seed Preference Shares
	A\$5.0m	A\$1.2m	0.002	0.9%	Convertible Notes
	A\$4.5m	A\$4.5m	0.006	3.6%	Series A Preference Shares
Early Stage Portfolio ⁴	A\$18.6m	A\$4.8m	0.007	3.8%	Various
Strategic Investments	A\$4.1m	A\$5.1m	0.007	4.1%	Various
Total Portfolio Value	A\$111.3m	A\$69.4m	A\$0.098	55.1%	
Cash and other ⁵		A\$56.4m	0.079	44.9%	
Total Net Asset Value / NTA per share⁶		A\$125.9m	A\$0.177	100%	

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

2. Current valuation has been translated using the prevailing foreign exchange rates at 30 November 2022.

3. The total capital invested and carrying value of Planpay excludes the loan advanced of \$2.1m.

4. Includes the US\$10m investment in Happay, previously a core investment.

5. Cash and other includes operational cash accounts, the loan advance to Planpay and other assets liabilities as at 30 November 2022.

6. Totals may not reconcile due to rounding.

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

Important Notice

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