touchventures

Appendix 4E and 2022 Annual Report

Touch Ventures Limited

(ASX:TVL)

Touch Ventures Limited
Appendix 4E

Preliminary final report for the year ended 31 December 2022

1. Company information

Name of entity:	Touch Ventures Limited
ABN:	96 612 559 958
Reporting period:	For the year ended 31 December 2022
Previous period:	For the year ended 31 December 2021

2. Results for announcement to the market

	31 December 2022 $000	31 December 2021 $000	Up/Down	Movement %
Gain/(loss) on financial assets	(66,457)	15,690	Down	(524%)
Profit/(loss) before tax	(65,165)	13,888	Down	(569%)
Net profit/(loss) for the year	(65,165)	13,888	Down	(569%)

Dividends

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

3. Net tangible assets

	31 December 2022	31 December 2021
Net tangible asset backing per share	$0.18	$0.27

4. Control gained or lost over entities

None.

5. Details of associates and joint venture entities

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

6. Basis of preparation

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

7. Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 2022 Annual Report which accompanies this Appendix 4E.

8. Attachments

The Annual Report of Touch Ventures Limited for the year ended 31 December 2022 is attached.

Contents

Chairman's Letter

16 February 2023

Dear shareholders,

Touch Ventures Limited (referred to hereafter as Touch Ventures or the Company) is an investment company with an experienced investment team and Board of Directors. Touch Ventures was established to invest in technology businesses operating in the Buy Now Pay Later (BNPL) and adjacent sectors, operates with an internalised management structure and also benefits from having a collaboration agreement with Afterpay Limited (Afterpay, acquired by Block, Inc), our largest shareholder.

Touch Ventures made its first investment in January 2020 and listed in September 2021. We have been laying the foundations for an investment company focusing on acquiring minority positions in unlisted companies in the retail innovation, consumer, finance and data segments that Touch Ventures considers to be in the growth-stage of their development. Touch Ventures offers shareholders a unique opportunity to get exposure to growing venture-backed private companies but with the liquidity of investing through a listed structure.

The 2022 financial year presented the Company with considerable challenges.

With the benefit of hindsight, the listing of Touch Ventures in 2021 occurred around the zenith of the technology sector in general and BNPL in particular. The current market sentiment is vastly different to that which existed in 2021, with no sign of a rebound in the short term. Technology business valuations have generally reduced significantly and the environment for raising new capital and achieving growth is materially different to what it was in 2021 and prior years. The global funding environment for growth technology companies has deteriorated and this environment has created new challenges for our portfolio companies.

The Board is very cognisant of the new environment in which the Company is operating and we have adjusted our approach to deploying capital as well as the valuation of our portfolio over the course of 2022. We are very disappointed to report a net loss of $65.2 million to our shareholders for this financial year, reflecting revaluations of our investment holdings in line with market movements. We believe it is prudent to be conservative in our approach to valuations and to acknowledge the change in market conditions, reduced valuation multiples, restricted access to new sources of capital and the individual business performance of the relevant companies. We are also cautiously optimistic about the progress of a number of our investee companies over the course of the year, expanding into new jurisdictions, enhancing their product suite and developing new products. We remain focused on managing the existing portfolio to increase value over the medium term and also believe these conditions provide us with the opportunity to invest capital at more reasonable valuations than we experienced in 2020 and 2021.

Touch Ventures is well positioned with $53.7 million of cash[1]. We continue to carefully assess new opportunities and will look to deploy capital only if and where we believe attractive returns can be achieved.

I want to take this opportunity to thank our shareholders for their support in what has been a trying year for technology investors.

Yours faithfully

Michael Jefferies
Chair, Touch Ventures Limited

1. As at 31 December 2022. Cash includes $20.0 million of Term Deposits with maturity dates no longer than 12 months.

Report from the CEO

FY22: Key Statistics

Net Tangible Asset (NTA)/NTA per share	$124.5 million/$0.18
Market cap/Share price at 31 December 2022	$66.8 million/$0.09
Premium/(Discount) to NTA	(50%)
Net gains/(loss) on investments (excluding foreign exchange movements)	($66.5 million)
Profit/(Loss) for the year	($65.2 million)
Cash[2]	$53.7 million
Capital deployed (FY22)[3]:	7 investments ($19.7 million)
• Core strategy	4 follow-ons, 1 loan ($16.9 million)
• Early-stage strategy	2 new investments ($2.5 million)

Dear shareholders,

In the period since we launched our investment strategy, Touch Ventures has experienced significant change. The COVID-19 pandemic hit soon after our first investment in 2020 which created significant uncertainty for many companies as countries went into lockdown. This was followed by an e-commerce and technology boom as people worked from home and the use of technology to conduct business exploded. Equity markets (and particularly technology valuations) flourished in 2021 with government assistance, low interest rates and large amounts of capital being deployed.

As the COVID-19 pandemic started subsiding in late 2021, economies have struggled with inflationary pressures (both demand-driven as well as due to supply shocks) leading governments to raise interest rates. We are now experiencing a higher interest rate environment, slowing growth with inflationary pressures creating a recessionary environment across developed economies including the US, Europe and Australia.

We had to adjust our approach to investing over these different periods and adapt to changing market conditions. As we start 2023, we are very conscious of the risks associated with venture investing but also excited about the potential opportunities ahead of us.

FY22: Year in Review

2022 was particularly challenging for the Company and many of our portfolio companies.

Global share markets were negatively impacted by increasing inflation, central banks increasing interest rates and tightening monetary policies. Technology companies, particularly those that are not profitable, have been impacted the most. As an example, SaaS business valuations have reduced from ~30x Next-Twelve-Months' (NTM) Revenue in November 2021 to ~7x NTM Revenue in December 2022[4], a reduction of ~76%.

2. As at 31 December 2022. Cash includes $20.0 million of Term Deposits with maturity dates no longer than 12 months.
3. Capital deployed includes the capital call for our investment in Sugar Capital.
4. Meritech Capital, available at www.meritechcapital.com/benchmarking/historical-trading-data/ev-ntm-revenue, accessed 10 January 2023.

Although private market valuations are less observable and lag public market valuations, we are seeing market data suggesting a similar level of reduction, especially for later stage businesses which are expecting to exit through a listing. The number of completed private company raises reduced in 2022, with lower valuations, as founders and companies delayed capital raising plans and investors took a more conservative view towards allocating capital.

Over the course of 2022, we placed a heavy focus on working with our portfolio with a particular emphasis on cost control and extending cash runway. In select cases, we provided additional funding to support founders as they made decisions in what has become a very difficult capital raising market. We have also reviewed the entire portfolio and revalued four of our core portfolio assets to reflect the market conditions notwithstanding the advances our portfolio made over the period. This has resulted in Touch Ventures reporting a net loss of $65.2 million for FY22.

Over the course of 2022, we placed a heavy focus on working with our portfolio with a particular emphasis on cost control and extending cash runway.

Revaluations notwithstanding, our founders and management teams have done a remarkable job in these uncertain times. Some highlights across the various portfolio companies are called out below:

- Sendle launched a number of new products in Australia and the US and built up their partnerships in the US which are showing great promise. In addition, the company launched in Canada and achieved 100% national delivery coverage and are looking to launch cross-border shipments this year;
- Postpay has increased GMV this year by 4x from 2021 and grown its merchant base even though the operating in the Kingdom of Saudi Arabia (KSA) has proven to be challenging;
- PlanPay has pivoted its business to focus on its payment product and has gone live with its first merchant in February 2023;
- Basiq has solidified its position as the market leader in Open Banking. As an accredited data recipient, Basiq has enabled over 30 organisations to use Open Banking data, representing over half of all organisations in Australia that have arrangements with a third-party provider to access Open Banking;
- Till completed the integration of its acquisition and launched into the US in early 2022. In addition, they released Pay By Link to its merchants, allowing merchants to send a link via SMS or email to receive payment;
- Preezie continues its strong trajectory and, in October 2022, launched a new beta product after consultation with its merchants. The company is growing its US presence with early signs of success; and
- Refundid closed a capital raise led by Salesforce Ventures in June 2022 and is in the early stages of exploring an expansion into the US. Merchant and revenue growth are strong with good momentum as the company launched a number of integrations across a number of eCommerce, enterprise resource planning (ERP) and order management systems.

We ended the year with $53.7 million of cash which means that we have a strong balance sheet and are well positioned to invest at much lower valuations than we have observed over the last few years. We expect our "post COVID-19" cohort of investments to yield stronger returns in the long term. We continued to actively assess new opportunities but as flagged in our half yearly update, we have remained very disciplined and our intention is to only invest where we have a strong belief that the potential return on our investment will be commensurate with the risk of the investment.

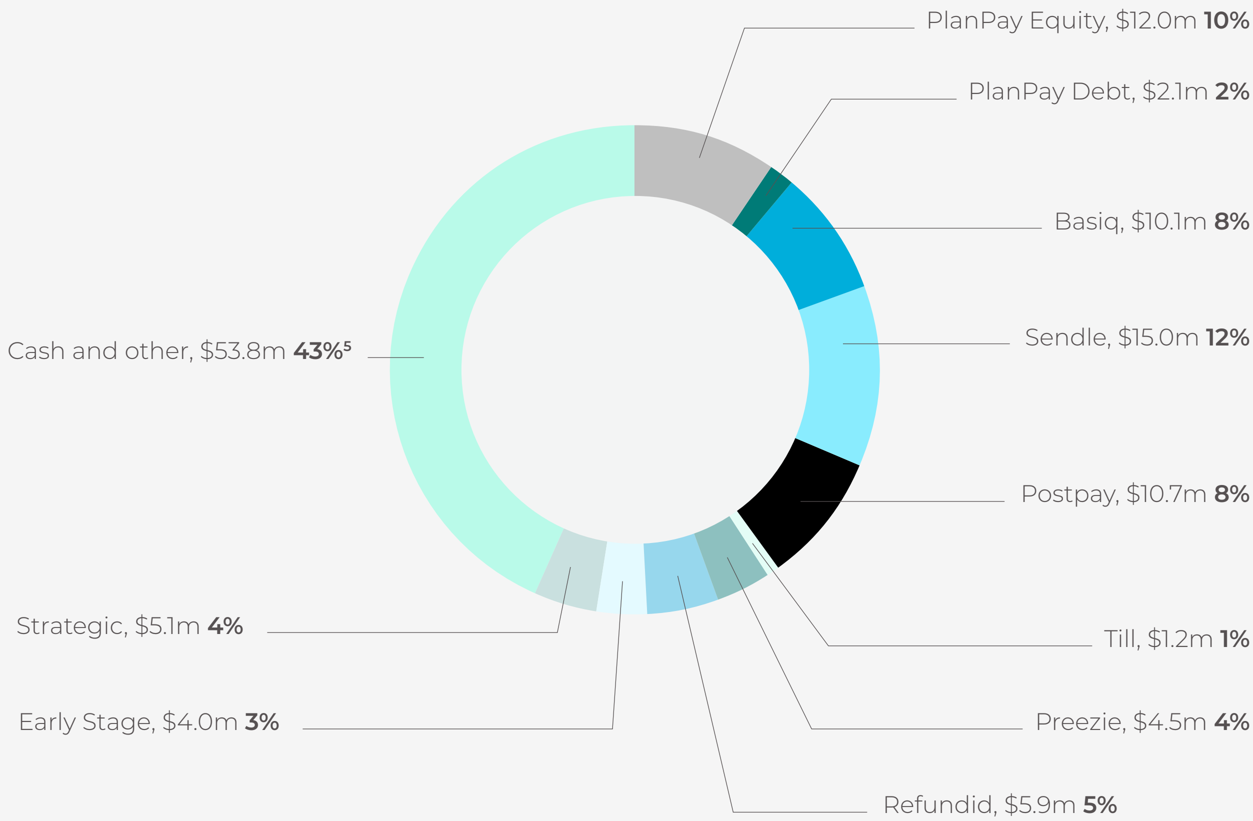
FY22 Results

For the period ended 31 December 2022:

- We recognised a net loss on our investments of $66.5m (excluding foreign exchange movements) due to the impairment of Sendle, Postpay, Till Payments, Happay (our Chinese BNPL investment) and some early-stage investments. We revalued these investments proactively based on market conditions and each individual business' performance. We also recognised a valuation uplift on our investment in Refundid (based on their most recent raise led by Salesforce Ventures).
- We deployed $19.7 million of capital to support our existing portfolio with two new early-stage investments We have been disciplined on new investments but continue to actively assess new opportunities.
- We supported our existing portfolio and participated in 4 follow-on investments:
  - US$5.0 million investment into Postpay via a convertible note;
  - Invested a further $2.9 million in PlanPay as a final tranche of previous funding commitment;
  - US$2.4 million investment into Sendle via a convertible note; and
  - $1.4 million investment into Refundid via seed preference shares.
- We also committed to a $5.1 million loan to PlanPay and provided $2.1 million under this arrangement in October 2022 with the balance provided in January 2023.
- We made 2 new investments under our early-stage portfolio and funded one capital call under our strategic portfolio:
  - $0.5 million new investment into Her Black Book;
  - US$1.2 million new investment into Breef; and
  - US$0.2 million into funds managed by Sugar Capital satisfying the full US$1.5 million commitment to the fund.
- We also reviewed our own costs and reduced our full time employees considering we have slowed down our deployment of capital and reduced other operating expenses in the business.
- We finished the year with Net Assets of $124.5 million (or 18 cents per share), which includes $53.7 million of cash (or 8 cents per share). Cash represents 43% of Net Assets at year-end.

Portfolio & Pipeline

Our portfolio has grown in 2022 with the addition of two new early-stage investments. Our total portfolio now stands at fifteen investments, which includes seven companies in our core strategy.



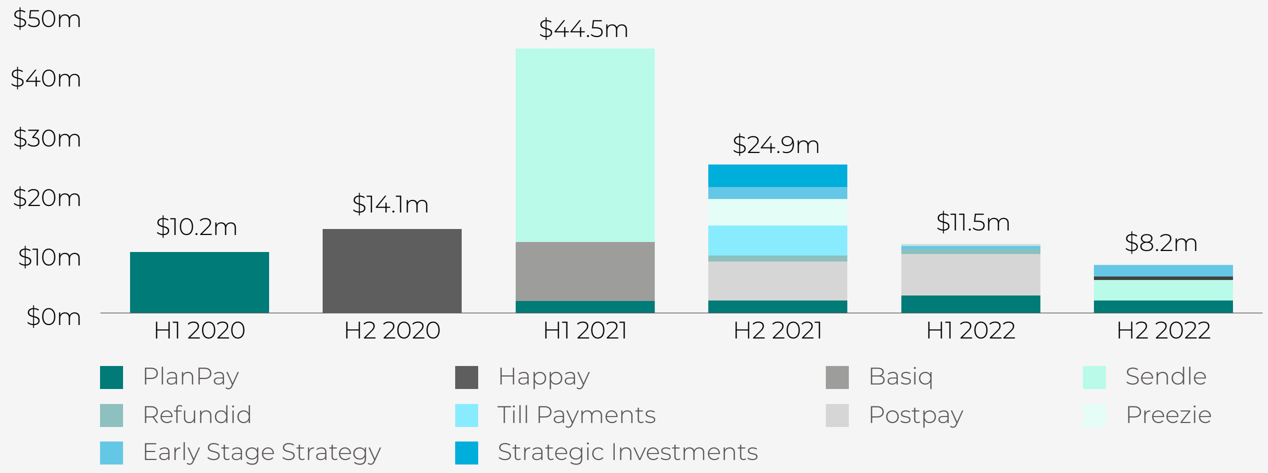
Many of the companies in our portfolio have taken measures to adjust costs or their capital position. While we continue to be optimistic about our young portfolio, we have adjusted our portfolio valuations by $66.5 million (predominantly as a result of changes to the valuations for Sendle, Postpay, Till Payments and Happay offset by the uplift for Refundid). Whilst it is easy to focus on the negative, we also want to recognise the amazing work being done by our founders in a very difficult and fast changing environment.

Please refer to the Portfolio Review section for more detail on each portfolio company.

2023 will be another important year for our portfolio as our investees adjust to the new environment and progress their business and capital strategies. By virtue of our existing strategy, the companies in our portfolio are not close to profitability and they require both capital and great stewardship by their founders to navigate the current economic environment.

We remained disciplined in our evaluation of opportunities and reduced the pace of deployment. We reviewed over 250 opportunities in 2022 and made two new investments under our early-stage mandate.

5. Cash and other includes cash of $53.7m, and other assets and liabilities of $0.1m.



Looking forward

Whilst it is difficult to predict what 2023 will bring, our view is that there is still more downside risk in the market at the time of writing this report. We are starting to see the impact of higher interest rates filter through the market with companies undertaking lay-offs as companies adjust to the challenging environment. We think the environment will get worse before it starts improving. The good news is that we expect the markets will turn eventually and are positioning the business for that.

From an investing perspective, we believe that many companies delayed their fund raising or completed top up/extension rounds in 2022 and they will be getting close to requiring more funding in 2023. Having a strong balance sheet is a great advantage to Touch Ventures. With $53.7 million of cash available and with private company valuations having adjusted to more reasonable levels, we are well positioned to grow our portfolio.

We anticipate the market for growth companies to take longer to reach its previous highs and so we will remain cautious and patient as we look to deploy capital, seeking attractive terms on new investments.

We will continue to monitor our existing portfolio and actively seek opportunities to create liquidity and/or enhance their prospects through disciplined management.

Touch Ventures has significant flexibility in its investing activities. To date we have predominantly focused on companies in the retail innovation, consumer, finance and data segments at the growth-stage of their development – at the time, with the benefit of our Afterpay arrangements, we believed that this is where the most value could be created. With the changing environment, we will look to be more flexible with our areas of focus and investment amounts as we look to optimise the deployment of capital and create value for shareholders.

Yours sincerely,

Hein Vogel
CEO, Touch Ventures Limited

Portfolio Review

Touch Ventures' Portfolio (as at 31 December 2022)

Company	Initial Investment	Business Description
sendle	June 2021	Sendle is an Australian and U.S. based virtual parcel courier platform targeting SMB eCommerce merchants.
PlanPay	February 2020	PlanPay is a budgeting and payments tool which empowers customers to achieve more by breaking down large purchases into small, easily payable chunks and eliminates the burden of budgeting.
postpay	July 2021	Postpay is a UAE based BNPL business offering 'Pay in 3' instalment plans to online shoppers with no upfront interest or fees.
BASIQ	January 2021	Basiq operates a financial data platform which allows financial institutions and fintechs to access, enrich and analyse their customers' financial data.
Till.	November 2021	Till Payments is an omni-channel, end-to-end Australian non-bank payments provider.
preezie	November 2021	Preezie is an Australian eCommerce technology company which provides an online guided selling customer engagement platform.
refundid	September 2021	Refundid is an instant returns platform for shoppers providing refunds to consumers before their items are returned to the merchants.
Early-Stage Portfolio[7]	Various	Early-stage investments limited to 5% of the Touch Ventures portfolio.
Strategic Investments	Various	Investments that strengthen Touch Ventures' local and global network.
Total Portfolio Value		
Cash and Other[8]		
Total Net Asset Value[9]		

6. Only includes share securities issued. Excludes any ESOP (allocated or unallocated), convertible notes or options/warrants.
7. Includes the investment in Happay, previously a core investment.
8. Cash and other includes cash of $53.7 million, and other assets and liabilities of $0.1 million.
9. Totals may not reconcile due to rounding.

Shareholding[6]	Investment Amount	FY21 Fair Value	FY22 Fair Value
12.1%	US$27.4 million/ A$36.0 million	US$25.0 million/ $34.4 million	US$10.2 million/ $15.0 million
Equity: 88.9%	$17.2 million	$9.1 million	$12.0 million
Loan: N/A	$2.1 million	–	$2.1 million
13.3%	US$10.0 million/ $13.6 million	US$5.0 million /$6.9 million	US$7.2 million /$10.7 million
N/A, subject to conversion	$10.0 million	$10.0 million	$10.1 million
N/A, subject to conversion	$5.0 million	$5.0 million	$1.2 million
17.6%	$4.5 million	$4.5 million	$4.5 million
11.4%	$2.4 million	$1.2 million	$5.9 million
Various	$18.6 million	$36.4 million	$4.0 million
Various	$4.1 million	$4.5 million	$5.1 million
	$113.4 million	**$112.0 million**	**$70.7 million**
		$77.7 million	**$53.8 million**
		$189.7 million	**$124.5 million**

Overview of Portfolio Assets

Core Portfolio

sendle

Valuation (31 December 2022)	US$10.2 million/$15.0 million
Total investment	US$27.4 million/$36.0 million
Basis for valuation	Revenue and earnings multiples
Securities held	Series C Preferred Shares and Convertible Notes
Shareholding	12.1%

Company overview

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

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

Business update

Sendle has made good progress over the last twelve months and has continued to build its product and US partnerships with courier networks and shipping aggregators. Despite small businesses being impacted by the challenging economic conditions, Sendle exited the year with momentum.

During the year, Sendle launched Sendle Pouch, which allows a tracked shipping service for 250g packages for Sendle Pro shippers and Express Delivery (2-day parcels). Sendle announced a partnership with Amazon which allows Amazon sellers in the US to ship sustainably and track seamlessly with Sendle for all Merchant Fulfilled Network (MFN) orders. Sendle also added partnerships with Vestiaire Collective alongside its partnerships with Shopify, eBay and Poshmark.

Sendle has now delivered and collected a parcel to and from every 3-digit zip code in the USA. Having recently launched in Canada, they have achieved 100% national delivery coverage and looking to launch cross-border shipments in 2023.

Sendle have shipped 100% carbon neutral from day one – offsetting the carbon emissions from 25 billion miles (or 40.3 billion kilometres) of deliveries to date. Sendle is now Climate Neutral Certified and they continue to hold themselves accountable to a higher, greener standard. The company launched its compostable satchels to give small businesses an environmentally friendly alternative to the plastic filling landfills and teamed up with Bonds in Australia to deliver the country's first solar-powered fleet of delivery vans. As part of its sustainability commitment Sendle joined over 1,000 other B Corps in their commitment to going Net Zero by 2030, a full 20 years ahead of the Paris Agreement goal.

In August 2022, Sendle completed a US$10.5 million capital raise through the issue of convertible notes. Touch Ventures supported the capital raise and invested US$2.4 million. At the same time Sendle implemented a cost savings programme to provide the business with additional cash runway. The general business environment has become very challenging for Sendle during the course of 2022 as the eCommerce market came under pressure, particularly in the USA which is facing a recession and where Sendle experienced a number of structural headwinds. This has had an impact on the company's growth trajectory and general outlook which resulted in us reviewing the fair value for this investment. As announced in December, we reduced the value of our equity investment in Sendle by US$17.2 million, bringing our total investment value (including convertible notes) to US$10.2 million.

Core Portfolio

PlanPay (formerly Play Travel)

Equity Valuation (31 December 2022)[10]	$12.0 million
Total equity investment	$17.2 million
Basis for valuation	Discounted cash flow
Securities held	Ordinary Shares
Shareholding	88.9%
Loan to PlanPay	**$2.1 million**
Term	18 months
Annual Interest Rate	10%

Company overview

PlanPay is a budgeting and payments tool which empowers customers to achieve more by breaking down large purchases into small, easily payable chunks and eliminates the burden of budgeting.

The business was founded in 2015 as Layaway Travel and is headquartered in Sydney, Australia. The PlanPay brand was launched in August 2022 after the company shifted its focus to its lay-by technology product called 'PlanPay'. To reflect the change in focus from being a travel marketplace, the company changed its name to PlanPay Pty Ltd.

Business update

The company appointed a new CEO, Gary Burrows, in early 2022. Following a strategic review, the company decided to predominantly focus on building out and commercialising its payment product, PlanPay.

PlanPay is primarily focused on the travel industry and allows customers to make upfront instalment payments on high value travel products, essentially digitizing the traditional lay-by model. Travel remains a priority for consumers post COVID in spite of rising inflation, and PlanPay aims to capitalise on the tailwinds within the travel market by providing customers an option to travel debt free.

The company's standalone "PlanPay" payments platform has gone live with its first merchant in February 2023. To support the product release, PlanPay recently appointed a new CTO, Jeff Lewis. Jeff is a travel industry veteran who held executive leadership positions with Viator and Tripadvisor.

In June 2022, Touch Ventures completed a further $2.1 million investment (part of the agreed funding round in December 2021) to extend the company's runway. In October 2022, Touch Ventures committed to a further $5.1 million loan to PlanPay and provided $2.1 million under this arrangement as of 31 December 2022 to enable the company to further develop its PlanPay product. In January 2023, Touch Ventures funded the remaining $3.0 million under this loan facility.

We see a great opportunity for PlanPay to bring a unique offering within the travel industry and provide a payments system for participants within the travel industry.

10. The total investment and valuation of PlanPay as at 31 December 2022 excludes the loan advanced of $2.1 million.

Core Portfolio

postpay

Valuation (31 December 2022)	US$7.2 million/$10.7 million
Total investment	US$10.0 million/$13.6 million
Basis for valuation	Revenue and earnings multiples
Securities held	Pre-Series A Preferred Shares and Convertible Notes
Shareholding	13.3%

Company overview

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

Business update

During the year, Postpay expanded across additional verticals including education, travel, services and signed many prominent retail groups in the region.

Overall Postpay has seen GMW grow over 4x in 2022 from 2021 and its merchant base has grown to over 1,300 merchants in the Middle East region. Postpay was also recognised as one of the Top 10 start-ups to work for in the Middle East by LinkedIn.

At the start of 2022, Postpay successfully secured a debt financing facility from Commercial Bank of Dubai. In April 2022, Postpay completed a US$10.5 million capital raise through the issue of a convertible note, lead by an investment from Impact46, an institutional investor based in Saudi Arabia. Touch Ventures participated in the capital raise and invested US$5.0 million.

During the year, Postpay launched a range of new product features including 'Pay Now' and an express check-out payment service ("One by Postpay"). Postpay's fast and seamless payment solution is designed to simplify the online check-out experience. Postpay intends to roll out the express check-out product over the next year and has already gone live with existing merchants.

In spite of growing GMV, the market environment has deteriorated significantly and operating in the Kingdom of Saudi Arabia (KSA) has proven to be challenging from a credit experience perspective. In recognition of the reduction of valuation multiples for BNPL companies and the change in current economic conditions, we have reduced the value of our equity investment in Postpay by US$2.8 million, bringing our total investment value (including convertible notes) to US$7.2 million.

Core Portfolio

BASIQ

Valuation (31 December 2022)	$10.1 million
Total investment	$10.0 million
Basis for valuation	Price of recent investments
Securities held	Convertible Notes
Shareholding	N/A, subject to conversion

Company overview

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

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

Business update

In 2022, Basiq continued to exhibit strong growth, adding new customers across a wide range of segments. Basiq has helped over 2.5 million Australians share their financial data from various financial institutions, enabling them to use financial services applications in areas of personal financial management, lending, salary advance, proptech, etc.

Basiq extended its partnerships and entered into a strategic partnership with FrankieOne, combining Basiq's financial data insights with FrankieOne's identity, onboarding and fraud prevention solution.

As an accredited data recipient, it entered into arrangements to enable over 30 organisations such as Pearler, Way Forward, The Payment App, Otivo and Fonto to access and use Open Banking data. This represented well over half of all organisations that have arrangements in Australia with a third-party provider to access Open Banking.

Enhancements were made to the Basiq platform, including configuration of the Consent User Interface (UI) for Open Banking, along with the ability to customise brand and styling to optimise the end-user experience. With a compelling Open Banking proposition, Basiq was awarded the Best Open Banking solution at the 2022 FinTech Awards.

Basiq has continued to diversify its product range and a major initiative in 2022 was the launch of a new payments remittance solution, enabling organisations to provide instructions to collect and send funds in real time, leveraging the power of data and insights to deliver 'Smart Payments'. Combining data and payments on the one platform creates efficiencies, helps accelerate the launch of new products to market, and creates unique insights.

As the market for payments continues to evolve, Basiq is well placed to capitalise on opportunities in this space and become a leading participant within the open banking landscape.

Core Portfolio

Till.

Valuation (31 December 2022)	$1.2 million
Total investment	$5.0 million
Basis for valuation	Price of recent investments
Securities held	Convertible Notes
Shareholding	N/A, subject to conversion

Company overview

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

Till Payments was founded in 2012 by Shadi Haddad (CEO) and had over 300 employees across Australia, New Zealand, United Kingdom and the United States. It currently serves hundreds of merchants across several countries and has an active strategy to expand further into the US and European markets.

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

Business update

In 2022, Till continued growing its merchant base with the onboarding and integration of key partnerships.

Till successfully integrated Ziosk Integrated Payment Services (ZIPS), the payment processing business it acquired in 2021 into its North American business. The acquisition led to Till's official launch in the United States in April 2022 at the TRANSACT conference in Las Vegas. Till United States is able to support a range of local payment requirements which will strengthen its customer value proposition.

Till introduced a variety of new product enhancements, including Pay By Link. This feature allows merchants to send a link via SMS or email to customers, which will redirect them to a Till-hosted payment page. This enables customers to easily and securely pay for their purchases using their preferred payment method.

In November 2022, Till announced its partnership with SPAR Australia where it will provide SPAR AU head-office run sites with payment processing services and a suite of payment terminals to support their in-store operations. Till also released its Terminal Connect software to US-based merchants that enhances the checkout experience by deploying an integration between payment terminals and their Point of Sale (POS) software.

Towards the end of 2022, Till announced the appointment of three new board members and a new capital raise to support the business. 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. The operating environment for venture-backed tech companies continues to be difficult but the company is focused on adapting to the current economic environment and in response has announced a number of staff redundancies to reduce cash burn and focus on profitability. We reduced the value of our investment in Till Payments by $3.8 million (net of accrued interest), bringing our total investment value to $1.2 million (including accrued interest).

Core Portfolio

preezie

Valuation (31 December 2022)	$4.5 million
Total investment	$4.5 million
Basis for valuation	Price of recent investments
Securities held	Series A Preference Shares
Shareholding	17.6%

Company overview

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

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

Business update

Preezie continued growing its customer base in 2022 and currently working with leading merchants such as Dell, Guitar Centre, Lego Australia, Canon (in-store and online), Adore Beauty, Culture Kings, Lorna Jane, Repco, Target Australia, JB Hi-Fi, Baby Bunting, Snooze, 2XU and more.

The company launched its US office and co-founder Quoc Nguyen relocated to the US to develop the company's operations in late 2022. The company has built a small sales team and has been focused on acquiring new US merchants with some early signs of success.

In October 2022, Preezie launched a new beta product that allows retail brands to cross promote other brands on their checkout confirmation pages. Within four weeks of going live, the company had 17 customers on the new platform with over $200,000 of transactions being initiated through this product.

Preezie plans to continue its growth by adding to its existing team, growing its US operations and building a stronger product with a large focus on its new shopper exchange product. The company has been focused on efficient growth and sensibly scaling the team while ensuring that its cash runway is well managed in the current economic environment.

Core Portfolio

refundid

Valuation (31 December 2022)	$5.9 million
Total investment	$2.4 million
Basis for valuation	Price of recent investments
Securities held	Seed Preference Shares
Shareholding	11.4%

Company overview

Refundid is an instant returns platform for shoppers providing a full refund to consumers before their items are returned to the merchants. Refundid's merchant proposition is to maximise customer retention and increase gross sales. Refundid generates revenue by charging merchants a percentage fee per transaction.

Refundid was launched in 2021 in Sydney by its co-founders Brad Karney, Judd Katz, Ilan Kessler and Joel Aaron.

Business update

Refundid has made significant progress during the year and continued growing its core product of offering instant refunds. The company has over 150 eCommerce retailers across Australia including Princess Polly, Adore Beauty, Showpo, DISSH, sass & bide, PE Nation, Culture Kings, City Beach and Aquila.

The company experienced material uplifts in key performance indicators across its partners placing Refundid as a leading tech solution for eCommerce brands. It also introduced bespoke integrations across a wide range of eCommerce, ERP and order management systems to facilitate a scalable integration process and support future growth.

The company is in the early stages of exploring the expansion of its platform to the US market.

In June 2022, Refundid undertook a capital raise led by Salesforce Ventures. Touch Ventures participated in the equity raise investing a total of $1.4 million. We have adjusted the valuation of our holding in Refundid based on the valuation of this raise.

Early-stage investments

The Company may allocate up to approximately 5% in aggregate of its overall portfolio for investments in early-stage companies. Under this strategy, the Company has invested $4.5 million ($2.5 million in FY22) with a current valuation of $4.0 million. The total amount deployed into assets held in this strategy is $18.6 million after accounting for the recategorisation of Happay as an early-stage investment.

Company (head office location)	Description
Breef (USA)	Breef is a global marketplace for brands to discover, contract with and pay digital marketing agencies.
Happay (China)	Happay provides interest-free BNPL products at the point of sale for retailers (particularly retailers located in shopping malls) in mainland China.
Credshare (Australia)	Credshare is a secure credentials sharing platform which allows organisations to manage compliance documents and individuals to store their documents in a single space.
Her Black Book (Australia)	Her Black Book is a retail deal coupon and cash back platform which specialises in women's fashion, beauty & lifestyle brands.
The List (UAE)	The List is a social commerce platform for luxury fashion connecting professional sellers and consumers to entertain, engage and transact.

Strategic investments

The Company may invest in opportunities that strengthen its local and global network and provide greater visibility to early-stage opportunities. To date, the Company has invested $4.1 million ($0.3 million in FY22) into strategic investments with a current valuation of $5.1 million.

Company (head office location)	Description
Sugar Capital (USA)	Sugar Capital is a venture capital firm based in San Francisco, USA. Sugar Capital primarily invests in seed-stage companies with a focus on eCommerce and consumer businesses.
Skalata Ventures (Australia)	Skalata Ventures is a seed investment program based in Melbourne, Australia. Skalata invests in and supports early-stage companies through its seed investment program.

Directors' Report

Directors' Report

The Directors of the Company submit their report for the year ended 31 December 2022 and the auditor's report thereon.

Directors

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

Name, role and independence status	Experience, special responsibilities and other directorships
Michael Jefferies *(Chairman and Independent Non-executive Director)* 	Michael has over 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. Michael is a Chartered Accountant and Fellow of the Australian Institute of Company Directors, has a Bachelor of Commerce degree.
Jim Davis *(Independent Non-executive Director)* 	Jim is the founder and portfolio manager of Woodson Capital Management, a global fund manager with a focus on the consumer and technology sectors. Woodson Capital's flagship long/short fund (one of the Woodson Funds) launched in January 2010 with a seed investment from Tiger Management where Jim previously served as an Analyst. The Woodson Capital Entities act as investment manager and general partner to the Woodson Funds, a substantial Shareholder of the Company. Jim graduated from Davidson College and received a Masters of Science in Accounting and an MBA in Finance from Wake Forest University. Jim currently serves as a Trustee for two private philanthropic foundations: Tiger Foundation, based in New York City, and the Margaret C. Woodson Foundation in North Carolina.
Sophie Karzis *(Independent Non-executive Director)* 	Sophie is a corporate and commercial lawyer who is experienced in the areas of equity capital markets, mergers and acquisitions, and corporate governance for ASX-listed entities. Sophie acts as company secretary and general counsel for a number of ASX-listed and unlisted entities. Sophie is member of the Law Institute of Victoria and the Governance Institute of Australia, has a Bachelor of Jurisprudence and a Bachelor of Laws degree, and is based in Melbourne.

Name, role and independence status	Experience, special responsibilities and other directorships
John McBain AO *(Independent Non-executive Director)* 	John is the former Head of Reproductive Services at Melbourne's Royal Women's Hospital. He is also a former President of the Fertility Society of Australia, and was a founder of Melbourne IVF, now Virtus Health, and served as Chairman of Melbourne IVF and subsequently as a director of Virtus Health prior to its listing on the ASX. John is a member of The Royal College of Obstetricians and Gynaecologists and a fellow of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists, has a MB ChB.
Hugh Robertson *(Non-Independent Non-executive Director)* 	Hugh has over 30 years' experience in financial services as an investor, advisor and company director across a broad range of businesses. Hugh's deep experience and knowledge in capital markets with a particular concentration on small cap industrials is highly valued. Hugh is a stockbroker and investment adviser working with a variety of firms including Bell Potter, Investor First and Wilson HTM.

Company Secretary

Alyn Tai

Alyn is a practising lawyer who specialises in the areas of corporate and commercial law, and the provision of company secretarial and legal counsel services to ASX-listed entities. She holds a Bachelor of Laws from the University of Exeter and was called to the Bar of England and Wales before being admitted to the Supreme Court of Victoria as an Australian lawyer.

Meetings of directors

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 9 Board meetings, 3 Nomination and Remuneration Committee meeting, and 3 Audit and Risk Committee meeting were held.

	Board		Remuneration and Nomination Committee[11]		Audit & Risk Committee[12]	
	No. of meetings attended	No. of meetings held while a Director	No. of meetings attended	No. of meetings held while a Director	No. of meetings attended	No. of meetings held while a Director
Michael Jefferies	9	9	3	3	3	3
Jim Davis	9	9	3	3	1	3
Sophie Karzis	9	9	3	3	3	3
John McBain AO	9	9	3	3	2	3
Hugh Robertson	9	9	3	3	–	3

Directorships of other listed companies

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

Director	Company	Period of directorship
Michael Jefferies	Ozgrowth Limited (ASX:OZG)	31 October 2007 – 21 April 2022
John McBain AO	Rhinomed Limited (ASX:RNO, OTCQB:RHNMF)	Since 14 May 2021
Sophie Karzis	RAS Technology Holdings Limited (ASX:RAS)	Since 18 June 2021
	PRT Company Limited (ASX:PRT)	Sine 31 March 2022
Hugh Robertson	Maggie Beer Holdings Limited (ASX:MBH)	Since 26 October 2015
	Envirosuite Limited (ASX:EVS)	Since 1 November 2018
	Credit Clear Limited (ASX:CCR)	Since 23 September 2021

Remuneration of key management personnel

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

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

Share options granted to Directors and senior management

During the financial year, there were no new options granted to Directors and senior management as part of remuneration.

The table below summarises the outstanding options and their expiry dates as of 31 December 2022:

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

All unissued shares are ordinary shares of the Company.

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

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

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

Principal activities and state of affairs

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

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

The Company's investments will include initial investments, including acquisitions of securities in new portfolio companies, and participation in follow-on raisings by existing portfolio companies. The Company's key objective is to create long-term shareholder value from the capital appreciation of its portfolio. From time to time, the Company may make strategic investments that provide it with the ability to extend the Company's connectivity and increase deal flow.

There has been no significant change in the state of affairs of the Company during the financial year.

Operating and financial review

Summary of business model and investment objectives

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

The Company's investment objectives are to:

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

In addition to the core investment objectives, the Company also focuses on the quality of the team and culture, the shareholding interest of the management/founders, stickiness of the company's revenue and the marginal cost to scale the business.

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

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

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

Review of activities and events during the year ended 31 December 2022

New and Follow-on Investments

During the year, the Company invested $19.7 million across new and existing portfolio companies.

The company participated in four follow-on investments in Sendle, PlanPay, Postpay and Refundid. In addition to the follow-on investment in PlanPay, the Company also committed to a $5.1 million loan to PlanPay and provided $2.1 million by 31 December 2022.

The Company also completed two investments under its early-stage strategy in Her Black Book and Breef. In addition, the Company satisfied its commitments and paid up capital of US$0.2 million into funds managed by Sugar Capital. The Company has made no further commitments in relation to funds managed by Sugar Capital.

Valuations

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

Sendle

In December 2022, the Company revalued its investment in Sendle to US$10.2 million ($15.0 million), resulting in the recognition of a fair value loss of US$17.2 million ($25.5 million) (including accrued interest) for the year. The general business environment has become very challenging for Sendle during the course of 2022 as the eCommerce retail market came under pressure, particularly in the USA which is facing a recession and where Sendle experienced a number of structural headwinds. This has had an impact on Sendle's growth trajectory and general outlook which resulted in the reduction in fair value.

Postpay

In December 2022, the Company revalued its investment in Postpay to US$7.2 million ($10.7 million), resulting in the recognition of a fair value loss of US$2.8 million ($4.1 million) for the year. The market environment has deteriorated significantly and operating in the Kingdom of Saudi Arabia (KSA) has proven to be challenging from a credit experience perspective. In recognition of the reduction of valuation multiples for BNPL companies and the change in current economic conditions, the Company has reduced the value of its equity investment in Postpay.

Till Payments

In December 2022, the Company revalued its investment in Till Payments to $1.2 million (including accrued interest), resulting in the recognition of a fair value loss of $3.8 million (net of accrued interest) for the year. 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. The operating environment for venture-backed tech companies continues to be difficult but Till Payments is focused on adapting to the current economic environment and in response has announced a number of staff redundancies to reduce cash burn and focus on profitability.

Happay

In June 2022, the Company revalued its investment in Happay (Cayman) Ltd (Happay) to US$1.1 million ($1.7 million), a decrease of US$23.8 million ($34.5 million) from the 31 December 2021 value of US$24.9 million ($34.4 million). Last year, the Company was carrying Happay based on its last valuation from its Series B capital raise of approximately US$19 million in July 2021 at a post-money valuation of US$150 million led by a Chinese investment group. Happay has 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 has hampered Happay's ability to execute its new strategy and its development has been slow.

Refundid

In June 2022, the Company recognised an unrealised gain on its investment in Refundid of $3.3 million following the successful completion of its funding round led by Salesforce Ventures. The revaluation was based on the valuation set in this funding round.

ESM and strategic investments

In December 2022, the Company revalued its investments in the Sugar Capital Fund I, L.P. and SF-II ESVC LP (Skalata Fund II) to reflect the latest Net Asset Value (NAV) of the fund. The Company recognised a total fair value gain of $0.1 million.

The Company has also written down the value of companies in its early-stage portfolio during the current year and has recognised a fair value loss of $2.1 million.

Financial results and financial position

The net loss after tax of the Company for the year ended 31 December 2022 was $65.2 million (year ended 31 December 2021: net profit after tax $13.9 million). The net loss includes the non-cash impact of fair value adjustments of ($66.5) million and an unrealised foreign exchange gain of $5.4 million on investments in financial assets as at the reporting date. At 31 December 2022, the Company reported net assets of $124.5 million (31 December 2021: $189.7 million).

The Gross Portfolio Value as at 31 December 2022 was $70.7 million ($68.5m excluding loan to portfolio company), a decrease of $41.3 million from the 31 December 2021 value of $112.0 million. The Company has no debt and has total cash (including term deposits) at 31 December 2022 of $53.7 million (31 December 2021: $78.7 million).

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

	2022	2021
NTA per share	$0.18	$0.27

For the year ended 31 December 2022, the Company's NTA was $0.18, representing a $0.09 decrease from 31 December 2021. The NTA movement is attributable to the non-cash impact of fair value adjustments of $66.5 million, unrealised foreign exchange gains of $5.4 million and operating expenses of $4.5 million.

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

Matters subsequent to the end of the financial year

In January 2023, the Company funded the remaining $3.0 million loan to PlanPay which fully satisfied the $5.1 million loan commitment made to PlanPay in October 2022.

The Directors are not aware of any other matter or circumstance which has arisen since 31 December 2022 that has significantly affected or may significantly affect the operations of the Company in subsequent financial years, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments and expected results

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

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

Environmental regulations

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

Dividends

No dividends were paid or declared by the Company during the year ended 31 December 2022 (year ended 31 December 2021: nil).

Indemnification of Directors and officers

The Company paid a premium in respect of a contract insuring the Directors of the Company, the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The details of the nature of the liability and the amount of the premium are confidential between the insurer and the Company and have therefore not been disclosed.

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

Proceedings on behalf of the company

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

Auditor

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor, if any, are outlined in Note 16 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 36.

Rounding off of amounts

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

Corporate Governance Statement

The Corporate Governance Statement for the year ended 31 December 2022 can be accessed in the Corporate Governance section of the Company's website at investors.touchventures.com.

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

Remuneration Report – Audited

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's Directors and key management personnel for the financial year ended 31 December 2022. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The prescribed details for each person covered by this report are detailed below under the following headings:

- Directors and key management personnel;
- remuneration governance;
- executive remuneration policy and framework;
- non-executive Director remuneration policy; and
- remuneration of key management personnel.

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

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

Non-executive directors	Position
Michael Jefferies	Non-executive Director and Chairman
Jim Davis	Non-executive Director
Sophie Karzis	Non-executive Director
John McBain AO	Non-executive Director
Hugh Robertson	Non-executive Director

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

B. Remuneration governance – Audited

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

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

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

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

Securities Trading Policy

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

C. Executive remuneration policy and framework – Audited

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

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

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

For the executives, remuneration packages will typically consist of:

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

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

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

Fixed base pay

Executive KMP are offered a fixed base pay that comprises of a cash salary and superannuation. Base pay for executive KMP is reviewed annually by the Remuneration Committee, which takes into account capability, experience, value to the organisation and performance of the individual.

Retirement benefits for KMP

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

Short–term incentive (STI)

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

The annual target STI amount is between 25% and 35% of fixed base salary. Performance conditions in relation to each year's STI will be determined by the Board annually and will be payable in cash.

Given that STIs are delivered in cash rather than equity, and that the performance conditions are linked to KPIs which do not comprise at-risk elements beyond the relevant performance period, a phased approach to vesting is not applied to the STIs.

For 2022, executives were entitled to receive a cash STI in addition to the fixed base salary up to the amount of 35% of the fixed base salary. The key performance measures for the 2022 STI were linked to strategy execution, cost control, shareholder and market engagement, building and managing a pipeline of investment opportunities and general management of existing investments.

Long–term Incentive Plan (LTIP)

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

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

Key terms of the CEO and CFO's employment

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

Term	Description
Base salary	The CEO is entitled to receive a base salary of including statutory superannuation for a total employment cost of $451,724.
Short-term incentives (STI)	The CEO is eligible to participate annually in the Company's short term incentive plan. Performance conditions in relation to each year's STI will be determined annually by the Board and will be payable in cash.
Long-term incentives (LTI)	Subject to any relevant performance or other conditions, restrictions or requirements, the CEO is entitled to participate in the Company's LTIP.
Termination	The CEO's employment may be terminated by the Company or the CEO at any time on the giving of 6 months' notice in writing, or immediately by the Company for serious misconduct.
Restraints	When the CEO's employment ends, he is prohibited from accepting offers from or approaching clients for up to 6 months throughout Australia, except with the prior written consent of the Company.

Gerard Pais has been appointed as Touch Ventures' Chief Financial Officer (CFO) and investment director. He is employed full time under an employment contract dated 16 July 2021. The key terms of his employment are as follows:

Term	Description
Base salary	The CFO is entitled to receive a base salary of including statutory superannuation for a total employment cost of $351,724.
Short-term incentives (STI)	The CFO is eligible to participate annually in the Company's short term incentive plan. Performance conditions in relation to each year's STI will be determined annually by the Board and will be payable in cash.
Long-term incentives (LTI)	Subject to any relevant performance or other conditions, restrictions or requirements, the CFO is entitled to participate in the Company's LTIP.
Termination	The CFO's employment may be terminated by the Company or the CEO at any time on the giving of 3 months' notice in writing, or immediately by the Company for serious misconduct.
Restraints	When the CFO's employment ends, he is prohibited from accepting offers from or approaching clients for up to 3 months throughout Australia, except with the prior written consent of the Company.

Consequences of performance on shareholder wealth

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

	2022	2021	2020
NTA per share	$0.18	$0.27	$0.13
Net profit/(loss) ('000)	(65,165)	13,888	(3,407)
Dividends paid	–	–	–
Share price	$0.09	$0.28	$0.20[13]
Movement in share price	($0.19)	$0.08	n/a

D. Non-executive Director remuneration policy – Audited

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

Annual fees (inclusive of superannuation where required)

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

13. Implied share price of $0.20 per share as at 31 December 2020 (based on the $50 million capital raise completed by the Company in September 2020).

E. Remuneration of key management personnel – Audited

Table A: Directors' and executive KMP's remuneration

		Short-term employee benefits		Other long-term benefits	Post-Employment benefits	Share-based payments[c]	
		Salary and fees $	STI[b] $	Annual leave $	Superannuation[a] $	LTI[d] $	Total $
Non-executive Directors							
Michael Jefferies	**2022**	**90,703**	**–**	**–**	**9,297**	**–**	**100,000**
	2021	23,232	–	–	2,323	–	25,555
Jim Davis[e]	**2022**	**60,000**	**–**	**–**	**–**	**–**	**60,000**
	2021	15,333	–	–	–	165,000	180,333
Sophie Karzis[f]	**2022**	**66,886**	**–**	**–**	**6,864**	**–**	**73,750**
	2021	16,263	–	–	1,626	–	17,889
John McBain AO	**2022**	**54,422**	**–**	**–**	**5,578**	**–**	**60,000**
	2021	13,939	–	–	1,394	–	15,333
Hugh Robertson	**2022**	**54,422**	**–**	**–**	**5,578**	**–**	**60,000**
	2021	13,939	–	–	1,394	–	15,333
Executive Officers							
Hein Vogel	**2022**	**399,086**	**92,500**	**27,346**	**24,430**	**140,676**	**684,038**
	2021	409,207	315,000	19,421	23,274	375,505	1,142,407
Gerard Pais[g]	**2022**	**305,268**	**65,000**	**21,164**	**24,430**	**43,695**	**459,557**
	2021	130,002	150,000	9,574	10,802	35,317	335,695

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

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

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

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

(e) Jim Davis is the appointed representative of the Woodson Capital Master Fund and Woodson Capital Partners (together the Woodson Funds) on the Company's board of directors. Options were allocated to Jim Davis in his capacity as a Board member and are held by the Woodson Funds.

(f) In October 2022, Sophie Karzis received a $15,000 per annum increase in fees to reflect additional board responsibilities.

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

Table B: Executive performance percentages

		Performance based remuneration as proportion of total remuneration	Total performance related remuneration
Hein Vogel	**2022**	**34%**	**$233,176**
	2021	60%	$690,505
Gerard Pais	**2022**	**24%**	**$108,695**
	2021	55%	$185,317

F. Share–based compensation – Audited

Options and performance rights

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

Further information on options and performance rights are set out in Note 11 of the financial statements.

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

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

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

Award recipient	Grant date	Number of rights	Grant Price	Total fair value of rights granted	Vesting date	Expiry date
Hein Vogel	1 September 2022	1,875,000	$0.11	$51,563	1 October 2025	1 October 2027
Hein Vogel	1 September 2022	1,875,000	$0.11	$51,563	1 October 2026	1 October 2028
Hein Vogel	1 September 2022	3,750,000	$0.11	$103,125	1 October 2027	1 October 2029
Gerard Pais	12 September 2022	656,250	$0.11	$17,227	1 October 2025	1 October 2027
Gerard Pais	12 September 2022	656,250	$0.11	$17,227	1 October 2026	1 October 2028
Gerard Pais	12 September 2022	1,312,500	$0.11	$34,453	1 October 2027	1 October 2029

These rights become exercisable upon vesting.

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

Table D: Key Management Personnel equity holdings

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

Shareholdings

	Balance at 31 Dec 2021	Received on exercise of options	Number of shares acquired	Number of shares disposed	Balance at 31 Dec 2022
Michael Jefferies	13,209,396	–	1,500,000	–	14,709,396
Jim Davis[14]	–	–	–	–	–
Sophie Karzis	969,932	–	–	–	969,932
John McBain AO	14,014,914	–	–	–	14,014,914
Hugh Robertson	14,925,342	–	–	–	14,925,342
Hein Vogel	1,100,000	–	150,000	–	1,250,000
Gerard Pais	409,091	–	–	–	409,091

Share option holdings

	Balance at 31 Dec 2021	Granted as compen-sation	Expired	Exercised	Balance at 31 Dec 2022	Vested during the year	Vested and exercis-able to date	Unvested at 31 Dec 2022
	No	No	No	No	No	No	No	No
Michael Jefferies	1,250,000	–	–	–	1,250,000	–	1,250,000	–
Jim Davis[15]	1,250,000	–	–	–	1,250,000	–	1,250,000	–
Sophie Karzis	1,250,000	–	–	–	1,250,000	–	1,250,000	–
John McBain AO	1,250,000	–	–	–	1,250,000	–	1,250,000	–
Hugh Robertson	1,250,000	–	–	–	1,250,000	–	1,250,000	–
Hein Vogel	10,000,000	–	–	–	10,000,000	2,500,000	7,500,000	2,500,000
Gerard Pais	2,500,000	–	–	–	2,500,000	833,333	1,666,666	833,334

There have been no movements to Director shareholdings or share option holdings since 31 December 2022. No options have been exercised during or after the financial year.

14. Jim Davis is the appointed representative of the Woodson Funds on the Company's board of directors. The Woodson Funds hold 71,203,069 shares in the Company.
15. Jim Davis is the appointed representative of the Woodson Funds on the Company's board of directors. Options were allocated to Jim Davis in his capacity as a Board member and are held by the Woodson Funds.

Performance rights holdings

	Balance at 31 Dec 2021	Granted as compen-sation	Exercised	Expired	Balance at 31 Dec 2022	Vested during the year	Vested and exercis-able to date	Unvested at 31 Dec 2022
	No	No	No	No	No	No	No	No
Hein Vogel	7,000,000	7,500,000	–	–	14,500,000	–	–	14,500,000
Gerard Pais	–	2,625,000	–	–	2,625,000	–	–	2,625,000

Performance rights – milestones

Award recipient	Performance milestone	Status	Number
Hein Vogel	Deployment of 70% of the cash balance of $50 million (as at September 2020) into Board approved investments by 30 June 2021. 90% of the $50 million must have been deployed in Board approved investments by 31 December 2021.	Satisfied	1,400,000
Hein Vogel	Achievement of an ASX listing (or similar liquidity transaction including that 100% of the Company's shares are acquired by another party, a merger, or other event that allows shareholders to receive cash or the securities of another company listed on a recognised stock exchange as full or partial consideration for some or all of their shares) by 31 December 2021.	Satisfied	2,100,000
Hein Vogel	Achieve investment returns on capital at 30 September 2020 in the three years to 31 December 2023, with 100% vesting for investment returns over 20% per annum, 50% vesting for investment returns between 15% and 19.99% per annum, and 25% vesting for investment returns between 10% and 14.99%.	Not yet satisfied	3,500,000
Hein Vogel	The Performance Rights will vest by 1 October 2025 subject to achieving Compound Annual Growth Rate in the Company's Net Asset Value (NAV CAGR) from the base NAV of $160.0 million as at 30 September 2022. Vesting will be based on the following criteria: (a) Threshold – 8% NAV CAGR (25% vest); (b) Budget – 10% NAV CAGR (50% vest); and (c) Target – 18% NAV CAGR (100% vest).	Not yet satisfied	1,875,000
Hein Vogel	The Performance Rights will vest by 1 October 2026 subject to achieving NAV CAGR from the base NAV of $160.0 million as at 30 September 2022. Vesting will be based on the following criteria: (a) Threshold – 8% NAV CAGR (25% vest); (b) Budget – 10% NAV CAGR (50% vest); and (c) Target – 18% NAV CAGR (100% vest).	Not yet satisfied	1,875,000

Award recipient	Performance milestone	Status	Number
Hein Vogel	The Performance Rights will vest by 1 October 2027 subject to achieving NAV CAGR from the base NAV of $160.0 million as at 30 September 2022. Vesting will be based on the following criteria: (a) Threshold – 8% NAV CAGR (25% vest); (b) Budget – 10% NAV CAGR (50% vest); and (c) Target – 18% NAV CAGR (100% vest).	Not yet satisfied	3,750,000
Gerard Pais	The Performance Rights will vest by 1 October 2025 subject to achieving NAV CAGR from the base NAV of $160.0 million as at 30 September 2022. Vesting will be based on the following criteria: (a) Threshold – 8% NAV CAGR (25% vest); (b) Budget – 10% NAV CAGR (50% vest); and (c) Target – 18% NAV CAGR (100% vest).	Not yet satisfied	656,250
Gerard Pais	The Performance Rights will vest by 1 October 2026 subject to achieving NAV CAGR from the base NAV of $160.0 million as at 30 September 2022. Vesting will be based on the following criteria: (a) Threshold – 8% NAV CAGR (25% vest); (b) Budget – 10% NAV CAGR (50% vest); and (c) Target – 18% NAV CAGR (100% vest).	Not yet satisfied	656,250
Gerard Pais	The Performance Rights will vest by 1 October 2027 subject to achieving NAV CAGR from the base NAV of $160.0 million as at 30 September 2022. Vesting will be based on the following criteria: (a) Threshold – 8% NAV CAGR (25% vest) (b) Budget – 10% NAV CAGR (50% vest) (c) Target – 18% NAV CAGR (100% vest)	Not yet satisfied	1,312,500

Vesting is subject to the individual executives remaining in service at the vesting date.

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

Further details of the LTIP and of the share options and performance rights granted during the 2022 and 2021 financial years are contained in Note 11 to the financial statements.

H. Additional information – Audited

Loans to KMP and their related parties

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

Other transactions with KMP

There were no other transactions conducted between the Company and KMP and their related parties during the year.

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

Michael Jefferies
Non-Executive Director and Chairman

Sydney
16 February 2023

Auditor's Independence Declaration

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

To the Directors of Touch Ventures Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Touch Ventures Limited for the financial year ended 31 December 2022 there have been:

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

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

KPMG

KPMG

Kristen Peterson

Partner

Sydney

16 February 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 $000	2021 Restated* $000
Net gain/(loss) on financial assets at fair value through profit or loss	8	(66,457)	15,690
Other income		–	2
Total income/(loss)		**(66,457)**	**15,692**
Share-based payment expense	11b	(347)	(798)
Due diligence and acquisition costs		(141)	(567)
Directors fees		(326)	(82)
Employee benefits expense	3a	(2,182)	(2,020)
Professional fees	3b	(530)	(561)
Insurance expense		(514)	(184)
Legal and regulatory expense		(36)	(131)
Listing expenses		–	(1,047)
Other expenses	3c	(471)	(164)
Operating profit/(loss)		**(71,004)**	**10,138**
Interest income		450	73
Unrealised foreign exchange gain on financial assets at fair value through profit or loss		5,389	3,677
Profit/(loss) before tax		**(65,165)**	**13,888**
Income tax expense	4	–	–
Profit/(loss) for the year		**(65,165)**	**13,888**
Total comprehensive income/(loss) for the year, net of tax		**(65,165)**	**13,888**

	Notes	Cents	Cents
Basic earnings/(loss) per share	5	(9.15)	2.62
Diluted earnings/(loss) per share	5	(9.15)	2.58

* Refer to Note 2(u).

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

Statement of Financial Position

As at 31 December 2022

	Notes	2022 $000	2021 $000
ASSETS			
Current assets			
Cash and cash equivalents	6	38,721	78,658
Trade and other receivables		–	161
Prepayments		453	359
Other current assets	7	15,077	175
Total current assets		**54,251**	**79,353**
Non-current assets			
Intangible assets		35	20
Financial assets at fair value through profit or loss	8	68,506	111,980
Loan to portfolio company	9	2,146	–
Total non-current assets		**70,687**	**112,000**
TOTAL ASSETS		**124,938**	**191,353**
LIABILITIES			
Current liabilities			
Trade and other payables	12	342	1,575
Employee benefit liabilities		78	81
Total current liabilities		**420**	**1,656**
TOTAL LIABILITIES		**420**	**1,656**
NET ASSETS		**124,518**	**189,697**
EQUITY			
Issued capital	13a, 13b	196,985	197,346
Accumulated losses		(74,421)	(9,256)
Reserves	13c	1,954	1,607
TOTAL EQUITY		**124,518**	**189,697**

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

Statement of Changes in Equity

For the year ended 31 December 2022

	Issued capital (Note 13b) $000	Accumulated losses $000	Employee equity benefits reserve (Note 13c) $000	Total $000
Balance at 1 January 2022	**197,346**	**(9,256)**	**1,607**	**189,697**
Loss for the year	–	(65,165)	–	(65,165)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	**–**	**(65,165)**	**–**	**(65,165)**
Transactions with owners in their capacity as owners				
Share buyback	(361)	–	–	(361)
Share-based payments[16]	–	–	347	347
Balance at 31 December 2022	**196,985**	**(74,421)**	**1,954**	**124,518**
Balance at 1 January 2021	**82,517**	**(23,144)**	**809**	**60,182**
Profit for the year	–	13,888	–	13,888
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	**–**	**13,888**	**–**	**13,888**
Transactions with owners in their capacity as owners				
Issue of share capital	118,500	–	–	118,500
Share-based payments[16]	–	–	798	798
Transaction costs	(3,671)	–	–	(3,671)
Balance at 31 December 2021	**197,346**	**(9,256)**	**1,607**	**189,697**

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

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

Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 $000	2021 $000
Cash flows from operating activities			
Receipts from customers and other debtors		–	3
Payments to suppliers and employees (gross of GST)		(5,228)	(4,062)
Interest received		382	73
Net cash flows used in operating activities	6	**(4,846)**	**(3,986)**
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(17,594)	(69,422)
Loan to portfolio company		(2,100)	–
(Investment in)/redemption of term deposit		(15,000)	10,020
Payment of security deposit		(1)	(4)
Purchase of patents and trademarks		(15)	(20)
Payment for leasehold improvements		(20)	–
Net cash flows used in investing activities		**(34,730)**	**(59,426)**
Cash flows from financing activities			
Proceeds from issue of shares		–	118,500
Transaction costs on issue of shares		–	(3,671)
Payment for share buy-back		(361)	–
Net cash flows (used in)/from financing activities		**(361)**	**114,829**
Net (decrease)/increase in cash and cash equivalents		(39,937)	51,417
Cash and cash equivalents at beginning of the financial year		78,658	27,241
Cash and cash equivalents at the end of the financial year	6	**38,721**	**78,658**

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

Notes to the Financial Statements

Note 1: Corporate Information

The Financial Statements ('Financial Statements') of the Company for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 16 February 2023.

The Financial Statements reflect the activities for the year ended 31 December 2022.

Note 2: Summary of significant accounting policies

(a) Basis of preparation

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

The financial statements have been prepared on a 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 thousand dollars, unless otherwise indicated.

(b) Going concern

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

(c) New accounting standards and interpretations

Management considered all new accounting standards, interpretations and amendments.

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

Accounting Standards and Interpretations issued but not yet effective

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

New, revised or amended Accounting Standards and Interpretations

A number of new standards are effective from 1 January 2022. These standards do not have a material impact to the Company's financial statements.

Note 2: Summary of significant accounting policies (continued)

(d) Significant accounting judgements, estimates and assumptions

Estimates and assumptions

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

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses an appropriate valuation model to determine the fair value. The model and assumptions used to estimate the fair value for share-based payment transactions are disclosed in Note 11.

Taxes

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

Fair value measurement of financial instruments

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

Judgements

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

Status as an investment entity

The Company is an investment entity under AASB 10 *Consolidated Financial Statements*, which means that it measures its investments on a fair value basis through profit or loss, in accordance with AASB 9 *Financial Instruments*. In determining whether the Company meets the definition of an investment entity, management has taken into consideration the typical characteristics set forth by this accounting standard as well as other essential elements, including the Company's purpose, commitments to its investors, and how it measures and evaluates the performance of its investments. Refer to Note 8 for further discussion.

(e) Revenue recognition

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

Interest income

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

(f) Leases

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

(g) Cash and cash equivalents

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

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

(h) Prepayments

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

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

(i) Financial assets

Recognition and initial measurement

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

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

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

Note 2: Summary of significant accounting policies (continued)

(i) Financial assets (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.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual rate, including variable-rate features;
- prepayments and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

All other financial assets of the Company 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 are recognised in profit or loss in 'Net gain/(loss) on financial assets at fair value through profit or loss' in the Statement of Profit or Loss and Other Comprehensive Income. Investments in unlisted private equities are included in this category.

ii. Financial assets at amortised cost

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

Derecognition

The Company derecognises a financial asset when:

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

Write off

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

(j) Financial liabilities

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

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

Derecognition

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

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

(k) Foreign currency translation

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

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

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

(l) Income tax

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

Current income tax

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

Note 2: Summary of significant accounting policies (continued)

(l) Income tax (continued)

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

Deferred tax

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

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

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

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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

(m) Other taxes

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

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

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

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

(n) Fair value measurement

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

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

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in Note 8.

(o) Impairment of assets

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

Note 2: Summary of significant accounting policies (continued)

(o) Impairment of assets (continued)

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

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

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

(p) Trade and other payables

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

(q) Provisions

General

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

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

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

Employee leave benefits

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

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

Short-term employee benefits

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

Equity-settled transactions

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

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

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

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

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

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

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

(s) Contributed equity

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

(t) Segment information

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

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

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

Note 2: Summary of significant accounting policies (continued)

(u) Reclassification of prior period balances

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

Statement of Profit or Loss and Other Comprehensive Income line item	Income/ (expense) for the year ended 31 December 2021 (previously reported) $000	Reclassification $000	Income/ (expense) for the year ended 31 December 2021 (restated) $000
Professional fees	(178)	(383)	(561)
Other expenses	(629)	465	(164)
Directors fees	–	(82)	(82)

Note 3: Expenses

(a) Employee benefits expense

	2022 $000	2021 $000
Salaries and wages	1,960	1,766
Superannuation	114	94
Annual leave expenses	13	44
Payroll tax and on-costs	95	116
Total	**2,182**	**2,020**

(b) Professional fees

	2022 $000	2021 Restated* $000
Accounting fees	76	61
Audit fees and related expenses	211	225
Company secretarial and registry fees	156	121
Consulting fees	24	97
Tax fees	63	57
Total	**530**	**561**

* Refer to Note 2(u).

(c) Other expenses

	2022 $000	2021 Restated* $000
Expenses relating to short-term leases	166	66
Other expenses	305	98
Total	**471**	**164**

* Refer to Note 2(u).

Note 4: Income tax expense

(a) Income tax expense

	2022 $000	2021 $000
The major components of income tax expense are:		
Current income tax charge		
Current income tax charge	(26,631)	(631)
Deferred income tax		
Non recognition of deferred tax asset in relation to tax losses and temporary differences	26,631	631
Income tax expense/(benefit) as reported in the Statement of Profit or Loss and Other Comprehensive Income	**–**	**–**

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

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

	2022 $000	2021 $000
Accounting profit/(loss) before tax	(65,165)	13,888
At the Company's statutory rate of 30%	(19,550)	4,166
Expenditure not allowed for income tax purposes	125	415
Changes in estimates related to prior years	(7,206)	(5,212)
Tax loss and temporary differences not previously brought to account	26,631	631
Income tax expense/(benefit)	**–**	**–**

At 31 December 2022, there were unrecognised net deferred tax assets of $26,631,000 (2021: $1,402,000). The Company has not recognised a deferred tax asset for previously incurred losses of $20,000,000 as at 31 December 2022 as they are not deemed recoverable based on current expectations of future taxable income. These tax losses do not expire under current tax rules.

Note 5: Earnings per share

Basic earnings/(loss) per share

	2022 number '000	2021 number '000
Weighted average number of ordinary shares on issue used in the calculation of basic earnings/(loss) per share	712,356	530,901
Effect of dilutive potential ordinary shares:		
Effect of share options	–	2,836
Effect of performance rights	–	4,351
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings/(loss) per share	**712,356**	**538,268**

	$000	$000
Profit/(loss) for the year	(65,165)	13,888
	cents	cents
Basic earnings/(loss) per share	(9.15)	2.62
Diluted earnings/(loss) per share	(9.15)	2.58

Note 6: Cash and cash equivalents

	2022 $000	2021 $000
Cash at bank	33,721	78,658
Short term deposit	5,000	–
	38,721	**78,658**

Short term deposits earn interest at floating rates based on daily bank deposit rates.

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

	2022 $000	2021 $000
Net profit/(loss)	(65,165)	13,888
Adjustments for:		
Depreciation expense	–	3
Share-based payments expense	347	798
Net gain/(loss) on financial assets at fair value through profit or loss	66,457	(15,690)
Unrealised net foreign exchange gain	(5,389)	(3,677)
Interest receivable	(68)	–
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	161	(161)
Increase in prepayments	(94)	(357)
Decrease/(increase) in other current assets	140	(142)
(Decrease)/increase in trade and other payables	(1,269)	1,278
Increase in employee benefit liabilities	34	74
Net cash used in operating activities	**(4,846)**	**(3,986)**

Note 7: Other current assets

	2022 $000	2021 $000
Term deposits	15,025	25
Security deposits	31	10
Interest receivable	21	–
Amounts owed by related parties (note 15(b))	–	140
	15,077	**175**

Due to the short-term nature of these assets, their carrying value is assumed to approximate their fair value.

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

(a) Financial assets

	2022 $000	2022 % ownership interest[17]	2021 $000	2021 % ownership interest
Investments in financial assets at fair value through profit or loss				
Core Investments				
Investment in Sendle, PBC	14,983	12.1	34,454	12.1
Investment in PlanPay Pty Ltd	12,047	88.9	9,108	88.9
Investment in Postpay Technology Limited	10,701	13.3	6,891	13.3
Investment in Braavos Corporation (Basiq) P/L	10,059	–	9,950	–
Investment in Refundid Pty Ltd[18]	5,946	11.4	1,200	10.4
Investment in Preezie Pty Ltd	4,500	17.6	4,500	17.6
Investment in Till Payments Global Pty Ltd	1,154	–	5,000	–
Early-Stage Investments[19]	4,029	various	36,402	various
Strategic Investments	5,087	various	4,475	various
Total financial assets at fair value through profit or loss	**68,506**	**–**	**111,980**	**–**

(b) Fair Values

Valuation Techniques

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

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

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

17. The ownership interest represents the Company's equity interests in the investee and does not take into consideration any shareholding based on the conversion of any convertible notes or SAFE.
18. Classified as an early-stage investment in the prior financial year.
19. Includes the investment in Happay, previously a core investment.

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

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

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

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

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

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

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

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

(b) Fair Values (continued)

An assessment will be made at each measurement date as to the most appropriate valuation methodology, including that for investee companies owned by third party funds that the Company invests in and which are valued on a look-through basis. Each portfolio company will be subject to individual assessment. Management is responsible for ensuring that each investment is valued in accordance with the Company's policy. As of 31 December 2022:

- Financial instruments measured using the most recent round price valuation methodology were $25.0 million (2021: $99.4 million);
- Financial instruments measured using revenue and earnings valuation methodology were $25.7 million (2021: nil);
- Financial instruments measured using the discounted cash flows of the underlying assets were $12.0 million (2021: $9.1 million); and
- Financial instruments measured at the NAV of the underlying fund were $5.8 million (2021: $3.5 million).

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

The below table summarises the valuation techniques applied for each investment at 31 December 2022:

	2022 Valuation Technique
Investments in financial assets at fair value through profit or loss	
Investment in Sendle, PBC	Revenue and earnings multiples
Investment in PlanPay Pty Ltd	Discounted cash flows of the underlying assets
Investment in Postpay Technology Limited	Revenue and earnings multiples
Investment in Braavos Corporation (Basiq) P/L	Price of recent investments
Investment in Refundid Pty Ltd	Price of recent investments
Investment in Preezie Pty Ltd	Price of recent investments
Investment in Till Payments Global Pty Ltd	Price of recent investments
Investment in GotSkill Platforms Limited	NAV
Investment in Happay (Cayman) Ltd	NAV
Investment in THEHOLD Inc	NAV
Investment in Her Black Book Pty Ltd	Price of recent investments
Investment in Breef Inc.	Price of recent investments
Investment in Sugar Capital Fund I, L.P.	NAV
Investment in Skalata Ventures Pty Ltd	Price of recent investments
Investment in SF-II ESVC LP	NAV

Sendle

In August 2022, Sendle completed a US$10.5 million capital raise through the issue of convertible notes. The Company participated in the capital raise and invested US$2.4 million.

In December 2022, the Company revalued its investment in Sendle to US$10.2 million ($15.0 million), resulting in the recognition of a fair value loss of US$17.2 million ($25.5 million) (including accrued interest) for the year. The general business environment has become very challenging for Sendle during the course of 2022 as the eCommerce retail market came under pressure, particularly in the USA which is facing a recession and where Sendle experienced a number of structural headwinds. This has had an impact on Sendle's growth trajectory and general outlook which resulted in the reduction in fair value.

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

Company	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value calculation
Sendle	Revenue multiple	0.1x – 0.4x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
	Growth-adjusted Revenue multiple	0.5x – 1.9x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
	Gross Profit multiple	1.0x – 4.7x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
	Growth-adjusted Gross Profit multiple	4.1x – 21.0x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.

PlanPay (PlanPay Pty Ltd previously LayAway Travel Australia Pty Ltd)

The Company has determined the fair value of the Company's investment in PlanPay by reference to a discounted cash flow (DCF) valuation of the PlanPay operating business as at 31 December 2022.

The DCF valuation includes inputs to the valuation that are considered Level 3 of the fair value hierarchy as the DCF valuation requires assumptions to be made to determine certain inputs that are not based on observable market data.

At reporting date, the key unobservable inputs used by the Company within its DCF valuation in determining the fair value of the PlanPay business, together with a quantitative sensitivity analysis as at 31 December 2022, is summarised below:

- underlying business FY23-FY27 forecasts in December 2022, to which we have further risk-adjusted PlanPay management's assumptions by applying a 50% discount given the early stage of the business; and
- the underlying forecasts received from PlanPay and the discount rate applied by management has been risk adjusted to reflect the market conditions and PlanPay's size and performance.

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

(b) Fair Values (continued)

Unobservable inputs	Description	Sensitivity of the input to the fair value calculation	
Cashflow forecasts	Financial forecasts for a five-year period were prepared by the management team of PlanPay as part of the annual budgeting process for the business. This included an analysis of revenue growth rates and estimates of expenses, ultimately leading to a forecast of cashflows for the business over the forecast period. The gross profit Compound Annual Growth Rate (CAGR) for the period FY22 – FY27 is 304%.	A 5% increase in free cash flows increases the calculated fair value by $7.5 million and vice versa.	
Long-term growth rate	A long-term growth rate of 3% was used to extrapolate the cash flows of the business beyond the five-year forecast period.	A 1% increase in this input increases the calculated fair value by $1.6 million.	A 1% decrease in this input decreases the calculated fair value by $1.5 million.
Cost of equity/ Discount rate	A cost of equity of 35% is used to convert the forecast cash flow into present value terms. The cost of equity incorporates the early-stage of the business and expected returns for the Company. Consideration has been given to the recent increase in Australia's rate of inflation and base cash rate, which has resulted in a change to the cost of equity input for PlanPay's DCF valuation as at 31 December 2022.	A 1% increase in this input decreases the calculated fair value by $3.2 million.	A 1% decrease in this input increases the calculated fair value by $3.5 million.

Postpay

In April 2022, Postpay completed a US$10.5 million capital raise through the issue of convertible notes. The Company participated in the capital raise and invested US$5.0 million.

The Company has revalued its investment in Postpay to US$7.2 million ($10.7 million), resulting in the recognition of a fair value loss of US$2.8 million ($4.1 million) for the year. The market environment has deteriorated significantly and operating in the Kingdom of Saudi Arabia (KSA) has proven to be challenging from a credit experience perspective. In recognition of the reduction of valuation multiples for BNPL companies and the change in current economic conditions, the Company has reduced the value of our equity investment in Postpay.

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

Company	Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value calculation
Postpay	Revenue multiple	2.9.x – 3.4x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
	Growth-adjusted Revenue multiple	12.1x – 24.0x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
	Gross Merchandise Value (GMV)	0.2x – 0.3x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.
	Growth-adjusted GMV multiple	0.7x – 2.7x	An increase in the unobservable inputs used would result in an increase in fair value, and vice versa.

Refundid

In June 2022, Refundid conducted a Series A capital raise of $8.6 million at a pre-money valuation of $46.4 million led by Salesforce Ventures. The Company participated in the equity raise, investing $1.4 million.

The Company recognised an unrealised gain on its investment in Refundid of $3.3m following the successful completion of its funding round. The revaluation is based on the valuation set in this funding round.

Till Payments

In December 2022, the Company revalued its investment in Till Payments to $1.2 million (including accrued interest), resulting in the recognition of a fair value loss of $3.8 million (net of accrued interest) for the year. 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. The operating environment for venture-backed tech companies continues to be difficult but Till Payments is focused on adapting to the current economic environment and in response has announced a number of staff redundancies to reduce cash burn and focus on profitability.

Happay

Happay has 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 has hampered Happay's ability to execute its new strategy and its development has been slow.

In June 2022, the Company revalued its investment in Happay (Cayman) Ltd (Happay) to US$1.1 million ($1.7 million), a decrease of US$23.8 million ($34.5 million) from the 31 December 2021 value of US$24.9 million ($34.4 million). Last year, the Company was carrying Happay based on its last valuation from its Series B capital raise of approximately US$19 million in July 2021 at a post-money valuation of US$150 million led by a Chinese investment group.

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

(b) Fair Values (continued)

Early-stage and strategic investments

During the financial half year, the Company recognised a fair value loss in respect of its early-stage portfolio companies (excluding Happay) of $2.1 million.

Reconciliation of Level 3 recurring fair values

	Financial assets at FVTPL $000
Balance at 1 January 2022	111,980
Purchases	17,594
Net profit/(loss) recognised in profit or loss[20]	(61,068)
Balance at 31 December 2022	**68,506**

	Financial assets at FVTPL $000
Balance at 1 January 2021	23,190
Purchases	69,423
Net profit/(loss) recognised in profit or loss[21]	19,367
Balance at 31 December 2021	**111,980**

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

Note 9: Loans

The Company committed to a $5.1 million loan to PlanPay with a fixed interest rate. The first advance of $2.1 million was made on 12 Oct 2022 and will mature on 11 April 2024.

Interest is calculated on a simple-interest basis and accrues daily.

20. The net loss for the current year recognised in profit or loss includes an unrealised gain of $5,389,046 due to movements in foreign exchange rates.
21. The net gain for the prior year recognised in profit or loss includes an unrealised gain of $3,677,161 due to movements in foreign exchange rates.

Note 10: Financial instruments – fair values and risk management

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

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

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

(a) Measurement Basis

The total for each category of financial instrument, measured in accordance with AASB 9 *Financial Instruments* on a recurring basis as detailed in the accounting policies to these financial statements including their fair value hierarchies are as follows:

		Measurement Basis	Carrying amount			Fair value	
	Notes		2022 $000	2021 $000	Level	2022 $000	2021 $000
Financial assets							
Cash and cash equivalents	6	Amortised cost	38,721	78,658		38,721	78,658
Security deposits		Amortised cost	31	10		31	10
Term deposit		Amortised cost	15,025	25		15,025	25
Trade and other receivables		Amortised cost	–	161		–	161
Financial assets at fair value through profit or loss (FVTPL)	8	Fair value	68,506	111,980	3	68,506	111,980
Loan	9	Amortised cost	2,146	–		2,146	–
Financial liabilities							
Trade and other payables	12	Amortised cost	342	1,575		342	1,575

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

Note 10: Financial instruments – fair values and risk management (continued)

(b) Risk Exposures and Responses

Price risk

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

The Company seeks to manage and constrain market risk by diversification of its investment portfolio. Refer to Note 8(b) for disclosures relating to unobservable input sensitivities in respect of the Company's equity securities.

Credit risk

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

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

Interest rate risk

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

	2022 $000	2021 $000
Financial Assets		
Cash at bank and on hand	38,721	78,658
Term deposit	15,025	25
Net exposure	**53,746**	**78,683**

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

	Profit/(loss) Higher/(lower)		Equity Higher/(lower)	
	2022 $000	2021 $000	2022 $000	2021 $000
–0.25% (25 basis points)	(134)	(195)	(134)	(195)
+0.25% (25 basis points)	134	195	134	195

Significant assumptions used in the interest rate sensitivity analysis include:

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

Foreign currency risk

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

A 5% weakening of the US dollar against the Australian dollar would result in a decrease in net assets of $1.5 million arising from the Company's US dollar denominated investments (assuming all other variables remain constant). A strengthening of the US dollar against the Australian dollar would result in an increase in net assets of $1.7 million.

Liquidity risk

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

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

	Note	Carrying amount $000	Total contractual cash flows $000	1 year or less $000
31 December 2022				
Trade and other payables	12	342	342	342
31 December 2021				
Trade and other payables	12	1,575	1,575	1,575

Note 11: Share-based payments

(a) Share-based payment plans

The Company has a Long-Term Incentive Plan (LTIP) that include options and performance rights, with a view to aligning the interests of employees with the objectives of the Company and to provide incentives to Directors, senior executives and staff. The Company's LTIP applies to both past and present employees and Directors and is subject to vesting conditions for option holders other than where disclosed otherwise in Note 11(c) and Note 11(d). The share-based payment plan is described further below.

(b) Share-based payment expenses

	2022 $000	2021 $000
Expenses arising from equity-settled share-based payment transactions	347	798

Note 11: Share-based payments (continued)

(c) Summary of options under the LTIP

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

	2022 No.	2022 WAEP	2021 No.	2021 WAEP
Outstanding at beginning of the year	22,025,000	$0.34	17,900,000	$0.36
Granted during the year	–	–	4,500,000	$0.40
Exercised during the year	–	–	–	–
Cancelled during the year	–	–	–	–
Expired during the year	(25,000)	$2.00	(375,000)	$2.00
Outstanding at 31 December	**22,000,000**	**$0.34**	**22,025,000**	**$0.34**
Exercisable at the end of the year	**16,291,666**	**$0.33**	**12,083,332**	**$0.35**

The terms and conditions of the share options outstanding as of 31 December 2022 are as follows:

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

During the year, 25,000 options expired. No other options were exercised, expired or cancelled during the year ended 31 December 2022. Each option award requires the recipient to be continually employed by the Company at the vesting date in order to be able to be exercised.

The fair value of the equity-settled share options granted under the LTIP is estimated as at the grant date using the Black Scholes model taking into account the terms and conditions upon which the options were granted.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2022 was 2.5 years (2021: 3.5 years). The exercise price for options outstanding at the end of the year ranges from $0.08 to $0.80 per share (2021: $0.08 to $2.00 per share).

(d) Summary of performance rights under the LTIP

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

No LTIP performance rights vested, were exercised, expired or cancelled during the year ended 31 December 2022. The following performance rights remain outstanding:

Grant date	Number of performance rights	Total fair value ($)	Expiry date
24 December 2020	7,000,000	700,000	31 December 2025
1 September 2022	1,875,000	51,563	1 October 2027
1 September 2022	1,875,000	51,563	1 October 2028
1 September 2022	3,750,000	103,125	1 October 2029
12 September 2022	1,290,625	33,879	1 October 2027
12 September 2022	1,290,625	33,879	1 October 2028
12 September 2022	2,581,250	67,758	1 October 2029
Total	**19,662,500**	**1,041,767**	

During the year, the Company revised its estimate of the satisfaction of non-market performance conditions for performance rights issued on 18 December 2020. The number of performance rights that are expected to vest has been revised and the total share-based payments expense recognised in the current financial year has been reduced by $235,000 to reflect this change in estimate.

Each Right is entitled to acquire one Share, subject to adjustment in accordance with the rules of the Company's LTIP. The earliest possible exercise date for the rights issued on 24 December 2020 is 31 December 2023. The exercise price of each Right is set at $nil and is subject to the vesting conditions.

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

Note 12: Trade and other payables

	2022 $000	2021 $000
Accruals	342	1,575

Information regarding interest rate, foreign exchange and liquidity risk are set out in Note 10(b).

Note 13: Contributed equity and reserves

(a) Ordinary shares of no par value

	2022 $000	2021 $000
Issued and fully paid	196,985	197,346

(b) Movement in ordinary shares on issue

	Number	$000
At 1 January 2021	**1,668,479,315**	**82,517**
Share issue	435,000,000	118,500
Share consolidation[22]	(1,390,109,447)	–
Share issue expenses	–	(3,671)
At 31 December 2021	**713,369,868**	**197,346**

	Number	$000
At 1 January 2022	**713,369,868**	**197,346**
Share buyback	(3,251,413)	(361)
At 31 December 2022	**710,118,455**	**196,985**

(c) Employee equity benefits reserve

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

	$000
At 1 January 2022	**1,607**
Share-based payment expense	347
At 31 December 2022	**1,954**

22. A share and option consolidation was approved by shareholders on 19 May 2021. As a result, the number of ordinary shares, performance rights and options (in each individual holding) have been consolidated on a 1 for 4 basis (with fractions of a share or option rounded up to the nearest whole number of shares or options).

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

(d) Capital management

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

Note 14: Commitments and contingencies

The Company has no contingencies as at the end of the year (31 December 2021: nil).

Operating lease commitments

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

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

	2022 $000	2021 $000
Within one year	6	50
After one year but not more than two years	–	–
Total	**6**	**50**

Other commitments

In October 2022, the Company committed to provide a loan of up to $5.1 million to its investee, PlanPay.
In January 2023, the Company provided an additional $3.0 million loan amount to PlanPay to satisfy its commitment.

Note 15: Related parties

(a) Directors and Key Management Personnel

Directors and Key Management Personnel compensation comprised the following:

	2022 $000	2021 $000
Short-term employee benefits	1,188	1,087
Other long-term benefits	49	29
Post-employment benefits	76	41
Share-based payment transactions	184	576
Total compensation paid to directors and key management personnel	**1,497**	**1,733**

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

(b) Other related parties

The following table provides the total amount of transactions which have been entered into with related parties for the current and previous years.

Related party		Reimbursement from related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed to related parties $
Director related entities					
Sophie Karzis Corporate Counsel[a]	**2022**	–	–	–	–
	2021	–	63,800	–	–
Companies					
Postpay[b]	**2022**	**41,849**	–	–	–
	2021	–	–	–	–
Sendle[c]	**2022**	–	–	–	–
	2021	66,699	–	–	–
PlanPay[d]	**2022**	–	–	**2,100,000**	–
	2021	173,188	–	173,188	–

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

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

(c) In June 2021, the Company invested US$25 million in Sendle via Series C preferred stock. Under the terms of the investment, Sendle agreed to reimburse the Company for legal and due diligence costs incurred on its behalf.

(d) In October 2022, the Company committed to provide a $5.1 million loan to PlanPay and provided $2.1 million. In September and October 2021, PlanPay agreed to reimburse the Company for legal and professional costs incurred on its behalf.

Note 16: Auditor's Remuneration

	2022 $	2021 $
Audit services:		
Auditors of the Company – KPMG		
– Audit or review of the financial statements of the Company	184,450	191,925
Other services:		
Auditors of the Company – KPMG		
– Transactional services as Investigating Accountant for the public offering of the Company	–	210,000

Note 17: Interests in unconsolidated subsidiaries

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

Name	Principal place of business	Ownership interests
PlanPay Pty Ltd	Sydney, NSW Australia	88.9%

There are no significant restrictions on the ability of PlanPay to pay cash dividends to the Company or to repay loans or advances made by the Company. Any commitment or intention to provide financial or other support to PlanPay and the type and amount of financial or other support provided during the reporting period without a contractual obligation to do so, including the reasons for providing support, is disclosed in Note 14.

Note 18: Events after the reporting period

In January 2023, the Company provided an additional $3.0 million loan amount to PlanPay. The loan was made as part of the $5.1 million loan commitment to PlanPay in October 2022.

The Directors are not aware of any other matter or circumstance which has arisen since 31 December 2022 that has significantly affected or may significantly affect the operations of the Company in subsequent financial years, the results of those operations, or the state of affairs of the Company in future financial years.

Independent Auditor's Report

KPMG

Independent Auditor's Report

To the shareholders of Touch Ventures Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Touch Ventures Limited (the Company).

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

- giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of Financial Position as at 31 December 2022
- Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

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

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

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

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

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

Valuation of financial assets at fair value through profit or loss ($68,506,000)

Refer to Note 8 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Financial assets at fair value through profit or loss comprise investments in equity securities and other financial instruments ("investments"). Valuation of investments is a key audit matter due to the: • Size of the Company's portfolio of investments. These investments represent 55% of the Company's total assets at year-end; • Importance of the performance of these investments in driving the Company's investment income and capital performance, as reported in the Financial Report; and • The investment classification as 'Level 3' in accordance with AASB 13 *Fair Value Measurement*. The measurements of Level 3 financial assets are based on unobservable inputs which requires a higher level of judgement. We have focused on this area due to the value and the inherent judgement involved in determining the fair value of investments. We involve our valuations specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • We assessed the appropriateness of the accounting policies applied by the Company, including those relevant to the fair value hierarchy of investments against the requirements of the accounting standards. • For new investments made during the year, we compared the initial value, as recorded in the general ledger, to the underlying contractual arrangements. • For the Company's determination of fair value of its investment in Planpay using discounted cash flows of the underlying assets, we involved our valuation specialists and challenged the Company's key inputs, such as revenue growth rates, to published studies of industry forecasts along with our understanding of the business and industry experience. • For other investments held at year end, we utilised our valuation specialists, and challenged management's fair valuation assessment of each investment which were derived from various valuation techniques such as comparable trading multiples, price of recent investments, net asset values and industry valuation benchmarks and management's analysis of business performance of each investment. • We evaluated the Company's disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.

KPMG

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Touch Ventures Limited for the year ended 31 December 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 26 to 35 of the Directors' Report for the year ended 31 December 2022.

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

KPMG

KPMG

Kristen Peterson

Partner

Sydney

16 February 2023

Directors' Declaration

1. In the opinion of the Directors of Touch Ventures Limited (the 'Company):
    (a) The Financial Statements and notes that are set out on pages 37 to 69, and the Remuneration Report in pages 26 to 35 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
        (i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
        (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
    (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2022.
3. The Directors draw attention to Note 2(a) to the Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Michael Jefferies
Non-Executive Director and Chairman

Sydney
16 February 2023

Shareholder Information

as of 31 December 2022

Number of holders of equity securities

Ordinary share capital

710,118,455 fully paid ordinary shares are held by 2,110 individual shareholders. All issued ordinary shares carry one vote per share.

Options and performance rights

22,000,000 options are held by 9 individual option holders and 19,662,500 performance rights are held by 5 individual performance rights holders. Options and performance rights do not carry a right to vote.

Distribution of shares

Holder name	Ordinary shareholders
Number of shareholders holding:	
1-1,000 shares	160
1,001 – 5,000	634
5,001 – 10,000	326
10,001 – 100,000	714
100,001 or more shares	276
Total number of shareholders (entitled to one vote per share)	**2,110**
Number of shareholders holding less than a marketable parcel	803

Substantial shareholders

Holder name	Ordinary shareholders
Touchcorp Limited (a wholly owned subsidiary of Afterpay Limited)	173,395,431
Woodson Funds[23]	71,203,069
Thorney Technologies Limited[24]	46,000,000
ICM Limited[25]	36,073,360

23. Woodson Capital Master Fund LP, Woodson Capital Partners II and Woodson Capital Partners LP (together the Woodson Funds).
24. Thorney Technologies Ltd and Tiga Trading Pty Ltd (together the Thorney Technologies Limited).
25. Utilico Emerging Markets Trust Plc and Allectus Capital Ltd, (together ICM Limited).

20 largest shareholders of ordinary shares

Holder name	No. of shares	% of total issued shares
Touchcorp Limited	173,395,431	24.42
UBS Nominees Pty Ltd	45,507,878	6.41
Woodson Capital Master Fund LP	43,798,750	6.17
J P Morgan Nominees Australia Pty Limited	37,152,339	5.23
HSBC Custody Nominees (Australia) Limited – A/C 2	24,953,069	3.51
Bodhi Investment Limited	19,309,395	2.72
Mr Peter Karl Christopher Huljich & Mr John Hamish Bonshaw Irving	14,893,279	2.10
Rubi Holdings Pty Ltd	13,904,279	1.96
Mr Christopher Peter Huljich & Mrs Constance Maria Huljich & Mr Peter Karl Huljich	13,386,590	1.89
Mutual Trust Pty Ltd	9,668,182	1.36
HWM (NZ) Holdings Limited	9,433,409	1.33
Michael Jefferies & Julie Jefferies	9,159,654	1.29
HSBC Custody Nominees (Australia) Limited	9,156,366	1.29
National Nominees Limited	8,286,533	1.17
BNP Paribas Nominees Pty Ltd	7,599,177	1.07
Bungeeltap Pty Ltd	7,369,919	1.04
Thirty-Fifth Celebration Pty Ltd	7,355,052	1.04
Crassula Ovata Pty Ltd	6,605,706	0.93
Citicorp Nominees Pty Limited	5,807,094	0.82
Norfolk Enchants Pty Ltd	5,715,910	0.80
	472,458,012	**66.53**

Use of Funds

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

Corporate Directory

Touch Ventures Limited

ACN 612 559 958

Company website

www.touchventures.com

Directors

Michael Jefferies, Non-Executive Director and Chairman
Jim Davis, Non-Executive Director
Hugh Robertson, Non-Executive Director
Sophie Karzis, Non-Executive Director
John McBain AO, Non-Executive Director

Company Secretary

Alyn Tai

Registered office

Gateway Tower
Level 36, 1 Macquarie Place
Sydney NSW 2000
Australia

Auditors

KPMG
Level 38, Tower Three
300 Barangaroo Avenue
Sydney NSW 2000
Australia

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia

touchventures