

# About Augmentum Fintech plc

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Augmentum Fintech plc (the “Company”) is the UK’s only publicly listed investment company focusing on the fintech sector, having launched on the main market of the London Stock Exchange in 2018, giving businesses access to patient funding and support, unrestricted by conventional fund timelines.

We invest in early and later stage fast growing fintech businesses that are disrupting the banking, insurance, asset management and wider financial services sectors.

We have invested in many great businesses and have secured six exits since IPO, the most significant of which, Dext, interactive investor, Cushon and Onfido, were strongly accretive.

Portfolio management is undertaken by Augmentum Fintech Management Limited (“AFML”). AFML is a wholly owned subsidiary of the Company, together referred to as the “Group”.

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# Chairman's Statement



## Performance Highlights

	31 March 2024	31 March 2023
NAV per Share after performance fee <sup>1*</sup>	167.4p	158.9p
NAV per Share after performance fee Total Return*	5.4%	2.4%
Share price	100.5p	97.0p
Total Shareholder Return*	3.6%	(27.1%)
Discount to NAV per Share after performance fee*	(40.0%)	(39.0%)
Ongoing Charges Ratio*	2.0%	1.9%

\* These are considered to be Alternative Performance Measures. Please see the Glossary and Alternative Performance Measures on page 78.

<sup>1</sup> The Board considers the NAV per share after any performance fees provision to be the most accurate way to reflect the underlying value of each share, whereas accounting standards require the Group's consolidated NAV per share to be presented before such fees are deducted as a consequence of our Portfolio Manager being within our Group structure and the fees therefore being eliminated on consolidation.

To read about our KPIs see page 23.

I am pleased to present our sixth annual report since the launch of the Company in March 2018. This report covers the year ended 31 March 2024.

### Investment Policy

Your Company predominantly invests in early stage European fintech businesses which have technologies with the potential to transform the traditional financial services sectors and/or support the trend to digitalisation and market efficiency. A typical investment will offer the prospect of high growth and the potential to scale. Our objective is to provide long-term capital growth to shareholders by offering them exposure to a focused portfolio of private fintech companies during what is often their period of rapid value accretion.

### Performance

Your Company's NAV per share after performance fee at 31 March 2024 was 167.4p, up 5.4% from 31 March 2023, continuing our history of increases for every reporting period since the Company's IPO in 2018.

However, the price at which the shares traded continued to fail to represent the NAV throughout the period, ending at 100.5p per share, up 3.5p from the price at 31 March 2023 but still representing a discount to the NAV per share after performance fee of 40.0%.

The UK equity market, and investment companies in particular, has been largely out of favour and investment company discounts are running at historic highs in many cases. The initial negative reaction to increased interest rates has sustained but most commentators predict a rate reduction at some point; the question remains as to when. UK inflation numbers are improving which removes one of the barriers to lower rates. History suggests that growth companies such as Augmentum will be early beneficiaries of any rally inspired by declining rates.

Our underlying portfolio is performing well and the current discount is illogical. As at 31 March 2024, like at the half year, the valuation of our top three positions in **Tide**, **Zopa Bank** and **Grover**, plus cash, was almost equivalent to our £170 million market capitalisation, attributing virtually no value to our £119 million of other investments.

### Portfolio

In the first half of the year, the Company benefitted from its fifth portfolio realisation since IPO. We received proceeds of £22.8 million from the completion of NatWest Group's acquisition of **Cushon**, appreciably ahead of its prior valuation and representing a 2.1x multiple on invested capital, and an IRR of 62%. Shortly after the year end, in April, we had our sixth exit. One of the leading global providers of online identity verification, Entrust, acquired **Onfido**, delivering an IRR of 5.8% and a multiple on capital invested of 1.3x, with the realised value representing a c.5% uplift on the holding value we reported in the Company's half year results. To date, all of the Company's investment exits have been at or above the last reported holding value, which should provide investors with comfort that our valuations process is rigorous and corroborates the discipline our Portfolio Manager has exercised when evaluating new investments and their reporting on the portfolio.

Deployments in the year included one new investment, £4.0 million in London-based insurtech **Artificial**, and a further £12.0 million of follow-on funding to support existing portfolio companies. These included **Volt** (£5.3 million), **Tide** (£4.2 million) and **Grover** (£1.4 million).

There is a full review of the portfolio and investment transactions during the year in the Portfolio Manager's Review beginning on page 15.

### Portfolio Management

Our investment team continues to evaluate a wide range of opportunities, reviewing financial and commercial metrics in order to identify those most likely to be successful. We are active investors and our Portfolio Manager works closely with the companies we invest in, often taking either a board or an observer seat, and working closely with management to guide strategy consistent with long-term value creation. Our portfolio is already diversified across different fintech sectors and maturity stages and we are keen to expand it further. We are committed to responsible investing. We integrate Environmental, Social and Governance ("ESG") factors in our analysis, due diligence and operating practices as we believe that these are key in mitigating risk and creating good investments.

## Chairman's Statement continued

### Valuations

Your Board considers its governance role in the valuations process to be of utmost importance. We operate with a Valuations Committee in addition to an Audit Committee, both playing a key role in assessing portfolio valuation. Your Board understands that shareholders are often sceptical of private equity valuations as they cannot be readily verified in the way that public equities can. We have always maintained a consistent, rigorous and disciplined approach to valuations and the results we are reporting reflect an in-depth process, supported by our advisers. We maintained our multiples in the bull market for fintech when listed fintech multiples became elevated and so we have not needed to make subsequent corrections, unlike some others. The six disposals made to date provide some retrospective validation of this process.

We have carefully reviewed both the status and the forecasts of all of the portfolio companies, used appropriate and consistent methodologies to determine the value of each investment and sense checked our conclusions. We also benefit from the majority of our investments occupying a senior position in the capital structures of the investee companies, offering an element of protection against downside risk.

### Discount Control

The Company's shares traded at a discount to NAV for the whole of the year under review and up to the date of this report, notwithstanding the underlying value and strong prospects of the portfolio.

The Board has continued its programme of highly accretive buybacks, albeit more modestly in the second half, seeking to convey to the market our confidence in the value of the portfolio, while also balancing this with the need for capital to be available for new and follow-on investments. All the shares repurchased by the Company are being held in treasury to potentially reissue when the share price returns to a premium.

4,687,567 shares were bought back into treasury during the year to 31 March 2024 (2023: 5,806,934 shares), at an average price of 97.7p per share, representing an average discount to the prevailing NAV per share after performance fee of 38.6% and adding 1.7p/1.1% to the NAV per share. A further 99,118 shares have been bought back since March, up to 24 June 2024, at an average price of 98.7p per share.

We will seek to renew shareholders' authorities to issue and buy back shares at the forthcoming AGM.

### Potential Returns of Capital

As set out on page 25 of this annual report, the Company may, at the discretion of the Directors, return up to 50% of the gains realised during a year from the disposal of investments. Factors influencing decisions in this regard include the quantum of sale proceeds, the opportunities offered by the investment pipeline and the working capital requirements of the Company. To date the Board has applied a proportion of such gains to share buybacks, as this has been highly accretive to the Company's NAV per share. This notwithstanding, the Directors intend to consult with shareholders to determine whether other means of cash distribution would be preferred.

### Dividend

No dividend has been declared or recommended for the year. Your Company is focused on providing capital growth and has a policy only to pay dividends to the extent that it is necessary to maintain the Company's investment trust status.

### Board

There have been no changes to the Board during the year but the three Directors at IPO in 2018 are all scheduled to retire from the Board at the same time, so it seems logical to stage these departures and commence Board refreshment now. After six years in the Chair, I have decided to retire first and will not be offering myself for re-election at the forthcoming AGM. We have an excellent mix of skills and experience on the Board already but intend to supplement our team with a new Director. We have engaged an independent search firm for this purpose.

It has been my pleasure to chair Augmentum Fintech PLC from its successful IPO in 2018 and to see it grow into a leading and highly respected player in European fintech. My grateful thanks to our shareholders for their support, to my Board colleagues for their diligence and hard work, and to Tim, Richard and the team at Augmentum Fintech Management Limited who have together built a much-admired Portfolio Manager.

### AGM

Our AGM will be held on Thursday 19 September 2024 at 11.00 a.m. at the Augmentum Fintech Management Limited office at 4 Chiswell Street, London EC1Y 4UP. Your Board strongly encourages shareholders to register their votes in advance using the proxy form provided or by voting online, or if they are not held directly, by instructing the nominee company through which the shares are held. Registering votes in advance does not preclude shareholders from attending the meeting.

Details of all of the resolutions can be found in the Notice of AGM, which is published separately from this annual report and will be sent to shareholders when the annual report is published. Both documents will also be available to view on or download from the Company's website at [www.augmentum.vc](http://www.augmentum.vc).

Your Directors consider that all the resolutions listed are in the best interests of the Company and its shareholders and recommend voting in favour of them, as your Directors intend to do in respect of their own holdings.

### Outlook

Interest rates remain stubbornly high for now, but UK and global inflation numbers are improving which suggests a more positive medium-term outlook for growth companies. As I write, early-stage growth portfolios remain out of favour, but our Portfolio Manager has proved its model, well-illustrated by the returns produced by our six realisations to date. Additionally, our largest investments are performing very well.

The underlying need to digitalise and transform financial services remains. The opportunity is undiminished as the traditional operators continue to dominate, despite inroads made by some stellar fintech businesses with less costly, and in many cases more secure, business models. Penetration is still only c.5% across the industry although adoption of consumer focused fintech by younger demographics is markedly higher.

## Chairman's Statement continued

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We maintained our investment discipline over the last year and, with our strong cash reserves (£44.8 million at 31 May 2024), we are well placed both to take advantage of new opportunities and to reinforce our appeal as a supportive investor. We have a healthy pipeline of opportunities under consideration.

Your Board believes that the Company will see a closing of the discount at which its shares trade in due course and, with the underlying growth of the portfolio generally being very strong, expects that our patient shareholders will be well rewarded in time.

**Neil England**  
Chairman

24 June 2024

# Investment Objective and Policy

## Investment objective

The Company's investment objective is to generate capital growth over the long term through investment in a focused portfolio of fast growing and/or high potential private financial services technology ("fintech") businesses based predominantly in the UK and wider Europe.

## Investment policy

In order to achieve its investment objective, the Company invests in early or later stage investments in unquoted fintech businesses. The Company intends to realise value through exiting these investments over time.

The Company seeks exposure to early stage businesses which are high growth, with scalable opportunities, and have disruptive technologies in the banking, insurance and wealth and asset management sectors as well as those that provide services to underpin the financial sector and other cross-industry propositions.

Investments are expected to be mainly in the form of equity and equity-related instruments issued by portfolio companies, although investments may be made by way of convertible debt instruments. The Company intends to invest in unquoted companies and will ensure that the Company has suitable investor protection rights where appropriate. The Company may also invest in partnerships, limited liability partnerships and other legal forms of entity. The Company will not invest in publicly traded companies. However, portfolio companies may seek initial public offerings from time to time, in which case the Company may continue to hold such investments without restriction.

The Company may acquire investments directly or by way of holdings in special purpose vehicles or intermediate holding entities (such as the Partnership\*).

The Management Team has historically taken a board or board observer position at investee companies and, where in the best interests of the Company, will do so in relation to future investee companies.

The Company's portfolio is expected to be diversified across a number of geographical areas predominantly within the UK and wider Europe, and the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

The Management Team will actively manage the portfolio to maximise returns, including helping to scale the team, refining and driving key performance indicators, stimulating growth, and positively influencing future financing and exits.

## Investment restrictions

The Company will invest and manage its assets with the object of spreading risk through the following investment restrictions:

- the value of no single investment (including related investments in group entities or related parties) will represent more than 15 per cent. of Net Asset Value;
- the aggregate value of seed stage investments will represent no more than 1 per cent. of Net Asset Value; and
- at least 80 per cent. of Net Asset Value will be invested in businesses which are headquartered in or have their main centre of business in the UK or wider Europe.

\* Please refer to the Glossary on page 78.

In addition, the Company will itself not invest more than 15 per cent. of its gross assets in other investment companies or investment trusts which are listed on the Official List of the FCA.

Each of the restrictions above will be calculated at the time of investment and disregard the effect of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment. The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets.

## Hedging and derivatives

Save for investments made using equity-related instruments as described above, the Company will not employ derivatives of any kind for investment purposes, but derivatives may be used for currency hedging purposes.

## Borrowing policy

The Company may, from time to time, use borrowings to manage its working capital requirements but shall not borrow for investment purposes. Borrowings will not exceed 10 per cent. of the Company's Net Asset Value, calculated at the time of borrowing.

## Cash management

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds and tradeable debt securities.

There is no restriction on the amount of cash or cash equivalent investments that the Company may hold or where it is held. The Board has agreed prudent cash management guidelines with the AIFM and the Portfolio Manager to ensure an appropriate risk/return profile is maintained. Cash and cash equivalents are held with approved counterparties.

It is expected that the Company will hold between 5 and 15 per cent. of its Gross Assets in cash or cash equivalent investments, for the purpose of making follow-on investments in accordance with the Company's investment policy and to manage the working capital requirements of the Company.

## Changes to the investment policy

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution. Non-material changes to the investment policy may be approved by the Board. In the event of a breach of the investment policy set out above or the investment and gearing restrictions set out therein, the Management Team shall inform the AIFM and the Board upon becoming aware of the same and if the AIFM and/or the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

# Portfolio Review

	Fair value of holding at 31 March 2023 £'000	Net investments/ (realisations) £'000	Impact of foreign currency rate changes £'000	Investment return £'000	Fair value of holding at 31 March 2024 £'000	% of Net assets after performance fee
Tide	35,692	4,176	–	11,425	51,293	18.0%
Zopa Bank <sup>^</sup>	30,093	–	–	9,198	39,291	13.8%
Grover	43,150	1,368	(1,103)	(7,522)	35,893	12.6%
Volt	14,216	5,300	–	5,942	25,458	9.0%
BullionVault <sup>^</sup>	11,564	(799)	–	2,354	13,119	4.6%
Gemini	8,306	–	(308)	2,926	10,924	3.9%
Onfido	10,242	–	(51)	(43)	10,148	3.6%
Intellis	8,412	–	(79)	1,741	10,074	3.5%
AnyFin	9,304	–	(817)	928	9,415	3.3%
Iwoca	7,882	–	–	44	7,926	2.8%
<b>Top 10 Investments</b>	<b>178,861</b>	<b>10,045</b>	<b>(2,358)</b>	<b>26,993</b>	<b>213,541</b>	<b>75.1%</b>
Other Investments*	52,644	5,931	(564)	(6,469)	51,542	18.1%
Cushon	22,790	(22,790)	–	–	–	0.0%
<b>Total Investments</b>	<b>254,295</b>	<b>(6,814)</b>	<b>(2,922)</b>	<b>20,524</b>	<b>265,083</b>	<b>93.2%</b>
Cash & cash equivalents	40,015				38,505	13.5%
Net other current liabilities	(186)				(271)	-0.1%
<b>Net Assets</b>	<b>294,124</b>				<b>303,317</b>	<b>106.7%</b>
Performance Fee accrual	(16,819)				(18,980)	-6.7%
<b>Net Assets after performance fee</b>	<b>277,305</b>				<b>284,337</b>	<b>100.0%</b>

<sup>^</sup> Held via Augmentum I LP

\* There are fourteen other investments (31 March 2023: fifteen). See page 13 for further details.

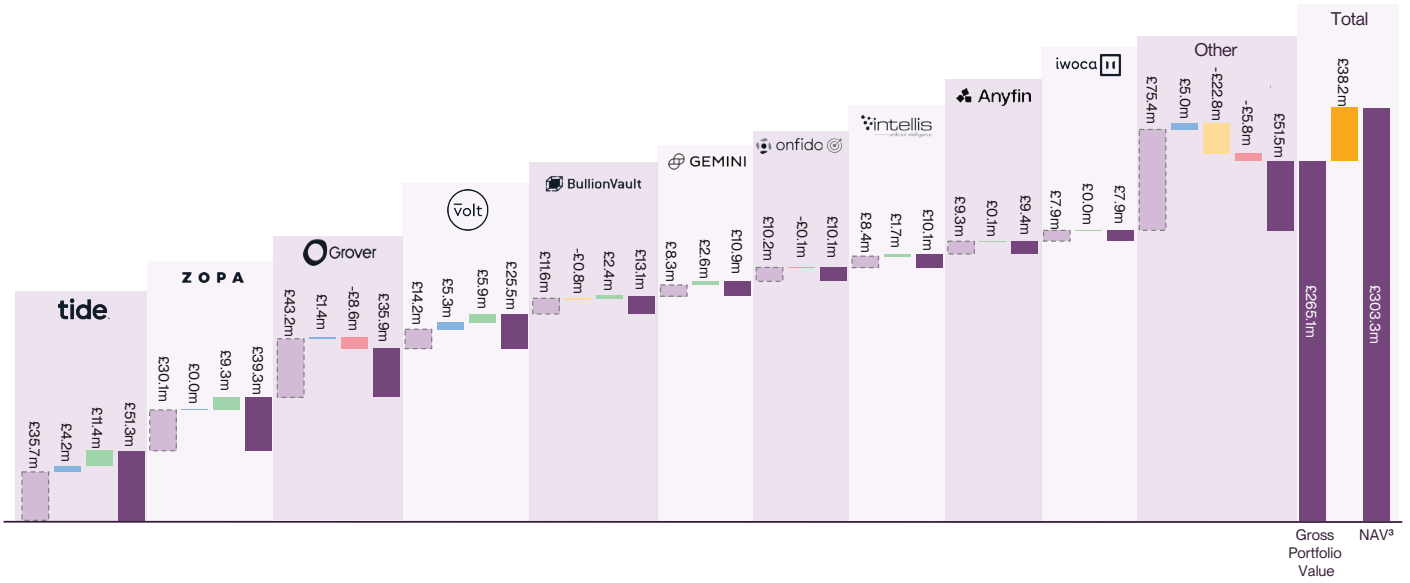


# Key Investments

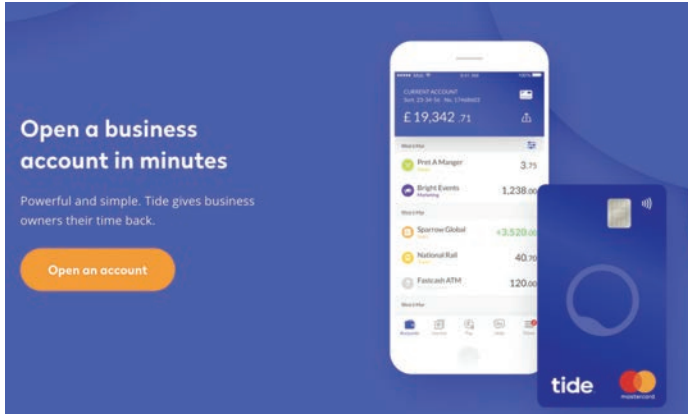
## Portfolio valuation changes

Year ended 31 March 2024

■ Mar-23 ■ Investment ■ Realisation<sup>1</sup> ■ Uplift ■ Reduction ■ Cash available & other<sup>2</sup> ■ Sep-23



## Key Investments continued



# tide.

Tide's ([www.tide.co](http://www.tide.co)) mission is to help small and mid-sized businesses ("SMEs") save time and money in the running of their businesses. Customers can be set up with an account number and sort code in less than 10 minutes, and the company is building a comprehensive suite of digital banking services for businesses, including automated accounting, instant access to credit, card control, instant card freezing and quick, mobile invoicing. Tide acquired Funding Options in 2022, giving Tide's customers access to a wider range of credit options and creating one of the UK's biggest digital marketplaces for SME credit. Tide continues to expand its product offering and launched Tide Accounting and Tide Acquiring in 2023, and recently joined the Current Account Switch Service. Tide is also expanding geographically. Tide launched in India in 2022 and it has recently announced plans to launch in Germany during 2024. Tide has 10% market share of small business accounts in the UK, with more than 575,000 customers, and more than 225,000 members in India.

Augmentum led Tide's £44.1 million first round of Series B funding in September 2019, alongside Japanese investment firm The SBI Group. In July 2021 Tide completed an £80 million Series C funding round led by Apax Digital, in which Augmentum invested an additional £2.2 million and into which the £2.5 million loan note converted. In October 2023 Augmentum invested a further £4.2 million through a combination of primary and secondary transactions.

Source: Tide	31 March 2024 £'000	31 March 2023 £'000
Cost	17,376	13,200
Value	51,293	35,692
Valuation Methodology <sup>^</sup>	Rev. Multiple	Rev. Multiple

As per last filed audited accounts of the investee company for the year to 31 December 2022:

	2022 £'000	2021 £'000
Turnover	59,176	33,541
Pre tax loss	(40,781)	(32,719)
Net assets	34,990	66,297

<sup>^</sup> See note 13(iii) on pages 62 to 64.



# ZOPA

Having been founded in 2005 as the world's first peer-to-peer ("P2P") lending company, Zopa ([www.zopa.com](http://www.zopa.com)) launched Zopa Bank following a funding round in 2020. It was granted a full UK banking licence, allowing it to offer a wider product range to its customers. After 17 years of delivering positive returns for investors, Zopa closed the P2P lending side of its business in 2021 to fully focus on Zopa Bank.

Current products include fixed term and smart savings, wedding and home improvement loans, debt consolidation loans, a credit card and motor finance. Zopa Bank is regulated by both the PRA and the FCA.

Zopa Bank is a multiple awards winner. In 2024, Zopa won three more awards from MoneyNet; Best Savings App, Best Fixed Rate Cash ISA Provider and Personal Savings Provider of the Year. These follow a string of previous awards, including being named the British Bank Awards' Best Personal Loan Provider for the sixth year in a row in 2023. 2023 marked a key milestone, with Zopa achieving its first full year of profitability.

Augmentum participated in a £20 million funding round led by Silverstripe in March 2021, in October 2021 participated with a further £10 million investment in a £220 million round led by SoftBank, and in February 2023 invested a further £4 million as part of a £75 million equity funding round alongside other existing investors. In September 2023 Zopa Bank raised £75 million in Tier 2 Capital to support further scaling.

Source: Zopa Bank	31 March 2024 £'000	31 March 2023 £'000
Cost	33,670	33,670
Value	39,291	30,093
Valuation Methodology <sup>^</sup>	Rev. Multiple	Rev. Multiple

As per last filed audited accounts of the investee company for the year to 31 December 2023:

	2023 £'000	2022 £'000
Operating income	223,544	153,737
Pre tax profit/loss	10,828	(23,783)
Net assets	413,174	299,674

## Key Investments continued

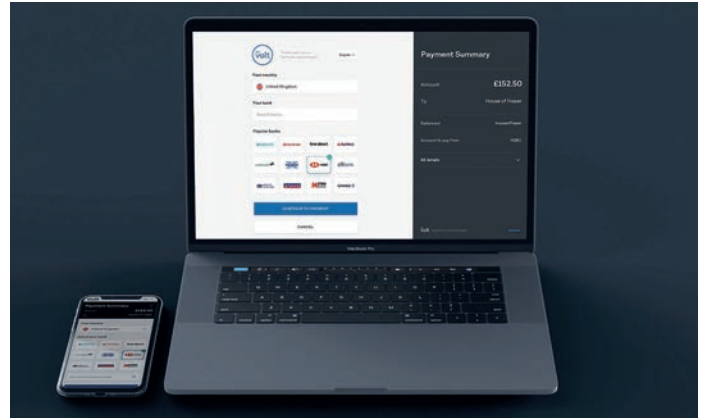


Berlin-based Grover ([www.grover.com](http://www.grover.com)) is the leading consumer-tech subscription platform, bringing the access economy to the consumer electronics market by offering a simple, monthly subscription model for technology products. Private and business customers have access to over 8,000 products including smartphones, laptops, virtual reality technology, wearables and smart home appliances. The Grover service allows users to keep, switch, buy, or return products depending on their individual needs. Rentals are available in Germany, Austria, the Netherlands and Spain. Grover is at the forefront of the circular economy, with products being returned, refurbished and recirculated until the end of their usable life. Grover has circulated over 1.2 million devices. Total funding has been around €1.4 billion to date and it has over 400 employees.

In September 2019 Augmentum led a €11 million funding round with a €6 million convertible loan note (“CLN”) investment. This coincided with Grover signing a €30 million debt facility with Vargold Bank, one of Germany’s major fintech banking partners. In March 2021 Grover completed a €60 million Series B equity and debt funding round, with Augmentum participating and converting its CLN, and Grover’s Series C funding round in April 2022 raised US\$330 million in equity and debt funding. In September 2023, Augmentum invested £1.4 million as part of a €23 million transaction that will help support the company to profitability.

Source: Grover	31 March 2024 €'000	31 March 2023 €'000
Cost	9,295	7,927
Value	35,893	43,150
Valuation Methodology	Rev. Multiple	Rev. Multiple

As an unquoted German company, Grover is not required to publicly file audited accounts.



Volt ([www.volt.io](http://www.volt.io)) is a provider of account-to-account payments connectivity for international merchants and payment service providers (PSPs). An application of Open Banking, account-to-account payments – where funds are moved directly from one bank account to another rather than via payment rails – delivering benefits to both consumers and merchants. This helps merchants shorten their cash cycle, increase conversion and lower their costs. Volt offers coverage in 25 markets and counting, including UK, Europe, Brazil and Australia. In June 2023 Volt announced their partnership with Worldpay, the world’s number one global non-bank merchant acquirer by volume processed, giving Worldpay’s more than 1 million merchant customers across 146 markets access to Volt’s open payment infrastructure. Volt also announced integration with leading global commerce company Shopify in 2023, to power a ‘pay-by-bank’ option at checkout for merchants who use the Shopify platform. In February 2024, Volt were granted a UK EMI licence by the FCA, enabling Volt to evolve its cash management product ‘Connect’ for virtual accounts.

Augmentum invested £0.5 million in Volt in December 2020, £4 million in its June 2021 US\$23.5 million Series A funding round and £5.3 million in its US\$60 million Series B funding round in June 2023.

Source: Volt	31 March 2024 €'000	31 March 2023 €'000
Cost	9,800	4,500
Value	25,459	14,216
Valuation Methodology	Rev. Multiple	CPORT

Volt is not required to publicly file audited accounts.

## Key Investments continued



### BullionVault

BullionVault ([www.bullionvault.co.uk](http://www.bullionvault.co.uk)) is a physical gold and silver market for private investors online. It enables people across 175 countries to buy and sell professional-grade bullion at competitive prices online, with US\$3.7 billion of assets under administration, over US\$100 million worth of gold and silver traded monthly, and over 100,000 clients.

Each user's property is stored in secure, specialist vaults in London, New York, Toronto, Singapore and Zurich. BullionVault's unique daily audit then proves the full allocation of client property every day.

The company generates monthly profits from trading, commission and interest. It is cash generative, dividend paying, and well-placed for any cracks in the wider financial markets.

Source: BullionVault

	31 March 2024 £'000	31 March 2023 £'000
Cost	8,424	8,424
Value	13,119	11,565
Valuation Methodology	EBITDA Multiple	EBITDA Multiple
Dividends paid	799	564

As per last filed audited accounts of the investee company for the year to 31 October 2023:

	2023 £'000	2022 £'000
Gross profit	13,311	13,071
Pre tax profit	13,023	8,364
Net assets	46,323	41,294



### GEMINI

Gemini ([www.gemini.com](http://www.gemini.com)) enables individuals and institutions to safely and securely buy, sell and store cryptocurrencies. Gemini was founded in 2014 by Cameron and Tyler Winklevoss and has been built with a security and regulation first approach. Gemini operates as a New York trust company regulated by the New York State Department of Financial Services (NYSDFS) and was the first cryptocurrency exchange and custodian to secure SOC 1 Type 2 and SOC 2 Type 2 certification. Gemini entered the UK market in 2020 with an FCA Electronic Money Institution licence, becoming one of only ten companies to have achieved FCA Cryptoasset Firm Registration at that time.

Gemini announced acquisitions of portfolio management services company BITRIA and trading platform Omnix in January 2022. During 2023 Gemini expanded into the UAE and Asia.

Augmentum participated in Gemini's first ever funding round in November 2021 with an investment of £10.2 million.

Source: Gemini

	31 March 2024 £'000	31 March 2023 £'000
Cost	10,150	10,150
Value	10,924	8,306
Valuation Methodology	Rev. Multiple	Rev. Multiple

Gemini is not required to publicly file audited accounts.



## Key Investments continued



Onfido is building the new identity standard for the internet. Its AI-based technology assesses whether a user’s government-issued ID is genuine or fraudulent, and then compares it against their facial biometrics. Using computer vision and a number of other AI technologies, Onfido can verify against 4,500 different types of identity documents across 195 countries, using techniques like “facial liveness” to see patterns invisible to the human eye.

Onfido was founded in 2012. It has offices in London, San Francisco, New York, Lisbon, Paris, Amsterdam, New Delhi and Singapore and helps over 900 companies, including industry leaders such as Revolut, bung and Bitstamp. In May 2023 Onfido announced the acquisition of Airside Mobile Inc, the leader in private, digital identity sharing technology whose customers include the world’s largest airlines.

Augmentum invested £4 million in 2018 as part of a US\$50 million funding round and an additional £3.7 million in a convertible loan note in December 2019 as part of a £4.7 million round. The latter converted into equity when Onfido raised an additional £64.7 million in April 2020. Augmentum exited its position in April 2024 when Entrust, a global leader in identity, payments, and data security solutions, acquired Onfido. Proceeds of £10.1 million have been received.

Source: Onfido

	31 March 2024 £'000	31 March 2023 £'000
Cost	7,750	7,750
Value	10,148	10,242
Valuation Methodology	Transaction Price	Rev. Multiple

As per last filed audited accounts of the investee company for the year to 31 January 2023:

	2023 £'000	2022 £'000
Turnover	102,099	94,513
Pre tax loss	(70,190)	(45,159)
Net (liabilities)/assets	(9,372)	40,165



Intellis, based in Switzerland, is an algorithmic powered quantitative hedge fund operating in the FX space. Intellis’ proprietary approach takes a conviction based assessment towards trading in the FX markets, a position which is uncorrelated to traditional news driven trading firms. They operate across a range of trading venues with a regulated Investment Trust fund structure that enables seamless onboarding of new Liquidity Partners.

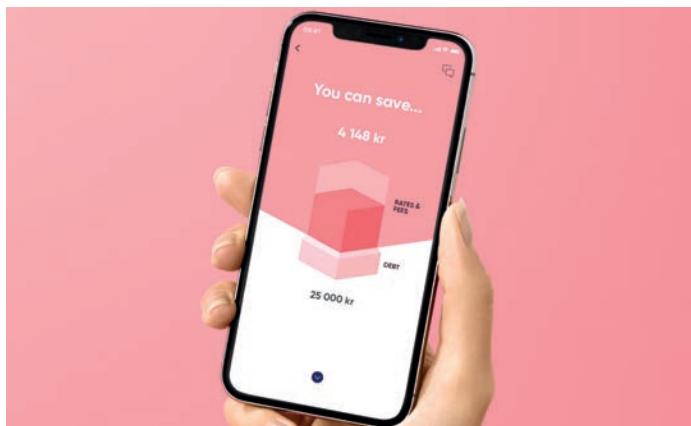
Following an initial investment of €1 million In 2019, Augmentum exercised its option to invest a further €1 million in March 2020 and a further €1 million in March 2021.

Source: Intellis

	31 March 2024 £'000	31 March 2023 £'000
Cost	2,696	2,696
Value	10,074	8,412
Valuation Methodology	P/E Multiple	P/E Multiple

As an unquoted Swiss company, Intellis is not required to publicly file audited accounts.

## Key Investments continued



### Anyfin

Anyfin ([www.anyfin.com](http://www.anyfin.com)) was founded in 2017 by former executives of Klarna, Spotify and iZettle, and leverages technology to allow creditworthy consumers the opportunity to improve their financial wellbeing by consolidating and refinancing existing credit agreements with improved interest rates, as well as offering smart budgeting tools. Anyfin is currently available in Sweden, Finland, Norway and Germany, with plans to expand across Europe as well as strengthen its product suite in existing markets, and over 500,000 people have downloaded the app.

Augmentum invested £7.2 million in Anyfin in September 2021 as part of a US\$52 million funding round and a further £2.7 million as part of a US\$30 million funding round in November 2022.

Source: AnyFin

	31 March 2024 £'000	31 March 2023 £'000
Cost	9,924	9,924
Value	9,416	9,305
Valuation Methodology	Rev. Multiple	Rev. Multiple

As an unquoted Swedish company, Anyfin is not required to publicly file audited accounts.



### iwoca

Founded in 2011, iwoca ([www.iwoca.co.uk](http://www.iwoca.co.uk)) uses award-winning technology to disrupt small business lending across Europe. They offer short-term 'flexi-loans' of up to £500,000 to SMEs across the UK and Germany. iwoca leverages online integrations with high-street banks, payment processors and sector-specific providers to look at thousands of data points for each business. These feed into a risk engine that enables the company to make a fair assessment of any business and approve a credit facility within hours. In addition to its flexi-loans, iwoca launched iwocaPay in June 2020, an innovative business-to-business (B2B) 'buy now pay later' product to provide flexible payment terms to buyers while giving peace of mind to sellers and also launched a revenue-based loan with eBay in 2022 where repayments are a percentage of a business's monthly sales. The company has lent over £3 billion in the UK and Germany since its launch across more than 130,000 business loans.

Augmentum originally invested £7.5 million in Iwoca in 2018 and has since added £0.35 million. Iwoca has raised over £1 billion in debt funding from partners including Barclays, Pollen Street Capital, Vårde, Citibank and Insight Investment.

Source: Iwoca

	31 March 2024 £'000	31 March 2023 £'000
Cost	7,852	7,852
Value	7,926	7,882
Valuation Methodology	Rev. Multiple	Rev. Multiple

As per last filed audited accounts of the investee company for the year to 31 December 2022:

	2022 £'000	2021 £'000
Turnover	78,260	68,468
Pre tax loss	(10,980)	(4,119)
Net assets	32,956	40,579

## Other Investments



Monese ([www.monese.com](http://www.monese.com)) offers consumers the ability to open a UK or European current account with a fully digital process. Launched in 2015 Monese has more than 2 million registered users. 70% of incoming funds are from salary payments, with customers using Monese as their primary account. In May 2023, building on strong platform infrastructure, Monese launched XYB, a banking-as-a-service ("BaaS") platform. XYB enables financial institutions to build digital products using Monese's technology. Monese counts HSBC and Investec amongst its XYB client base. The BaaS market shows strong growth as established banks and fintech companies continue to bring innovative digital products to market. In May 2024 Monese announced that it was splitting into two standalone entities: its B2C retail bank Monese, and its B2B business XYB.

Augmentum is invested alongside Kinnevik, PayPal, International Airlines Group, Investec and HSBC Ventures.



In the next 10 years, £1 trillion of inheritance will pass between generations in the UK. Farewill ([www.farewill.com](http://www.farewill.com)) is a digital, all-in-one financial and legal services platform for dealing with death and after-death services, including wills, probate and cremation, augmented with funeral plans in 2024. In 2022 Farewill won National Will Writing Firm of the Year for the fourth year in a row and in 2021 was Probate Provider of the Year for the second consecutive year at the British Wills and Probate Awards. Farewill also won Best Funeral Information Provider and Low-cost Funeral Provider of the Year at the Good Funeral Awards 2021. The organisation has also been voted the UK's best-rated death experts on Trustpilot, scoring an average customer approval rating of 4.9/5 from over 115,000 reviews. It is now the largest will writer in the UK.

Since its launch in 2015 Farewill's customers have pledged over £970 million to charities through their wills.

Augmentum led Farewill's £7.5 million Series A fundraising in January 2019, with a £4 million investment, participated in its £20 million Series B, led by Highland Europe in July 2020, with £2.6 million, and in its further £4.8 million fundraising in March 2023, with £0.8 million.

## wematch.live

Wematch ([www.wematch.live](http://www.wematch.live)) is a capital markets trading platform that helps financial institutions transition liquidity to an orderly electronic service, improving productivity and de-risking the process of voice broking. Their solution helps traders find liquidity, negotiate, trade, optimise and manage the lifecycle of their portfolios of assets and trade structures. Wematch is focused on structured products such as securities financing, OTC equity derivatives and OTC cleared interest rates derivatives.

Created in 2017, Wematch is headquartered in Tel Aviv and has offices in London and Paris. In March 2023 it announced a collaboration with MTS Markets, owned by Euronext, creating MTS Swaps by Wematch.live, which aims to bridge the gap between legacy voice trading and pure electronic trading in the interdealer IRS market. In August 2023 Wematch passed a milestone of US\$200 billion in ongoing notional value of trades on their platform and also reached an average daily matched volume (ADMV) of US\$11 billion in Europe, the Middle East, and Africa.

Augmentum invested £3.7 million in September 2021.



ParaFi Capital ([www.parafi.com](http://www.parafi.com)) is an investor in decentralised finance protocols that address tangible use cases of the technology and demonstrate signs of product-market fit. ParaFi investment has drawn on their domain expertise developed in both traditional finance and crypto to identify and invest in leading protocols such as Compound (lending and interest accrual), Aave (asset borrowing), Uniswap (automated liquidity provision), Synthetix (synthetic asset trading) and MakerDAO (stablecoins). ParaFi also supports its protocols as a liquidity provider and governance participant.

Augmentum invested £2.8 million in ParaFi in January 2021. Co-investors include Bain Capital Ventures and Galaxy Digital.

## WAYHOME

Wayhome ([www.wayhome.co.uk](http://www.wayhome.co.uk)) offers a unique part-own part-rent model of home ownership, requiring as little as 5% deposit with customers paying a market rent on the portion of the home that Wayhome owns, with the ability to increase the equity in the property as their financial circumstances allow. It launched to the public in September 2021, following closure of the initial phase of a £500 million pension fund investment. The first fund has now closed having helped over 650 people buy a new home. Wayhome are currently working on their second fund.

Wayhome opens up owner-occupied residential property as an asset class for pension funds, who will earn inflation-linked rent on the portion not owned by the occupier.

Augmentum invested £2.5 million in 2019, £1 million in 2021 and a further £0.9 million in the Company's financial year to 31 March 2023.



Kipp ([www.letskip.com](http://www.letskip.com)) is an Israeli fintech that has developed an AI platform that transforms the traditional payment model to increase credit card transaction approvals, revenue, and customer satisfaction. Its core solution relies heavily on data enrichment and risk management to help merchants and banks split the cost of risk to incentivise issuing banks to approve more transactions. In 2022 Kipp won the Mastercard Fintech Engage Jury award and in 2023 was awarded first place at the Mastercard Fintech Forum CE event. It was also the 'Leading Financial Services or Payments Start-Up' winner at the 2023 PAY360 Awards.

Augmentum invested £4 million in May 2022.

## artificial.

Artificial ([www.artificial.io](http://www.artificial.io)) is an established underwriting technology provider for the London Insurance Market. This London-based insurtech partners with global insurers and brokers to facilitate algorithmic placement of commercial and specialty risk, backed by their powerful contract builder and underwriting platform.

Augmentum led Artificial's £8 million Series A+ round in January 2024 with a £4 million investment, alongside existing investors MS&AD Ventures and FOMCAP IV. The round was aimed at allowing Artificial to accelerate their growth, to continue to build out its product range and further consolidate its position as a leader in algorithmic underwriting software as the insurance market migrates towards digital solutions.

## Other Investments continued



FullCirc ([www.fullcirc.com](http://www.fullcirc.com)) was formed from the combination of Artesian and Duedil. Artesian was founded with a goal to change the way B2B sellers communicate with their customers. They built a powerful sales intelligence service using the latest in Artificial Intelligence and Natural Language Processing to automate many of the time consuming, repetitive tasks that cause the most pain for commercial people.

In August 2023 FullCirc announced the acquisition of W2 Global Data Solutions, a provider of real-time digital solutions for global regulatory compliance. The acquisition strengthens FullCirc's compliance suite and accelerates the company's ambition to become the market leader in smart customer onboarding solutions for regulated businesses. In February 2024 FullCirc announced the launch of its first white label orchestration platform through W2 by FullCirc to help regulated businesses onboard more customers and meet regulatory requirements.

Augmentum originally invested in DueDil, which merged with Artesian in July 2021. Combining DueDil's Business Information Graph (B.I.G.)™ and Premium APIs, and Artesian's powerful web application and advanced rules engine delivers an easy to deploy solution for banks, insurers and FinTechs to engage, onboard and grow the right business customers.



Sfermion ([www.sfermion.io](http://www.sfermion.io)) is an investment fund focused on the non-fungible token (NFT) ecosystem. Their goal is to accelerate the emergence of the open metaverse by investing in the founders, companies, and entities creating the infrastructure and environments forming the foundations of our digital future.

Augmentum committed US\$3 million in October 2021, to be drawn down in tranches.



Berlin based Baobab ([www.baobab.io](http://www.baobab.io)) is a pioneer in the provision of European cyber insurance for SMEs. With capacity provision from Zurich, Baobab uses a novel approach to underwriting, pricing and risk mitigation, and works with leading SME cyber security providers to prevent breaches for its insured customers.

Augmentum invested £2.6 million in January 2023.



Epsor ([www.epsor.fr](http://www.epsor.fr)) is a Paris based provider of employee and retirement savings plans delivered through an open ecosystem, giving access to a broad range of asset management products accessible through its intuitive digital platform. Epsor serves more than 1,000 companies in France.

Augmentum invested £2.2 million in Epsor in June 2021.



Founded in 2015, WhiskyInvestDirect ([www.whiskyinvestdirect.com](http://www.whiskyinvestdirect.com)), was a subsidiary of BullionVault and is the online market for buying and selling Scotch whisky as it matures in barrel. This is an asset class that has a long track record of growth, yet has previously been opaque and inaccessible.

The business seeks to change the way maturing Scottish whisky is owned, stored and financed, giving self-directed investors an opportunity to profit from whisky ownership, with the ability to trade 24/7. At its October 2023 financial year end the company's clients held 10.9 million LPA (Litres of Pure Alcohol) of spirit. Augmentum's holding derives from WhiskyInvestDirect being spun out of BullionVault in 2020.



Tesseract ([www.tesseractinvestment.com](http://www.tesseractinvestment.com)) is a forerunner in the dynamic digital asset sector, providing digital lending solutions to market makers and other institutional market participants via regulated custody and exchange platforms. Tesseract was founded in 2017, is regulated by the Finnish Financial Supervisory Authority ("FIN-FSA"), and was one of the first companies in the EU to obtain a 5AMLD (Fifth Anti-Money Laundering Directive) virtual asset service provider ("VASP") licence. It has an express authorisation from the FIN-FSA to deploy client assets into decentralized finance or "DeFi".

Tesseract provides an enabling crypto infrastructure to connect digital asset lenders with digital asset borrowers. This brings enhanced capital efficiency with commensurate cost reduction to trading, in a space that is currently significantly under-leveraged relative to traditional capital markets.

Augmentum led Tesseract's Series A funding round in June 2021 with an investment of £7.3 million.



Prewise ([www.prewise.co](http://www.prewise.co)) allows suppliers to be paid instantly. Prewise's artificial intelligence ("AI") analyses the data from the invoices that sellers send to their large corporate customers. Predictive analytics identify the few problematic invoices, enabling the rest to be paid instantly. Prewise charges the suppliers a small fee for the convenience, and shares the profit with the corporate buyer and the funder. Prewise precisely quantifies dilution risk so that funders can underwrite pre-approval payables at scale. In January 2022 Mastercard unveiled that its next-generation virtual card solution for instant B2B payments would use Prewise's machine learning capabilities. The solution combines Prewise's machine learning, with Mastercard's core commercial solutions and global payment network, to transform how businesses send and receive payments.

Augmentum invested £250,000 in a convertible loan note in August 2019. This converted into equity as part of the company's US\$11 million funding round in March 2020, alongside Reefknot Investments and Mastercard, as well as existing investors Bessemer Venture Partners and Hambro Perks. Prewise was awarded a £2.5 million Banking Competition Remedies' Capability and Innovation Fund grant in August 2020. In May 2022 Prewise closed the first phase of its series B financing round, which was led by Tencent, with US\$18 million raised, including £2 million from Augmentum.



Habito ([www.habito.com](http://www.habito.com)) is transforming the United Kingdom's £1.3 trillion mortgage market by taking the stress, arduous paperwork, hidden costs and confusing process out of financing a home.

Since launching in April 2016, Habito had brokered £7 billion of mortgages by July 2021. Habito launched its own buy-to-let mortgages in July 2019 and in March 2021 launched a 40-year fixed-rate mortgage 'Habito One', the UK's longest-ever fixed rate mortgage.

In August 2019, Augmentum led Habito's £35 million Series C funding round with a £5 million investment and added £1.3 million in the Company's financial year ended 31 March 2023.



# Portfolio Manager's Review



## Overview

When I wrote to you in November it was against the backdrop of a welcome change in sentiment. Equity markets had responded positively to central bank decisions to hold interest rates steady, ending the tightening cycle of 2022 and 2023. Since November, the anticipation of future rate cuts has further boosted confidence, with global equity indices reaching record highs in early 2024.

Whilst we are as optimistic as we were in November, we temper this with a dose of realism; rates remain elevated and whilst the first-rate cuts are now trickling through, they will likely remain high well into 2025. The market continues to set a high bar for growth stocks, seeking capital efficiency and profitability, as well as strong growth. While the listed fintech sector is yet to enjoy as broad a recovery as other areas of the market, robust investor demand has emerged for top quality companies delivering disruptive and differentiated propositions.

A flight to quality is also present in private markets, where investment activity has normalised to the medium-term trend. This environment benefits the Company as a preferred investor for quality fintechs. Several portfolio companies have posted meaningful profits this year and have attracted growth capital of over £150 million during the period.

The operational performance of the vast majority of the companies in the portfolio has continued to be robust, with average revenue growth of 65% across the top 10 in the last 12 months. There have been some standout results, in some cases ahead of expectations, and the majority have over 2 years of cash runway, if they are not already profitable.

Longer term, the increasing dominance of US capital markets is a challenge that UK and European policy makers must work to address, with real implications for the future economic trajectory of the region. UK savings are under-allocated to domestic markets, hindering growth. Whilst we support initiatives such as the Mansion House Reforms, their implementation and capital deployment into private markets needs to accelerate. In the absence of meaningful change, as evidenced by diverging regional trajectories in this recent recovery period, the UK and European markets continue to lose ground to the US.

Fintech's market share of global financial services revenue remains below 5% but is set to more than double during the next decade as fintech companies both disrupt incumbent firms and become their

partners for harnessing the potential of new technologies<sup>1</sup>. Hundreds of valuable companies will be built in Europe to support sector wide digital transformation.

Companies in the fintech sector are addressing significant opportunities; in 2023, over 50% of fintechs in the F-Prime index of emerging, publicly traded, financial technology companies, posted revenues above US\$1 billion, growing three times faster than incumbents (F-Prime Capital<sup>2</sup>). The European ecosystem is producing high quality companies that with the right support have the potential to operate and thrive at global scale. This includes a cohort of near-term IPO candidates, including several from the Company's portfolio.

Whilst IPOs have been almost entirely absent from the market in 2024, we hope to see their return in 2025. With IPOs absent, M&A activity, driven mainly by incumbent firms acquiring digital capabilities, has meanwhile continued at pace. The resilience and depth of the exit market for fintechs is one of its key strengths from an investment perspective. Fintech exits in Q1 2024 totalled 247 transactions and US\$77 billion in realisations globally 99% of which was M&A<sup>3</sup>. Without access to private markets, investors will continue to miss these compelling opportunities.

In our view, the European early stage fintech ecosystem has reached an exciting point of maturity. Exit activity has supported multiple cycles of capital and talent recycling, including the 10 repeat founders in the Company's portfolio. This includes the Company's 6th realisation through M&A with the sale of **Onfido** to Entrust, a leading US listed provider of digital identity solutions.

The flywheel of talent, funding and regulation is supporting quality companies through growth stages. As we move towards a period of greater market stability, we find ourselves operating from a position of strength. Our diversified portfolio is resilient and performing well. The Company's cash position has been strengthened by recent exits, and we are addressing one of the most compelling sector-wide growth opportunities available to investors today.

In financial services, leveraging artificial intelligence ("AI") is a top priority due to significant breakthroughs in generative AI over the past 24 months. Our engagement with AI spans three key areas; portfolio companies, such as **Zopa Bank** in credit underwriting and **Intellis** in trading decisions, are leading in AI applications; we are exploring innovative AI led investment opportunities; and our team uses AI tools and proprietary data to enhance efficiency and coverage on a day-to-day basis. Staying ahead in applying new technologies provides a competitive advantage for the portfolio and pipeline companies, as well as a forward-thinking venture capital investment team.

Our strategy remains consistent; investment discipline rooted in experience and fintech sector specialism, applied to proprietary pan-European deal flow with a distinct, value-add approach that resonates with exceptional founders. The Company remains a unique offer to public market investors, not just in terms of its structure but also in terms of the quality and diversification of the fintech exposure it offers.

## Portfolio Manager's Review continued

### Portfolio Overview

As I write the Company's portfolio stands at 25 fintech companies, the same level as at 31 March 2023. This follows the exit of workplace pension provider **Cushon** during the reporting period and our post-period exit from **Onfido**, a global leader in digital identity verification. This was the sixth exit since IPO, which have delivered over £90 million in realisations to date. We have added one new investment to the portfolio in **Artificial**, an innovative algorithmic underwriting platform serving the speciality insurance industry. The other addition to the portfolio comes from the post-period split of existing portfolio company, **Monese**, into its retail bank Monese and its banking as a service business, XYB.

The portfolio's top 10 companies employ over 4,500 people and generate over £1 billion in annual revenues, with year-on-year growth continuing at an average of 65%. Five of this group are profitable and the remaining five have an average cash runway of over 20 months.

As reflected in these recent transactions and true to our commitment six years ago at IPO, the portfolio has diversified across the breadth of verticals that make up the broader fintech opportunity, as well as by stages of maturity and European markets. The resilience and strong performance of the portfolio through more challenging macroeconomic times, and our growing record of realisations, continue to deepen our confidence in this approach.

At the end of March, the sum of our top three positions, **Tide**, **Zopa Bank**, and **Grover**, plus cash, is just below the Company's market capitalisation. We believe this represents a compelling value opportunity with unpriced option value in the remaining 22 positions in the portfolio, which carry strong future growth potential themselves.

These top three holdings are growing revenue at an average of 70% year-on-year, with all three continuing to challenge their respective market incumbents in industries ripe for disruption, a key investment thesis across many of the portfolio companies. **Tide**, our largest holding, becomes the first portfolio position to surpass £50 million in fair value having further solidified their position as the market leader for SME banking in the UK and has successfully launched in Germany and India in recent months.

We continue to support portfolio companies from their early stages through both capital and strategic support. Our typical first investment is made at the Series A stage and benefits from protective structures and board representation, which we currently hold at 17 of the 25 portfolio companies, including all of those that are early stage (pre-series B). In addition to close monitoring of progress and strategic input, ongoing engagement enables us to identify and action compelling follow-on investment opportunities as companies mature.

We have demonstrated consistency in valuation approach against the backdrop of volatility in public and private markets over the last two years. All the Company's material exits have now been delivered at or above the last reported fair value of the holding. Its permanent capital model enables us to reinvest exit proceeds into the next generation of high-potential European fintech firms.

Following the exit of **Onfido** the Group's cash position as at 31 May 2024 was £44.8 million and, with greater confidence in early-stage

valuations following the normalisation of market conditions, we are in an advantageous position to deploy capital into high-quality and appropriately priced investment opportunities in the period ahead.

**Onfido** and **interactive investor** are two of the largest fintech transactions in the UK in the last three years. We believe that from within the existing and future portfolio, the Company is positioned to be part of more exit transactions of this scale.

### Investment Activity

In my recent reports, I have described our decision to slow deployment into new opportunities in response to market conditions.

The distortionary impact of heightened valuations since late 2020 continued to play out during the period and our extremely disciplined approach to valuation remained a key reason for rejecting investment prospects at the investment committee stage. Our total investment of £16.0 million across both new and follow-on investments compares to £19.9 million in the prior year. We maintain that reduced deployment has been the correct course in a market absent of the right investments at the right price.

When we see the right opportunity, our ability to deploy capital remains intact. In January 2024, we led a highly competitive £8 million Series A round with a £4 million investment in **Artificial**, an emerging leader in the Insurtech space. With the digitalisation of the London insurance market at the forefront of change in the industry, we believe **Artificial** are well positioned as one of the leading platforms for algorithmic underwriting. **Artificial** characterises our early-stage strategy, bringing new technology that has the capability to disrupt and drive significant change in an industry that has been limited by legacy systems.

Within the existing portfolio, we invested a further £5.3 million into **Volt** as part of a US\$60 million Series B round completed by the company in June 2023. This takes the total invested in the company to £9.8 million. The fair value of the holding at £25.5 million reflects this additional investment as well as a £5.9 million valuation uplift versus March 2023. During this period the company has grown revenue threefold, as the leading provider of real-time payment connectivity to global merchants and service providers. **Volt's** increasingly diversified customer base spans a growing number of industries and markets as the adoption of real-time account-to-account payments continues around the world.

We made a £4.2 million additional investment in **Tide** in an oversubscribed primary and secondary transaction in October 2023, helping to bolster the company and increase our stake in one of the portfolio's highest performing assets. As the leading digital banking platform for small businesses in the UK, **Tide** has now achieved 11% share of the UK market with more than 600,000 members and is both profitable in the UK and at a Group level. To further diversify from a predominantly UK revenue focus as the company moves into a new phase of maturity, **Tide** launched in India at the end of 2022, and in the first 18 months attracted more than 250,000 new members. Following the successful launch of their Indian operations, **Tide** launched in Germany in May 2024, further expanding their global offering.

In the reporting period, we also took up the Company's shareholder rights to invest a total of £1.8 million in small additional rounds at **Grover**, **Wayhome** and **Habito**.

## Portfolio Manager's Review continued

### Other Top 10

During the last three years we have frequently talked about the resilience of the portfolio. This resilience is rooted in the strong fundamentals of the companies that we back and the ability of their management teams to weather challenges of all descriptions and return their companies to growth trajectories. The path to scale is never a straight line which is why a long-term view and ongoing support are essential when investing in private markets.

A patient approach is sometimes required to unlock long-term value. This has been demonstrated by the portfolio's second largest holding, **Zopa Bank**, which has transformed since the write-down event in 2019. Their world class team, coupled with exceptional underwriting technology, which applies advanced AI, continues to drive **Zopa's** position as a standout performer. During the period **Zopa Bank** passed 1 million customers, achieved full-year profitability, and further strengthened their balance sheet through a Tier 2 regulatory capital raise of £75 million. The upward movement in the valuation of the portfolio's holding of £9.3 million follows year-on-year revenue growth of 74% and returns the fair value of the holding above the cost of investment.

**Grover** is focused on profitability, with their flexible subscription model now operating at significant scale with run-rate revenue now in excess of €250 million. The company achieved positive EBIT for the first three months of 2024 and plans to be cash-flow positive within the next 12 months. The last year has presented challenges for **Grover** but progress is underway to ensure performance is not stifled and the company can return to the growth it has long enjoyed. We have been prudent in its valuation to reflect the challenges the company has recently faced, and thus reduced the valuation by £8.6 million to £35.9 million.

At the beginning of this calendar year, we received a dividend of £0.8 million from **BullionVault** following a strong year of trading and record profits. **BullionVault's** performance has been supported by a combination of investor demand for gold and other precious metals as an inflationary hedge, and net interest income earned on fiat balances held by users on the exchange. This has driven an uplift in the fair value of the portfolio's holding of £2.4 million. **BullionVault** is a mature position in the portfolio and serves a hedging function during times of heightened market uncertainty.

**Gemini** represents another story of resilience and recovery as the company returns to the portfolio's Top 10. As a regulated multi-asset exchange and custodian serving both institutional and retail investors, Gemini has been a beneficiary of the positive price action in digital asset markets that has followed from increased regulatory clarity in the US and the approval of crypto ETF products. In addition, acting on behalf of **Gemini** users, the company has secured a full recovery of assets loaned by users to a crypto-lending company called Genesis. The uplift in the holding's fair value of £2.6 million is reflective of **Gemini's** improved trajectory but remains prudent and supported by the downside protective structures held on this position.

We believe that the Company's current exposure to the digital assets vertical, at 6.5% of net assets, is set at an appropriate level based on the maturity of the market. While we do not anticipate making further

investments in this vertical in the near term, we continue to track institutional themes involving blockchain technologies that hold significant potential in the mid to long term. These include the tokenisation of real-world assets and trade settlement infrastructure.

One of the more unique propositions in the portfolio, **Intellis**, has continued to flourish in the last 12 months with an evolving strategy resulting in accelerated growth. The company deploys advanced proprietary AI trading strategies in foreign exchange markets and has the potential to scale significantly, both in current focus markets and potentially other asset classes. **Intellis's** lean cost base has led to a sustained period of profitability. The £1.7 million uplift in the holding reflects their encouraging progress.

The acquisition of **Onfido**, one of the global leaders in digital identity verification, by Entrust was announced in February 2024. Following regulatory approval, the acquisition completed post-period end on 9 April 2024, with £10.1 million in proceeds received by the Company. This delivered an IRR of 5.8% and a multiple on capital invested of 1.3x. The realised value represented a c.5% uplift on the holding value reported in the Company's half year results. The resulting IRR is well below our long-term target and the product of investment terms that were introduced to the capital structure of the company during a funding round that completed during the height of the Covid pandemic. This outcome highlights the importance of maintaining engagement and influence at board level, and of having the ability to defend positions through follow-on funding. As this transaction was completed after year end, **Onfido** remains in the top 10 at the completed transaction price.

**Anyfin's** core product offering of credit refinancing combined with additional budgeting and savings tools has continued to support financial wellbeing for consumers across the Nordic region and Germany. Revenue growth in 2023 remained strong at 63%, although the company has faced higher costs of capital with an impact on margin. The experienced management team has demonstrated strong capability while adjusting credit underwriting to the more challenging macro environment. The company is prioritising an adjusted capital structure and additional licences which have the potential to significantly reduce the costs of capital over the longer term, following a trajectory similar to that taken by **Zopa Bank**.

**iwoca** provides another example of exceptional resilience in the portfolio, returning to performance and profitability following the end of Covid funding support schemes and the retreat of high-street lenders from small business funding. **iwoca** has demonstrated strong revenue growth with annualised revenue up 77% year-on-year and consistent profitability, with positive EBIT building month-on-month since January 2023. The company continues to prove the profit potential of lending businesses that harness digital technologies to drive significant operating leverage at scale.

### Exits

In the half-year report I commented on the completion of a fifth portfolio exit in June, with the sale of **Cushion** to NatWest Group. Augustum received proceeds of £22.8 million from the sale, delivering an IRR of 62% and a multiple on capital invested of 2.1x. Realised value represented a 47% uplift on the previously reported fair value of Augustum's position.

## Portfolio Manager's Review continued

With **Onfido**, discussed above, these two additional exits bring total realisations since IPO to £92 million. Each of the material exits have been realised at or above the previously reported holding value, providing further evidence to support our valuations.

### Performance

For the year to 31 March 2024, we are reporting a NAV per share after performance fee of 167.4p (31 March 2023: 158.9p). Since IPO the capital the Company has deployed has generated an IRR of 16%. This is below our long-term internal expectations of 20%.

The consistent approach to valuations that we have shown through the cycle is supported by a growing track record of realisations. We hope that this will continue to support investor confidence in the fair values we report for the portfolio's positions. Each position is valued using the most appropriate methodology with most positions using public market comparables either as a primary valuation technique or as a secondary cross-check.

Along with another strong year of growth across the portfolio, valuation recovery in public markets has led to an increase in the public market multiples used in our valuation approach. However, we remained prudent, with our average forward sales multiple remaining at 4.8x, consistent with the previous reporting period. Wider governance is a key element of the process with each valuation audited and signed off by the Board and Valuations Committee.

As we have detailed in previous reports, we continue to structure our typical venture investments with downside protections such as liquidation preference and anti-dilution provisions. 21 out of the 25 portfolio positions carry these protections. Unlike ordinary share structures typically seen in the public markets, these structures protect the value of the Company's position in the event of a reduction in the equity value of an investee company from the price paid.

### Outlook

Each set of annual results provides an opportune moment to first reflect and then to chart the course ahead. We have crossed several important milestones; six years since IPO, six exits delivered to the Company and the first portfolio position rising above a fair value of £50 million. With this growing track record, we are optimistic about the future, operating with greater clarity and cohesion in a market primed for exceptional investments.

Cross-party political support for fintech in the UK positions the sector well. Policy makers recognise it as a key growth sector, and a source of international competitiveness. Investors can take further confidence in the future environment for fintech innovation from this backdrop, which we expect to continue.

In many respects the UK has led the way in fintech, building on strong financial services heritage, deep pools of talent and an attractive investment landscape. It remains the key market for fintech investment, capturing 57% of total European investment in 2023<sup>1</sup>. However, increasingly there are lessons to be learnt from different approaches. In 2023, France (13%) overtook Germany (12%) to secure second place share of fintech investment, with activity supported by a collection of start-up friendly policies and the 'Tibi' pension fund investment scheme. It is important that the UK implements the Mansion House Reforms and other measures, and continues to invest in financial services regulation and emerging technologies such as AI to maintain its position.

Healthy competition among nations to support fintech startups drives progress in the European fintech ecosystem. Amongst the key benefits of this are value and job creation, and financial inclusion for previously underserved groups such as SMEs. Across Europe the value of the fintech sector is an estimated €340 billion and 134,000 jobs have been newly created, over 5,000 of which are from companies in the portfolio<sup>5</sup>.

We see excellent prospects in our pipeline and expect our deployment rate to return to our long-term average. Pre-seed and seed stage activity has been resilient, creating a strong pipeline of companies. Our proprietary origination engine, ADA, (named after the mathematician and computing pioneer, Ada Lovelace), reflects our extensive experience and assessment of over 5,000 fintech prospects. ADA enables us to operate at scale with a highly specialised team, maintaining a high investment standard with a lead-to-investment conversion rate of just 0.6%.

In the past year, our team has adjusted focus from portfolio management to deal sourcing and deployment, assessing numerous companies and actively engaging across Europe. Our latest investment in **Artificial** exemplifies our thesis-led approach, targeting the right opportunities in Insurtech. We are exploring themes including B2B payments, AI applications, compliance technologies, and fintech solutions for the green energy transition.

Our investment strategy remains consistent, while the macroeconomic and policy environments become more favourable. We will continue to invest in exceptional teams at the early stages and support them to scale their companies and ultimately secure meaningful exits.

### Tim Levene CEO

Augmentum Fintech Management Ltd

24 June 2024

<sup>1</sup> BCG, 2023

<sup>2</sup> <https://fprimecapital.com/blog/the-2024-state-of-fintech-report>

<sup>3</sup> FT Partners

<sup>4</sup> Innovate Finance

<sup>5</sup> McKinsey



# Strategic Report

## Business Review

The Strategic Report, set out on pages 19 to 31, provides a review of the Company's business, performance during the year and its strategy going forward. It also considers the principal risks and uncertainties facing the Company and includes information for shareholders to assess how the Directors have performed their duty to promote the success of the Company. In this respect, information on how the Directors have discharged their duties under Section 172 of the Companies Act 2006 can be found on pages 27 and 28.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

## Strategy and Strategic Review

In accordance with its investment objective and policy, the Company continued throughout the year under review to pursue the generation of capital growth over the long term through investment in a focused portfolio of fast growing and/or high potential private financial services technology ("fintech") businesses based predominantly in the UK and wider Europe.

The Company is an approved investment trust company and an alternative investment fund ("AIF") under the Alternative Investment Fund Managers Regulations ("UK AIFMD"). It has appointed Frostrow

Capital LLP as its alternative investment fund manager ("AIFM") and Augustum Fintech Management Limited as its Portfolio Manager.

## Principal Risks and Risk Management

The Board is responsible for the ongoing identification, evaluation and management of the risks faced by the Company and has established a process for the regular review of these risks and their mitigation. This process accords with the UK Corporate Governance Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Board's policy on risk management has not materially changed during the course of the reporting period and up to the date of this report.

The Company maintains a framework of identified key risks, with the policies and processes devised to monitor, manage and mitigate them where possible. This risk map is reviewed regularly by the Audit Committee.

Further details of the financial risks are included in note 13 starting on page 61.

The Board has carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. Further details of the risk management processes that are in place can be found in the Corporate Governance Statement.

The Board considers that the risks set out below are the principal risks currently facing the Company.

Principal Risks and Uncertainties
<p><b>Investment Risks</b></p> <p>The Company invests in early-stage companies which, by their nature, may be smaller capitalisation companies. Such companies may not have the financial strength, diversity and the resources of larger and more established companies, and may find it more difficult to operate, especially in periods of low economic growth.</p> <p>The performance of the Group's portfolio is influenced by a number of factors. These include, but are not limited to:</p> <ul style="list-style-type: none"> <li>(i) the quality of the initial investment decision;</li> <li>(ii) reliance on co-investment parties;</li> <li>(iii) the quality of the management team of each underlying portfolio company and the ability of that team to successfully implement its business strategy;</li> <li>(iv) the success of the Portfolio Manager in building an effective working relationship with each team in order to agree and implement value-creation strategies;</li> <li>(v) changes in the market or competitive environment in which each portfolio company operates; and</li> <li>(vi) environmental, social and governance ("ESG") factors.</li> </ul> <p>Any of these factors could have an impact on the valuation of an investment and on the Group's ability to realise the investment in a profitable and timely manner.</p>

Mitigation
<p>The Portfolio Manager has put in place a rigorous investment process which ensures disciplined investment selection and portfolio management. This includes detailed due diligence, regular portfolio reviews and in many cases active engagement with portfolio companies by way of board representation or observer status.</p> <p>Investing in young businesses that may be cash consuming for a number of years is inherently risky. In order to reduce the risks of permanent capital loss the Portfolio Manager will, where possible, structure investments to afford a degree of downside protection through mechanisms such as a liquidation preference and/or anti-dilution provisions.</p> <p>The Portfolio Manager provides a detailed update at each Board meeting, including, <i>inter alia</i>, investee company developments and funding requirements.</p>

## Strategic Report continued

Principal Risks and Uncertainties	Mitigation
<p><b>Portfolio Diversification Risk</b></p> <p>The Group is subject to the risk that its portfolio may not be adequately diversified, being heavily concentrated in the fintech sector and the portfolio value may be dominated by a single or limited number of companies.</p>	<p>The Group attempts to mitigate this risk by making investments across a range of companies in a range of fintech company subsectors and in companies at different stages of their lifecycle in accordance with the Investment Objective and Investment Policy. There is also geographic diversification with 63% of the portfolio being based in the UK and 37% in continental Europe, Israel and the US. Given the nature of the Company's Investment Objective this remains a significant risk.</p>
<p><b>Cash Risk</b></p> <p>Returns to the Company through holding cash and cash equivalents are relatively low. The Company may hold significant cash balances, particularly when a fundraising has taken place, and this may have a drag on the Company's performance.</p> <p>The Company may require cash to fund potential follow-on investments in existing investee companies. If the Company does not hold sufficient cash to participate in subsequent funding rounds carried out by portfolio companies, this could result in the interest the Company holds in such businesses being diluted. This may have a material adverse effect on the Company's financial position and returns for shareholders.</p>	<p>To mitigate this risk the Board has agreed prudent cash management guidelines with the AIFM and Portfolio Manager.</p> <p>The Group maintains sufficient cash resources to manage its ongoing operational and investment commitments. Regular discussions are held to consider the future cash requirements of the Company and its investments to ensure that sufficient cash is maintained.</p>
<p><b>Macroeconomic Risks</b></p> <p>The performance of the Group's investment portfolio is materially influenced by economic conditions. These may affect demand for services supplied by investee companies, foreign exchange rates, input costs, interest rates, debt and equity capital markets and the number of active trade and financial buyers.</p> <p>All of these factors could have an impact on the Group's ability to realise a return from its investments and cannot be directly controlled by the Group. Particular current factors include inflation, recession fears and the conflicts in Ukraine and the Middle East.</p>	<p>Within the constraints dictated by its objective, the Company's portfolio is diversified across a range of sectors, has no leverage, a net cash balance and the Portfolio Manager seeks to structure investments to provide downside protection where possible.</p> <p>The Board, AIFM and Portfolio Manager monitor the macroeconomic environment and this is discussed at each Board meeting, along with the potential impact. The Portfolio Manager also provides a detailed update on the investments at each meeting, including, <i>inter alia</i>, developments in relation to the macro environment and trends.</p>
<p><b>Strategy Implementation Risks</b></p> <p>The Group is subject to the risk that its long-term strategy and its level of performance fail to meet the expectations of its shareholders.</p> <p>A persistent discount could reflect a lack of demand for the Company's shares and prevents fund raising through share issues.</p>	<p>A robust and sustainable corporate governance structure has been implemented with the Board responsible for continuing to act in the best interests of shareholders.</p> <p>An experienced fintech Portfolio Manager has been retained in order to deliver the strategy.</p> <p>The Company and the Portfolio Manager endeavour to keep the market informed of portfolio developments.</p>

# Strategic Report continued

## Principal Risks and Uncertainties

**Valuation Risk**

The valuation of investments in accordance with IFRS 13 and International Private Equity and Venture Capital (IPEV) Valuation Guidelines requires considerable judgement and is explained in note 19.12.

The Company's investments are illiquid and a sale may require consent of other interested parties. Such investments may therefore be difficult to value and realise. Such realisations may involve significant time and cost and/or result in realisations at levels below the value of such investments as estimated by the Company.

Valuations are often based on comparator prices and market-based multiples, which can be affected by equity market sentiment and comparators' situations that may not reflect the individual positions of companies invested in.

**Key Person Risk**

There is a risk that the individuals responsible for managing the portfolio may leave their employment or may be prevented from undertaking their duties.

**Credit Risk**

As noted the Company may hold significant cash balances. There is a risk that the banks with which the cash is deposited fail and the Company could be adversely affected through either delay in accessing the cash deposits or the loss of the cash deposit. When evaluating counterparties there can be no assurance that the review will reveal or highlight all relevant facts and circumstances that may be necessary or helpful in evaluating the creditworthiness of the counterparty.

## Mitigation

The Company has a rigorous valuation policy and process as set out in notes 19.4 and 19.12. This process is led by the Board and includes benchmarking valuations against actual prices received when a sale of shares is made, as well as taking account of liquidity issues and/or any restrictions over investments.

The Board manages this risk by:

- receiving reports from AFML at each Board meeting, such reports include any significant changes in the make-up of the team supporting the Company;
- delegating to the Management Engagement & Remuneration Committee oversight of the remuneration of employees of AFML;
- meeting the wider team, outside the designated lead managers, at the Portfolio Manager's offices and by video conference, and encouraging the participation of the wider AFML team in investor updates; and
- delegating to the Management Engagement & Remuneration Committee responsibility to perform an annual review of the service received from AFML, including, *inter alia*, the team supporting the lead managers and succession planning.

The Board has agreed prudent cash management guidelines with the AIFM to ensure an appropriate risk/return profile is maintained. Cash and cash equivalents are held with approved counterparties, who are required to have a high credit rating and financial strength. Compliance with these guidelines is monitored regularly and reported to the Board on a quarterly basis.

## Strategic Report continued

Principal Risks and Uncertainties	Mitigation
<p><b>Operational Risk</b></p> <p>The Board is reliant on the systems of the Group and Company's service providers and as such disruption to, or a failure of, those systems could lead to a failure to comply with law and regulations leading to reputational damage and/or financial loss to the Group and/or Company.</p>	<p>To manage these risks the Board:</p> <ul style="list-style-type: none"> <li>receives compliance reports from the AIFM and the Portfolio Manager, which include, <i>inter alia</i>, details of compliance with applicable laws and regulations;</li> <li>reviews internal control reports, where available, key policies, including measures taken to combat cybersecurity issues, and also the disaster recovery procedures of its service providers;</li> <li>maintains a risk matrix with details of risks to which the Group and Company are exposed, the controls relied on to manage those risks and the frequency of operation of the controls; and</li> <li>receives updates on pending changes to the regulatory and legal environment and progress towards the Group and Company's compliance with these.</li> </ul>

### Emerging Risks

The Company has carried out a robust assessment of the Company's emerging and principal risks and the procedures in place to identify emerging risks are described below. The International Risk Governance Council definition of an 'emerging' risk is one that is new, or is a familiar risk in a new or unfamiliar context or under new context conditions (re-emerging). Failure to identify emerging risks may cause mitigating actions to be reactive rather than being proactive and, in the worst case, could cause the Company to become unviable or otherwise fail or force the Company to change its structure, objective or strategy.

The Audit Committee reviews the risk map at least half-yearly. Emerging risks are discussed in detail as part of this process and also throughout the year to try to ensure that emerging (as well as known) risks are identified and, so far as practicable, mitigated.

The experience and knowledge of the Directors are useful in these discussions, as are update papers and advice received from the Board's key service providers such as the Portfolio Manager, the AIFM and the Company's Brokers. In addition, the Company is a member of the AIC, which provides regular technical updates as well as drawing members' attention to forthcoming industry and/or regulatory issues and advising on compliance obligations.

### Ukraine and Middle East

The Board does not expect the conflicts in Ukraine and the Middle East to have a material impact on the Company, but notes that two of the Company's investments, Wematch and Kipp, are based in Israel. The Board continues to monitor events in both theatres. The Company has not identified any sanctioned shareholders on its share register and the portfolio companies have no Russian operations.

### ESG

As mentioned above under Investment Risks, the Board recognises the risks posed by environmental, social and governance ("ESG") factors, particularly with respect to the portfolio. Investment companies are currently exempt from reporting under the Task Force on Climate-Related Financial Disclosures ("TCFD") and the Company has not voluntarily adopted the requirements, but recognises the potential for reputational risk should the Company not meet investor expectations in relation to ESG. This, together with ESG factors that might affect portfolio companies, is considered to be an emerging risk area for the Company. ESG risk assessment is embedded in the Portfolio Manager's due diligence and decision-making process when investing in new companies and monitored thereafter (see page 29). However, the Company does not have explicit sustainability investment objectives or policies and will not seek to apply a sustainability label under the FCA's UK Sustainability Disclosure Requirements and investment labels regime ("SDR").



# Strategic Report continued

## Performance and Prospects

### Performance

The Board assesses the Company's performance relative to its investment objective using the following Key Performance Indicators ("KPIs"). Due to the unique nature and investment policy of the Company, with no direct listed competitors or comparable indices, the Board considers that there is no relevant external comparison against which to assess the KPIs and as such performance against the KPIs is considered on an absolute basis. Information on the Company's performance is provided in the Chairman's Statement and the Portfolio Manager's Review. The KPIs have not changed from the prior year:

- **The Net Asset Value ("NAV") per share after performance fee total return\***

The Directors regard the NAV per share after performance fee total return as being the critical measure of value delivered by the Company over the long term. The Board considers that the NAV per share after performance fee better reflects the current value of each share than the consolidated NAV per share figure, the calculation of which eliminates the performance fee.

This is an Alternative Performance Measure ("APM") and its calculation is explained in the Glossary on page 78 and in note 16 on page 65. Essentially, it adds back distributions made in the period to the change in the NAV after performance fee to arrive at a total return.

The Group's NAV per share after performance fee total return for the year was 5.4% (2023: 2.4%). This result is discussed in the Chairman's Statement on page 2.

- **The Total Shareholder Return ("TSR")\***

The Directors also regard the Company's TSR as a key indicator of performance. Like the NAV per share after performance fee total return discussed above, this is an APM and its calculation is explained in the Glossary on page 79. The TSR is similar in nature to the NAV per share after performance fee total return, except that it adds back distributions made in the period to the change in the share price, to reflect more closely the return in the hands of shareholders. Share price performance is monitored closely by the Board.

The Company's TSR for the year was +3.6% (2023: negative 27.1%). Whilst this is broadly consistent with the NAV per share total return for the year, the share price remains under pressure following the swing in market sentiment in 2022.

- **Ongoing Charges Ratio ("OCR")\***

Ongoing charges represent the costs that shareholders can reasonably expect to pay from one year to the next, under normal circumstances.

The Board reviews the costs incurred in operating the Company at each Board meeting and seeks to maintain a sensible balance between strong service and keeping costs down.

The terms of appointment of the Company's AIFM and the Portfolio Manager are set out on pages 24 and 25. In reviewing their continued appointment the Board took into account the ongoing charges ratio of other investment companies with specialist mandates.

The Group's OCR for the year was 2.0% (2023: 1.9%).

### Discount/Premium\*

The Board monitors the price of the Company's shares in relation to their net asset value after performance fee and the premium/discount at which the shares trade. Shareholder approvals are sought each year to issue and buy back shares, which can assist in reducing share price volatility. However, the level of discount or premium is understood to be mostly a function of investor sentiment and demand for the shares, over which the Board has little influence. The Company has the same Portfolio Manager, management fee arrangements and cost base that it had in 2021 when the shares traded at a premium to NAV and the Board does not believe that Company specific factors have influenced the discount. Rather, the share price falling to a discount to NAV at the beginning of 2022 correlates with market sentiment turning against growth stocks generally, with the Company's shares being affected notwithstanding the portfolio's potential. The year under review saw little improvement.

The Board has sought to communicate its faith in the underlying value of the portfolio and simultaneously to take advantage of the discount by continuing to undertake a limited programme of accretive share buybacks, to the benefit of remaining shareholders, whilst balancing the need to retain cash for new and follow-on investments. It is thought that helping to create some additional market liquidity for sellers in this way also had an effect on stabilising the share price. All shares purchased are held in treasury and will potentially be reissued when the share price returns to a premium to NAV after performance fee. Shareholder authorities to issue and buy back shares are being sought at the forthcoming AGM.

### Performance, Prospects and Future Developments

The Company's current position and prospects are described in the Chairman's Statement and Portfolio Manager's Review sections of this annual report.

The Board's primary focus is on the Portfolio Manager's investment approach and performance, which are thoroughly discussed at every Board meeting. In addition, the AIFM, the Portfolio Manager and the Company's Brokers update the Board on company communications, promotion, investor feedback and market background.

Outlines of performance, investment activity and strategy, market background during the year and outlook are provided in the Chairman's Statement on pages 2 to 4 and the Portfolio Manager's Review on pages 15 to 18.

### Viability Statement

The Board has considered the Company's financial position, including its ability to liquidate portfolio assets and meet its expenses as they fall due, and notes the following:

As part of its review the Board considered the impact of a significant and prolonged decline in the Company's performance and prospects. This included modelling the impact of a 50% fall in the value of the investment portfolio, the impact of this on the Company's ongoing charges and reviewing the ability of the Company to meet its liabilities as they fall due and support investee companies with future funding requirements in such a scenario.

\* See Glossary on page 78

## Strategic Report continued

The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments currently foreseen which would alter that position.

In considering the Company's longer-term viability, as well as considering the principal risks on pages 19 to 22 and the financial position of the Company, the Board considered the following factors and assumptions:

- The Company is and will continue to be invested primarily in long-term illiquid investments which are not publicly traded;
- The Board reviews the liquidity of the Company, regularly considers any commitments it has and cash flow projections;
- The Board, AIFM and Portfolio Manager will continue to adopt a long-term view when making investments and anticipated holding periods will be at least five years;
- As detailed in the Directors' Report, the Valuations Committee oversees the valuation process;
- There will continue to be demand for investment trusts;
- Regulation will not increase to a level that makes running the Company uneconomical; and
- The performance of the Company will continue to be satisfactory.

Whilst acknowledging that market and economic uncertainty remain heightened in view of inflation, concerns about a recession and the Ukraine and Middle East conflicts, based on the results of its review, and taking into account the long-term nature of the Company, the Board has a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for the foreseeable future, taken to mean at least the next five years. The Board has chosen this period because, whilst it has no information to suggest this judgement will need to change in the coming five years, forecasting over longer periods is imprecise. The Board's long-term view of viability will, of course, be updated each year in the annual report.

### Going Concern

In light of the conclusions drawn in the foregoing Viability Statement and as set out in note 19.1 to the financial statements on page 66, the Company has adequate financial resources to continue in operational existence for at least the next 12 months from the date of signing of this report.

Therefore, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

### Management Arrangements

#### Principal Service Providers

The Company is structured as an internally managed closed-ended investment company. Augmentum Fintech Management Limited ("Portfolio Manager") is the wholly owned operating subsidiary of the Company that manages the investment portfolio of the Company as a delegate of the AIFM.

The other principal service providers to the Company are Frostrow Capital LLP ("Frostrow" or the "AIFM") and IQ EQ Depository Company (UK) Limited (the "Depository"). Details of their key responsibilities and their contractual arrangements with the Company follow.

#### Alternative Investment Fund Manager ("AIFM")

Frostrow, under the terms of its AIFM agreement with the Company, provides, *inter alia*, the following services:

- oversight of the portfolio management function delegated to Augmentum Fintech Management Limited;
- promotion of the Company's shares;
- investment portfolio administration and valuation;
- risk management services;
- share price discount and premium monitoring;
- administrative and company secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- review of the Company's website;
- preparation and publication of annual and half year reports; and
- ensuring compliance with applicable legal and regulatory requirements.

#### AIFM Fees

Under the terms of the AIFM Agreement Frostrow is entitled to an annual fee of:

- on NAV up to £150 million: 0.225% per annum;
- on that part of NAV in excess of £150 million and up to £500 million: 0.2% per annum; and
- on that part of NAV in excess of £500 million: 0.175% per annum,

calculated on the last working day of each month and payable monthly in arrears.

The AIFM Agreement may be terminated by either party on giving notice of not less than 12 months.

#### Portfolio Manager

Augmentum Fintech Management Limited, as delegate of the AIFM, is responsible for the management of the Company's portfolio of investments under an agreement between it, the Company and Frostrow (the "Portfolio Management Agreement").

Under the terms of its Portfolio Management Agreement, Augmentum Fintech Management Limited provides, *inter alia*, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

## Strategic Report continued

### Portfolio Manager Fees

#### Portfolio Management Fee

Under the terms of the Portfolio Management Agreement Augmentum Fintech Management Limited (the "Portfolio Manager") receives an annual fee of 1.5% of the NAV per annum, falling to 1.0% of any NAV in excess of £250 million.

#### Performance Fee

The Portfolio Manager is entitled to a performance fee in respect of the performance of any investments and follow-on investments. Each performance fee operates in respect of investments made during a 24 month period and related follow-on investments made for a further 36 month period, save that the first performance fee would be in respect of investments acquired using 80% of the net proceeds of the Company's IPO in March 2018 (including the Initial Portfolio), and related follow-on investments.

Subject to certain exceptions, the Portfolio Manager receives, in aggregate, 15% of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Company has received an aggregate annualised 10% realised return on investments (the "hurdle") and follow-on investments made during the relevant period. The Portfolio Manager's return is subject to a "catch-up" provision in its favour. The performance fee is paid in cash as soon as practicable after the end of each relevant period, save that at the discretion of the Board payments of the performance fee may be made in circumstances where the relevant basket of investments has been realised in part, subject to claw-back arrangements in the event that payments have been made in excess of the Portfolio Manager's entitlement to any performance fees as calculated following the relevant period.

Based on the investment valuations as at 31 March 2024 the hurdle has been met, on an unrealised basis, and as such a performance fee has been provided for as set out in notes 2 and 12. This will only be payable if the hurdle is met on a realised basis.

The Portfolio Management Agreement may be terminated by either party giving notice of not less than 12 months.

#### AIFM and Portfolio Manager Evaluation and Re-Appointment

The performance of Frostrow as AIFM and Augmentum Fintech Management Limited as Portfolio Manager is regularly monitored by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them.

Following a review at a Management Engagement & Remuneration Committee meeting in March 2024 the Board believes that the continuing appointment of the AIFM and the Portfolio Manager, under the terms described within this Strategic Report, is in the best interests of the Company's shareholders. In coming to this decision it took into consideration the following additional reasons:

- the quality and depth of experience of the management, company secretarial, administrative and marketing team that the AIFM brought to the management of the Company; and
- the quality and depth of experience allocated by the Portfolio Manager to the management of the portfolio, together with the clarity and rigour of the investment process.

### Depository

The Company has appointed IQ EQ Depository (UK) Limited as its Depository in accordance with the UK AIFMD on the terms and subject to the conditions of an agreement between the Company, Frostrow and the Depository (the "Depository Agreement").

The Depository provides the following services, *inter alia*, under its agreement with the Company:

- verification of non-custodial investments;
- cash monitoring;
- processing of transactions; and
- foreign exchange services.

The Depository must take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, the UK AIFMD and the Company's Articles of Association.

Under the terms of the Depository Agreement, the Depository is entitled to receive an annual fee of £25,000 plus certain event driven fees.

The notice period on the Depository Agreement is not less than six months.

#### Registrar

The Company's registrar is Computershare Investor Services PLC. Contact details are set out on page 80.

#### Dividend Policy

The Company invests with the objective of achieving capital growth over the long term and it is not expected that a revenue dividend will be paid in the foreseeable future. The Board intends only to pay dividends out of revenue to the extent required in order to maintain the Company's investment trust status.

#### Potential returns of capital

It is expected that the Company will realise investments from time to time. The proceeds of these disposals may be re-invested, used for working capital purposes or, at the discretion of the Board, returned to shareholders.

The Company has committed to return to Shareholders up to 50 per cent. of the gains realised by the disposal of investments in each financial year, with such returns of capital expected to be made on an annual basis. The Company may also seek to make returns of capital to Shareholders where available cash is not expected to be substantially deployed within the following 12-18 months. The options for effecting any return of capital to shareholders may include the Company making tender offers to purchase Shares, paying special dividends or any alternative method or a combination of methods. Certain methods intended to effect a return of capital may be subject to, amongst other things, shareholder approval. Shareholders should note that the return of capital by the Company is at the discretion of the Directors and is subject to, amongst other things, the working capital requirements of the Company. The Board has affirmed, that the Company will continue to retain the bulk of the proceeds of the investment realisations to date for reinvestment to support its capital growth objective and utilise the balance to support accretive share buybacks.

## Strategic Report continued

### Company Promotion

The Company has retained the services of Peel Hunt LLP and Singer Capital Markets Advisory LLP as joint corporate brokers, to work alongside one another to encourage demand for the Company's shares. Additionally, the Company has engaged Quill PR to assist in promoting the Company.

Further, in addition to AIFM services, Frostrow also provides investor relations & marketing services.

#### *Engaging regularly with investors:*

The Company's brokers and Frostrow meet with institutional investors, discretionary wealth managers and execution-only platform providers around the UK and hold regular seminars and other investor events;

#### *Making Company information more accessible:*

Frostrow manages an investor database, produces key corporate documents and distributes factsheets, annual reports and updates from the Portfolio Manager on portfolio and market developments; and

#### *Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders:*

The Company's brokers and Frostrow maintain regular contact with sector broker analysts and other research and data providers, and provide the Board with up-to-date information on the latest shareholder and market developments.

### Community, Social, Employee, Human Rights, Environmental Issues, Anti-bribery and Anti-corruption

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery, tax evasion and corruption. As such, policies and procedures are in place to prevent bribery and corruption. In carrying out its activities, the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues.

As an investment trust with limited internal resource, the Company has little impact on the environment. The Company believes that high ESG (Environmental, Social and Governance) standards within both the Company and its portfolio companies make good business sense and have the potential to protect and enhance investment returns. Consequently, the Group's investment process ensures that ESG issues are taken into account and best practice is encouraged.

### Diversity

There are currently three male and two female Directors (being 40% female representation) on the Board, and these Directors have three different nationalities and diverse educational backgrounds. The Company aims to have a balance of relevant skills, experience and background amongst the Directors on the Board and believes that all Board appointments should be made on merit and with due regard to the benefits of diversity. The Company's diversity policy is set out on pages 41 and 42. The Board also encourages diversity within AFML, where the team of 12 people represents four different nationalities and is 42% female. The Board is also keen to promote the benefits of diversity in the companies we invest in.

# Strategic Report continued

## Engaging with our stakeholders

The following 'Section 172' disclosure describes how the Directors have had regard to the views of the Company's stakeholders in their decision-making.

Who? Stakeholder group	Why? The benefits of engagement with our stakeholders	How? How the Board the AIFM and the Portfolio Manager has engaged with our stakeholders
<p><b>Investors</b></p>	<p>Clear communication of the Company's strategy and the performance against its objective can help the share price trade at a narrower discount or a wider premium to its net asset value, which benefits shareholders.</p> <p>New shares may be issued to meet demand without diluting the NAV per share of existing shareholders. Increasing the size of the Company can benefit liquidity as well as spread costs.</p> <p>Understanding investor preferences in relation to potential Board decisions, such as in relation to possible distributions.</p>	<p>Frostrow as AIFM, the Portfolio Manager and the Company's joint brokers on behalf of the Board complete a programme of investor relations throughout the year. In addition, the Chairman endeavours to make himself available to meet with shareholders wishing to engage.</p> <p><b>Key mechanisms of engagement included:</b></p> <ul style="list-style-type: none"> <li>• The Annual General Meeting;</li> <li>• The Company's website which hosts reports, video interviews with the managers and regular market commentary;</li> <li>• Online newsletters and factsheets;</li> <li>• One-on-one investor meetings;</li> <li>• Investor meetings with the Portfolio Manager and AIFM; and</li> <li>• The Portfolio Manager hosts an annual Capital Markets Day event to inform investors about portfolio constituents.</li> </ul>
<p><b>Portfolio Manager</b></p>	<p>Engagement with our Portfolio Manager is necessary to evaluate performance against the stated strategy and to understand any risks or opportunities this may present to the Company. It also provides clarity on the Board's expectations and helps ensure that portfolio management costs are closely monitored and remain competitive.</p>	<p>The Board meets regularly with the Company's Portfolio Manager throughout the year both formally at the quarterly Board meetings and more regularly on an informal basis. The Board also receives quarterly performance and compliance reporting at each Board meeting.</p> <p>The Portfolio Manager's attendance at each Board meeting provides the opportunity for the Portfolio Manager and Board to further reinforce their mutual understanding of what is expected from all parties.</p>
<p><b>Service Providers</b></p>	<p>The Company contracts with third parties for other services including: depositary, investment accounting &amp; administration, company secretarial and share registration. It is necessary for the Company's success to ensure the third parties to whom we have outsourced services complete their roles diligently and correctly.</p> <p>The Company ensures all service providers are paid in accordance with their terms of business.</p> <p>The Board closely monitors the Company's Ongoing Charges Ratio.</p>	<p>The Board and Frostrow engage regularly with all service providers both in one-to-one meetings and via regular written reporting. This regular interaction provides an environment where topics, issues and business development needs can be dealt with efficiently and collegiately.</p>



## Strategic Report continued

Who? Stakeholder group	Why? The benefits of engagement with our stakeholders	How? How the Board the AIFM and the Portfolio Manager has engaged with our stakeholders
<b>Employees of AFML</b>	In order to attract and retain talent to ensure the Group has the resources to successfully implement its strategy and manage third-party relationships.	AFML has an open plan office, facilitating ready interaction and engagement. Senior team members report to the Board at each meeting.  Given the small number of employees, engagement is at an individual level rather than as a group.
<b>Portfolio companies</b>	Incorporating consideration of ESG factors into the investment process assists in understanding and mitigating risks of an investment and potentially identifying future opportunities.	The Board encourages the Company's Portfolio Manager to engage with companies and in doing so expects ESG issues to be a key consideration. The Portfolio Manager seeks to take a board seat, or have board observer status, on all investments. See pages 29 to 31 for further detail on AFML's ESG approach to investing.

What? What were the key topics of engagement?
<p><b>Key topics of engagement with investors</b></p> <p>Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio.</p> <hr/> <p><b>Key topics of engagement with the Portfolio Manager</b></p> <p>On an ongoing basis the Board engages on portfolio composition, performance, outlook and business updates.</p> <p>Additional topics included:</p> <ul style="list-style-type: none"> <li>• The impact of market conditions upon their business and the portfolio.</li> <li>• The impact of the Ukraine and Middle East conflicts upon their business and the portfolio.</li> <li>• Compensation arrangements within AFML.</li> <li>• The structure of management arrangements.</li> <li>• The discount at which the Company's shares have been trading and thoughts on possible mitigations.</li> </ul>

Outcomes and actions What actions were taken, including principal decisions?
<ul style="list-style-type: none"> <li>• The Portfolio Manager, Frostrow and the joint brokers meet regularly with shareholders and potential investors to discuss the Company's strategy, performance and portfolio. These meetings take place with and without the Portfolio Manager.</li> <li>• The prospects for the portfolio and the pipeline of potential investment opportunities are of particular interest to the Board and discussions during the year resulted in the Board being provided with additional reports to aid visibility.</li> <li>• The Ukraine and Middle East conflicts were discussed and it was concluded that they have no direct impact on the Company. Two portfolio companies are based in Israel and have been able to continue operations.</li> <li>• The portfolio manager reports regularly any ESG issues in the portfolio companies to the Board. Please see pages 29 to 31 for further details of AFML's ESG policies.</li> <li>• The structure of management arrangements has been an area of focus during the year and discussions about this are ongoing.</li> <li>• Discussions informed Board decisions in relation to continuation of the current share buyback programme and balancing this with available investment capital.</li> </ul>

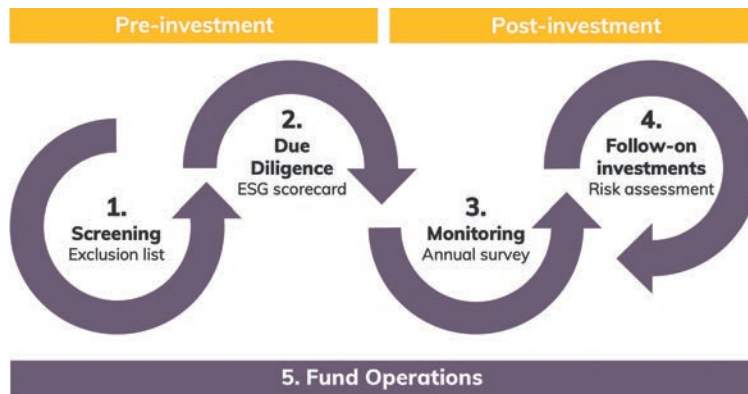
# Strategic Report continued

## Approach to Responsible Investing

Augmentum Fintech Management Limited (“AFML”) continues to be committed to a responsible investment approach through the lifecycle of its investments, from pre-screening to exit. AFML believes that the integration of Environmental, Social and Governance (“ESG”) factors within the investment analysis, diligence and operating practices is important for mitigating risk and making profitable investments.

## Five-Stage Approach to Future-Proofing the Portfolio

ESG principles adapted from the UN PRI (Principles of Responsible Investment) are integrated throughout business operations; in investment decisions, at the screening stage through an exclusion list and due diligence, ongoing monitoring and engaging with portfolio companies post-investment and when making follow-on investment decisions, as well as within fund operations.



### 1. Screening

An Exclusion List is used to screen out companies incompatible with AFML’s corporate values (sub-sectors and types of business). AFML also commits to being satisfied that the investors they invest alongside are of good standing.

### 2. Due Diligence

An ESG Due Diligence (DD) survey is completed by teams from companies in the later stages of the investment process. An ESG scorecard is completed for each potential investment, in which potential ESG risks and opportunities are identified, and discussed with the investment committee. Where necessary, an action plan is agreed with the management team on areas for improvement and commitments are incorporated into the Term Sheet.

### 3. Post-Investment Monitoring and Engagement

An annual survey is completed by portfolio companies and areas for improvement are discussed with management teams, with commitments agreed and revisited as appropriate.

### 4. Follow On Investments

ESG risks and opportunities are assessed when making follow-on investment decisions, with an ESG scorecard completed and co-investors taken into consideration. Follow on investments are only made into companies that continue to meet AFML’s ESG criteria.

### 5. Internally at Augmentum

AFML has continued to identify priority areas in which to make suitable ESG-related advancements across fund operations. Key progress areas include:

- Tracking the gender diversity of founders/CEOs of companies in our dealflow;

- Continuing to embrace diversity and inclusion through inclusive hiring and professional development practices and Female Founder Office Hours;
- Building on our programme of CSR initiatives through supporting Crisis Venture Studio and The Lord Mayor’s Appeal ‘We Can Be’ and ‘City Giving Day’ initiatives.

## ESG Focus Areas

AFML has identified eight key areas for consideration, across the three ESG categories, which best align with its values and are most relevant for companies operating in the fintech industry.

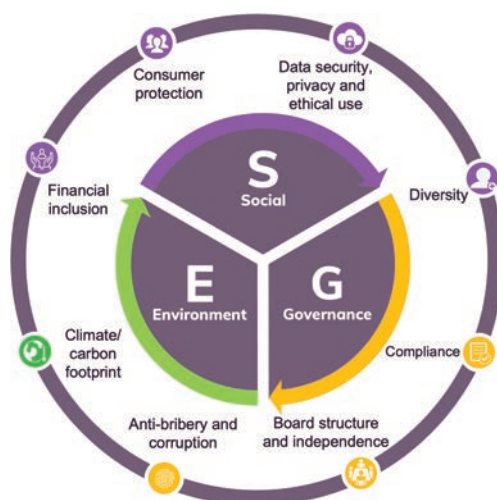
The key environmental consideration as identified by the AFML is the potential impact of business operations on the global issue of climate change. Social factors include the risks and opportunities associated with data security, privacy and ethical use, consumer protection, diversity and financial inclusion. Governance considerations include anti-bribery and corruption, board structure and independence and compliance.

AFML is committed to:

- Incorporating ESG and sustainability considerations into its investment analysis, diligence, and operating practices.
- Providing ESG training and support to the AFML employees involved in the investment process, so that they may perform their work in accordance with AFML’s policy.
- Actively engaging with portfolio companies to encourage improvement in key ESG areas.
- Annual reporting on progress to stakeholders.

## Strategic Report continued

### Pertinent Sustainable Development Goals



### ESG in Action

#### Company Initiatives

##### Investing in Women Code (ESG Focus Area – Social: Diversity)

Augmentum is a signatory of the Investing in Women Code. The Investing in Women Code is a commitment to support the advancement of female entrepreneurship in the United Kingdom by improving female entrepreneurs' access to tools, resources and finance from the financial services sector.

As a signatory to the Investing in Women Code, the Company is committed to a culture of inclusion and to advance access to capital for female entrepreneurs. As a signatory, the Company will:

- Have a nominated member of the senior leadership team who is responsible for supporting equality in all its interactions with entrepreneurs.
- Provide HM Treasury with a commonly agreed set of data concerning: all-female-led businesses; mixed-gender-led businesses and all-male-led businesses. The Company agrees that HM Treasury will collate this data and publish it on an aggregated and anonymised basis in an annual report.
- Adopt internal practices which aim to improve the potential for female entrepreneurs to successfully access the tools, resources, investment and finance they need to build and grow their businesses, working with relevant players in the ecosystem. The Company will review these actions annually and make this commitment publicly available.

##### The Lord Mayor's Appeal (Environmental: climate/carbon footprint and Social: Diversity)

In September the Augmentum team took part in The Lord Mayor's Appeal 'City Giving Day', entering a cycling challenge raising money for the various charitable causes supported by The Lord Mayor's Appeal.

The Augmentum team participates in The Lord Mayor's Appeal 'We Can Be' initiative, hosting a group of school girls, introducing them to a career in the City and the inner workings of an investment trust.

##### Female Founders in Fintech Office Hours (Social: Diversity)

Augmentum launched Female Fintech Founders monthly Office Hours along with other fintech investors Outward and Portage, providing an opportunity for early stage female fintech founders to speak with leading fintech investors and discuss fundraising and business scaling more broadly. 25 founders were selected and hosted across the first three sessions. Augmentum also participates in Playfair's 'Female Office Hours', the largest diversity and inclusion initiative in venture to bring founders and investors together for one-to-one mentoring and pitch meetings.

#### Portfolio Business Models

##### Anyfin: Consumer Financial Education (Social: Consumer protection)

A core element of Anyfin's mission is to help get people out of debt and to date the company has helped customers save millions of Euros in credit costs. They are proactive with consumer financial education; earlier this year they released the third edition of the Anyfin Report, a financial health study conducted by YouGov. The report focused on the ways in which people are planning to deal with their debts (and finances more broadly) in 2023. The company hosts regular 'Anyfin House' sessions, open to the public, and covering topics such as financial management, financial stress and the economy.

##### Grover: Circular Economy Model (Environmental: Climate/carbon footprint)

Grover provides a sophisticated solution for the increasing number of consumers who value access over ownership via their circular economy tech-rental model. By replacing the highly wasteful linear product ownership approach (take -> make -> dispose), Grover's model extends the lifecycle of a product by re-using, repairing and redistributing. A device rented from Grover is circulated 2-6 times on average, and as of 2023 the company has circulated over 1 million devices.

##### Wayhome: Gradual Home Ownership Model (Social: Financial inclusion)

Wayhome's 'Gradual Homeownership' model aims to help aspiring homeowners who are unable to obtain a traditional mortgage to buy a home get on the housing ladder. With the average home now costing 9 times average income and the average first time buyer only able to borrow 3.55 times income, millions of hardworking families are locked out of homeownership. Wayhome customers own the share of the home they paid for and rent the remainder, gradually buying more and renting less over time.



## Strategic Report continued

### Portfolio Initiatives

#### **Farewill: Charity Pledge** *(Social)*

Farewill partners with charities to enable them to offer free will writing services through their website. In May 2024, Farewill announced they had hit £1 billion in legacy pledges for charity.

#### **Tide:** *(Environmental: Climate/carbon footprint)*

In March, Tide became the first fintech globally to remove 100% of its emissions with durable carbon removals as of 2022 onwards. The business has also committed to becoming fully NetZero by 2030 and to support its UK members (more than 9% of UK SMEs), and growing network of Indian SMEs on their journey to NetZero.

Tide made three climate-focused pledges which included committing to removing 100% of their emissions with durable carbon removal from 2022 onwards and reducing 90% of their 2021 emissions per employee by 2030. These would make Tide fully Net Zero by 2030. The organisation also committed to making Net Zero simpler for their Members by developing the support on offer.

Post-period end Tide and Transcorp announced the launch of India's-first recycled PVC RuPay Card. Made from 99% recycled plastic, this is a first for fintechs in India. Each rPVC card saves 7g of carbon and 3.18g plastic that would normally be used in production.

#### **Zopa Bank: 2025 Fintech Pledge** *(Social: Consumer protection and financial inclusion)*

Led by Zopa Bank, 33 fintechs and their industry partners are working together to tackle the cost-of-living crisis. The 2025 Fintech Pledge aims to drive 10 million consumer actions that build up the financial resilience of UK consumers by 2025. It will achieve this by connecting people to platforms that make savings work harder, improve credit scores, consolidate debt, and lower utility bills and household outgoing costs. To date, more than 2 million actions have been reported from all members combined.

This Strategic Report was approved by the Board of Directors and signed on its behalf by:

#### **Neil England**

Chairman

24 June 2024

# Board of Directors



## **Neil England**

*(Chairman of the Board and Nominations Committee)*

Neil has been the Chairman of the Company since its IPO in 2018. He has extensive international business expertise in a career spanning public and private companies varying in size from start-ups to global corporations.

He has held leadership roles in various sectors including food, FMCG, distribution, media, sport and technology.

Neil was a Vice President of Mars Incorporated; Group Chief Executive at The Albert Fisher Group plc and Group Commercial Director at Gallaher Group plc. Additionally he started two technology businesses and has advised on others. He is a past Chairman of a number of other companies, most recently ITE Group plc and Blackrock Emerging Europe plc.

Neil is currently Chairman of Schroder British Opportunities Trust plc and a non-executive director of two private companies. He is a Fellow of The Chartered Institute of Marketing.

Neil holds 300,000 shares in the Company.



## **Karen Brade**

*(Chair of the Audit Committee)*

Karen has been a member of the Company's Board since its IPO in 2018. She has extensive experience of project finance, private equity and asset management. She started her career at Citibank working on various multi-national project finance transactions.

Karen worked at CDC (now known as British International Investment), the UK Government's development finance institution, where she held a variety of positions in equity and debt investing, portfolio management, fund raising and investor development.

She currently serves as Chair of Keystone Positive Change Investment Trust plc; Non-Executive Director of HeiQ plc and is an external panel member of the Albion Capital VCT investment committee.

Karen holds 39,019 shares in the Company.



## **David Haysey**

*(Chairman of the Management & Remuneration Committee and Valuations Committee, and Senior Independent Director)*

David has been a member of the Company's Board since its IPO in 2018. He has extensive experience in the investment business, working on both public and private equities, and asset allocation.

He started his career as a stockbroker, and has held a number of senior positions, including head of European equities for SG Warburg plc and Deutsche Bank AG and CIO and co-CEO of Deutsche Asset Management's European Absolute Return business.

David previously worked for RIT Capital Partners plc, where he was a board member and head of public equities. He joined the multi-strategy firm Marylebone Partners from its launch as head of liquid strategies. He is now a non-executive partner and member of the firm's investment committee.

David holds 94,230 shares in the Company.



## **Conny Dorrestijn**

Conny joined the Board on 1 November 2021. She has been an active part of European fintech for many years and has worked with a number of early stage fintech businesses. She is a founding partner of BankiFi, a developer of technology 'putting banks at the heart of business', where she currently fulfils a non-executive role, Chair of the Advisory Board of Amsterdam Fintech Week, an Associate of the European Women in Payments Network (EWPN) and a Global Innovation Awards Judge at BAI (US). Previous roles include Chair of the supervisory board of Cobase bv, Chair of the supervisory board of pan-European fintech provider Blanco Services, and VP Global Payments Marketing at FIS, following its acquisition of Clear2Pay, where she was Global Head of Corporate Marketing & Analyst Relations.

## **Sir William Russell**

Sir William joined the Board on 1 April 2022. He was the Lord Mayor of the City of London from November 2019 until November 2021 and is an Alderman of The City of London. He is a past board member of Innovate Finance, the industry body for the UK Fintech community, and has more than 30 years' experience in financial services including senior positions in domestic and international banking with Merrill Lynch.

Sir William holds 240,000 shares in the Company.



# Management Team

The Portfolio Manager is a specialist fund management and advisory business whose experienced and entrepreneurial Management Team has a strong track record in fintech venture capital. They are London based and are authorised and regulated in the UK by the FCA. All of the team members featured below are investors in the Company. In aggregate employees of AFML hold 3,616,902 (2.1%) of the Company's shares..



**Tim Levene**  
**CEO and Partner**

Tim began his career at Bain & Co before leaving to co-found Crussh, the chain of juice bars. In 1999, Tim became a founding employee at Flutter.com and after it merged with Betfair in 2001 he led the commercial side, including launching its international business. In 2010 Tim co-founded Augmentum with the backing of RIT Capital. Tim has been a Young Global Leader at the World Economic Forum since 2012 and was also elected as an Alderman (Independent) for the Ward of Bridge in the City of London in 2022.



**Richard Matthews**  
**COO and Partner**

Richard qualified as a chartered accountant with Coopers & Lybrand/PricewaterhouseCoopers LLP before joining Tim as chief financial officer of Flutter.com in 1999. In 2001, upon the merger with Betfair, he left to become chief financial officer of Benchmark Europe. In 2005 Richard became a partner at Manzanita Capital, a large US family office, and in 2010 he co-founded Augmentum.



**Perry Blacher**  
**Partner**

Perry started his career at McKinsey & Co in 1996, moving to Microsoft in 1998 and he has spent the last decade as an angel investor in, and adviser to, fintech businesses. Perry is a FinTech specialist, holding advisory or non-executive roles at Fairpoint plc, Barclays UK, Google, Onfido, Prodigy Finance, TransferGo and other FinTech businesses. He was a founding principal at Chase Episode 1 Partners when they invested in Flutter.com and is a venture partner at Amadeus Capital. He was the founder and chief executive officer of two businesses, both sold to public companies (Serum in 2002 and Covestor in 2007).



**Ellen Logan**  
**Principal**

Ellen previously worked at OC&C Strategy Consultants, conducting commercial due diligence and strategy projects for private equity and multinational corporate clients across TMT, B2B services, FMCG and retail sectors. Ellen also worked at HR analytics startup Bunch, after studying Economics at the University of Edinburgh. Ellen has a particular interest in emerging technologies such as the digital asset economy and alternative payment methods.



**Réginald de Wasseige**  
**Principal**

Réginald (Reggie) started his career at Cobepa in Belgium (his home country), and then founded a software company focused on document security for large organisations. Off the back of both experiences, VC was a natural evolution and Reggie joined ABN AMRO Ventures, the venture capital arm of the Dutch bank, and relocated to Amsterdam. This position introduced him to the world of fintech.



**Georgie Hazell Kivell**  
**Director of Marketing and Operations**

Georgie started her career working in startups across marketing, people and strategy positions. Following time at a startup studio, investment platform Crowdcube and gaining an MBA, she joined Augmentum in 2018. Georgie is head of marketing and communications, company ESG champion and supports portfolio companies post-investment. She co-chairs the UK Women in VC community and is a trained coach, working primarily with women in tech.

# Directors' Report

The Directors present the audited Financial Statements of the Group and the Company for the year ended 31 March 2024 and their Report on its affairs.

In accordance with the requirement for the Directors to prepare a Strategic Report for the year ended 31 March 2024, the following information is set out in the Strategic Report on pages 19 to 31: a review of the business of the Company including details about its objective, strategy and business model, future developments, details of the principal risks and uncertainties associated with the Company's activities (including the Company's financial risk management objectives and policies), information on stakeholder engagement, information on the Company's contractual arrangements with key service providers and information regarding community, social, employee, human rights and environmental issues. Information about Directors' interests in the Company's ordinary shares is included within the Directors' Remuneration Report on page 46.

The Corporate Governance Statement starting on page 38 forms part of this Directors' Report.

## Business and Status of the Company

The Company is registered as a public limited company in England and Wales (registered number 11118262) and is an investment company within the terms of Section 833 of the Companies Act 2006 (the "Act"). Its shares are traded on the main market of the London Stock Exchange, which is a regulated market as defined in Section 1173 of the Act.

The Company has received approval from HM Revenue & Customs as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010. In the opinion of the Directors, the Company continues to direct its affairs so as to qualify for such approval.

## Investment Policy

The Company's investment policy is set out on page 5.

## Subsidiary Companies

The Company has two corporate subsidiaries, both of which are wholly owned by the Company and are incorporated in England and Wales as private limited companies:

- (i) the General Partner (Augmentum Fintech GP Limited), the principal activity of which is to act as the general partner of the Partnership; and
- (ii) the Portfolio Manager (Augmentum Fintech Management Limited), the principal activity of which is to act as the portfolio manager of the Company.

The Partnership, Augmentum I LP, is a limited partnership registered in Jersey and is wholly owned by the Company.

## Results and Dividend

The results attributable to shareholders for the year are shown on the Income Statement.

The Directors are not recommending the payment of a dividend for the year.

## Directors

The Directors of the Company, who all served throughout the year to 31 March 2024, are listed on page 32.

All Directors expecting to continue in office seek re-election by shareholders at each Annual General Meeting.

The Board has reviewed the performance and commitment of the Directors standing for re-election and considers that each should continue to serve on the Board as they bring wide, current and relevant experience that allows them to contribute effectively to the leadership of the Company. More details are contained within the Notice of Annual General Meeting circular.

## Directors' Conflicts of Interest

Directors report on actual or potential conflicts of interest at each Board meeting. Any Director or Directors with a potential conflict would be excluded from any related discussion.

## Directors' & Officers' Liability Insurance Cover

Directors' and officers' liability insurance cover has been maintained by the Company since its incorporation. It is intended that cover will continue for the year ending 31 March 2025 and subsequent years.

## Directors' Indemnity

The Company provides, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them and also liabilities owed to third parties, in either case arising out of their positions as Directors. This was in place throughout the financial year under review, up to and including the date of the Financial Statements.

A copy of each deed of indemnity is available for inspection at the Company's offices during normal business hours and will be available at the Annual General Meeting.

## Directors' Fees

The Directors' Remuneration Report and the Directors' Remuneration Policy are set out on pages 44 to 47.

## Directors' Responsibilities

The Statement of Directors Responsibilities is to be found on page 51 and is included in this Directors' Report by reference.

## Portfolio Manager

It is the opinion of the Directors that the continuing appointment of the Portfolio Manager (details on pages 24 and 25) is in the interests of the Company's shareholders as a whole and that the terms of engagement negotiated with them are competitive and appropriate to the investment mandate. The Board and the Company's AIFM review the appointment of the Portfolio Manager on a regular basis and make changes as appropriate.

## Directors' Report continued

### Capital Structure

At 31 March 2024 there were 181,013,697 ordinary shares of 1p each in issue (31 March 2023: 181,013,697), of which 11,182,412 were held in treasury (31 March 2023: 6,494,845).

The Company bought back 4,687,567 shares into treasury during the year at an average price of 97.74 pence per share.

The shares, other than those held in treasury, entitle the holders to one vote per share on a poll. Total voting rights at 31 March 2024 was 169,831,285.

At the end of the year under review, the Directors had shareholder authorities to issue a further 34,119,994 shares without relying on a prospectus and to buy back a further 24,804,247 shares. These authorities will expire, and renewals will be sought, at the forthcoming Annual General Meeting.

Since the year end, to 24 June 2024, the Company has bought back a further 99,118 shares at an average price of 98.7 pence per share. These shares are held in treasury.

The Company's capital structure is summarised in note 15 on page 65.

### Substantial Interests

The Company was aware of the following interests in voting rights of 3% or more of the Company as at 31 March 2024 and 31 May 2024.

Shareholder	31 May 2024		31 March 2024	
	Number of Ordinary Shares	% of Voting Rights	Number of Ordinary Shares	% of Voting Rights
Hawksmoor Investment Management	12,103,546	7.1	12,135,046	7.1
Canaccord Genuity Wealth Management - Institutional	12,122,651	7.1	12,398,267	7.3
Hargreaves Lansdown	11,617,860	6.8	11,422,647	6.7
Interactive Investor	11,546,048	6.8	11,350,217	6.7
Rathbones	8,286,276	4.9	8,366,617	4.9
Tikehau Investment Management	7,112,917	4.2	7,112,917	4.2
South Yorkshire Pension Authority	7,013,157	4.1	7,013,157	4.1
Close Brothers Asset Management	6,974,598	4.1	6,973,594	4.1
Charles Stanley	6,550,579	3.9	6,607,206	3.9
EFG Harris Allday, stockbrokers	6,130,960	3.6	6,520,670	3.8
AJ Bell	4,919,180	2.9	5,056,347	3.0

Percentages shown are the percentage of the ordinary shares in issue less shares held in treasury at the respective date.

No changes of interest in voting rights have been notified to the Company in accordance with the FCA Disclosure Guidance and Transparency Rules since 31 May 2024.

Interests in the Company's shares and percentage of voting rights of key management personnel of its subsidiary at 31 March 2024 are shown below:

Tim Levene	2,774,203	1.6%
Richard Matthews	575,000	0.3%

### Beneficial Owners of Shares – Information Rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar or to the Company directly.

### Global Greenhouse Gas Emissions for the year ended 31 March 2024

At the date of this report, the Group has a staff of 12 individuals, operating from small office premises in the UK. Accordingly, it does not have any significant greenhouse gas emissions to report from the operations of the Group, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio. The Group consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

### Modern Slavery Act 2015

As an investment vehicle, the Company does not provide goods or services in the normal course of business and does not have customers. Also, the Company's portfolio management subsidiary, which does provide services to the Company, is not in scope on grounds of scale. Accordingly, the Directors consider that the Group and Company are not required to make any anti-slavery or human trafficking statement under the Modern Slavery Act 2015.

### Political Donations

The Company has not in the past and does not intend in the future to make political donations.

### Common Reporting Standard ('CRS')

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The reporting obligation began in 2016 and is now an annual requirement. The Registrars, Computershare Investor Services PLC, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.



## Directors' Report continued

### Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the annual report or a cross-reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

### UK Securities Financial Transactions Regulation Disclosure (unaudited)

The Company does not engage in Securities Financing Transactions including repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or total return swaps.

### Alternative Performance Measures

The Financial Statements (on pages 52 to 68) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against criteria that are viewed as particularly relevant for investment trusts, which are summarised on page 2 and explained in greater detail in the Strategic Report, under the heading "Performance" on page 23.

Definitions of the terms used and the basis of calculation adopted are set out in the Glossary and Alternative Performance Measures on page 78.

### Statement of Disclosure of Information to the Auditor

As at the date of this report each of the Directors confirms that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Independent Auditor

Resolutions to reappoint BDO LLP as the Company's auditor and to authorise the Audit Committee to determine their remuneration will be proposed at the forthcoming Annual General Meeting. Further details are included in the Report of the Audit Committee on pages 48 to 50.

### Risk Management and Internal Controls

Details of the Company's risk management and internal control arrangements, including the Board's annual review of the effectiveness of the Company's risk management and internal control arrangements, are contained in the Corporate Governance Statement.

### Annual General Meeting ("AGM")

The AGM will be held on Thursday, 19 September 2024. The formal notice of the AGM is sent out as a separate circular and will be posted to shareholders at the same time as this annual report.

Explanatory notes to the proposed resolutions are included in the Notice of Meeting circular.

The Board considers the proposed resolutions to be in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the resolutions by proxy ahead of the meeting, as the Directors intend to do in respect of their own beneficial holdings.

### Authority to Purchase Own Shares

A special resolution will be proposed at the forthcoming AGM to grant the Company authority to purchase its own shares, so as to permit the purchase of up to 14.99% of the number of ordinary shares in issue excluding shares held in treasury at the date of the passing of the resolution, subject to the constraints set out in the special resolution. The Directors intend to use this authority to purchase shares only if this would result in an increase in net asset value per share and if they consider it to be in the best interests of shareholders generally. Ordinary shares which are purchased under this authority may be held in treasury or cancelled.

The Directors believe that granting the Board authority to purchase shares, as detailed above, is in the best interests of shareholders as a whole and therefore recommend that shareholders vote in favour of this resolution.

### Authorities to Issue Shares

Separate resolutions will be proposed at the forthcoming AGM to grant the Company authority to issue ordinary shares with and without pre-emption rights. Both resolutions seek to permit the issue of up to 20% of the share capital in issue, excluding shares held in treasury, at the date of the passing of the resolution. The latter resolution will be proposed as a special resolution and incorporates within that limit the sale of shares held in treasury. This is the same as the authority sought last year and for this purpose the Board classes the Company as a 'capital hungry company', it having completed fund raises in 2019 (24.5%), 2020 (20.0%) and 2021 (28.9%), with plans for further fundraises only deferred because of the market rotation in 2022 and the shares moving to a discount. Additionally, since the Company is an investment vehicle rather than a commercial operating entity, it is considered unlikely that the potential dilution of voting rights will be of concern for existing shareholders. Shares will only be issued or sold from treasury in accordance with this resolution at a premium to the prevailing NAV per share after performance fee in order not to dilute the financial interests of existing shareholders. The Board considers the NAV per share after performance fee to be the most appropriate metric of NAV and to best reflect the value of each share.

## Directors' Report continued

### Voting Rights

Subject to any rights or restrictions attached to any shares, on a show of hands, every member who is present in person has one vote and every proxy present who has been duly appointed has one vote. However, if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) that proxy has one vote for and one vote against the resolution. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll, every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which they are the holder or in respect of which the appointment as proxy or corporate representative has been made. It is anticipated that voting at the forthcoming AGM will be by poll for all resolutions.

A member, proxy or corporate representative entitled to more than one vote need not, if they vote, use all their votes or cast all the votes used the same way.

In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.

A member is entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Delivery of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it. A proxy need not be a member. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares.

### Other Statutory Information

The following information is disclosed in accordance with the Companies Act 2006:

- The rules on the appointment and replacement of Directors are set out in the Company's articles of association (the "Articles"). Any change to the Articles is governed by the Companies Act 2006.
- Subject to the provisions of the Companies Act 2006, to the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. The powers shall not be limited by any special powers given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all the powers exercisable by the Directors. The Directors' powers to issue and buy back shares in force at the end of the year are recorded in the Directors' Report.
- There are no agreements:
  - (i) to which the Company is a party that might affect its control following a takeover bid; and/or
  - (ii) between the Company and its Directors concerning compensation for loss of office.

By order of the Board

### Frostrow Capital LLP

Company Secretary  
24 June 2024

# Corporate Governance Report

## Corporate Governance Statement

The Board has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses all the principles and provisions set out in the 2018 UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders. By reporting against the AIC Code investment companies will meet their obligations under the UK Corporate Governance Code and associated disclosure requirements under paragraph 9.8.6 of the UK Listing Rules. As such, the Company does not need to report further on issues contained in the UK Code which are not relevant to it.

The AIC Code can be viewed on the AIC's website [www.theaic.co.uk](http://www.theaic.co.uk) and the UK Code can be viewed on the Financial Reporting Council website [www.frc.org.uk](http://www.frc.org.uk).

## Statement of Compliance

The Company has complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code except that:

- the Chairman of the Board is a member of the Audit Committee, which is permitted by the AIC Code since he was independent on appointment, and in the Board's view he continues to be so. It is the opinion of the Board that, given its small size, it is appropriate for him to be a member of the Audit Committee in order for it to benefit from his experience and knowledge.

## Board Leadership and Purpose

Responsibility for effective governance and for the overall management of the Company's affairs lies with the Board. The governance framework of the Company reflects the fact that it is an investment company that outsources company secretarial, administration, marketing, portfolio and risk management services to Frostrow. Portfolio management is then delegated to Augmentum Fintech Management Limited ("Portfolio Manager") by Frostrow.

## Role of the Board

The Board's statutory duties are defined by sections 171 to 177 of the Companies Act 2006. In particular, under section 172 the Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long term; the need to foster the Company's business relationships with its service providers; the impact of the Company's operations on the community and the environment; the desire for the Company to maintain a reputation for high standards of business conduct; and the need to act fairly between members of the Company. The Board reports on its engagement with stakeholders in the context of its duties under section 172 within the Strategic Report on pages 27 and 28.

The Board is responsible for all aspects of the Company's affairs, including setting the parameters for monitoring the investment strategy and the review of investment performance and policy. It also has responsibility for all strategic policy issues, including share issuance and buy backs, share price and discount/premium monitoring, corporate governance matters, dividends and gearing.

## Company's Purpose, Values and Strategy

The Company's purpose is to generate value for shareholders over the long term in accordance with its investment objective, and the Board assesses the basis on which this is achieved. The Strategic Report describes how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy. The Company's investment objective and investment policy are set out on page 5.

The Board's key responsibilities are to set the strategy, values and standards; to provide leadership within a controls framework which enables risks to be assessed and managed; to challenge constructively and scrutinise the performance of all outsourced activities; and to review regularly the contracts, performance and remuneration of the Company's principal service providers and Portfolio Manager.

## Culture

The Board seeks to establish and maintain a corporate culture characterised by fairness in its treatment of the Group's employees and service providers, whose efforts are collectively directed towards delivering returns to shareholders in line with the Company's purpose and objectives. It is the Board's belief that this contributes to the success of the Company, as well as being an appropriate way to conduct relations between parties engaged in a common purpose.

## Board Committees

The Board has delegated specific responsibilities to the Audit Committee, the Management Engagement & Remuneration Committee, the Nominations Committee and the Valuations Committee, details of which are set out below.

Every year the Board reviews its composition and the composition of its Committees. The Board and the Nominations Committee oversee this process. Further details are given on page 42 under Board Evaluation.

## Audit Committee

As expanded in the Report of the Audit Committee starting on page 48, the Audit Committee's key responsibilities are to monitor the integrity of the annual report and financial statements; to oversee the risk and control environment and financial reporting; and to review the performance of the Company's external auditor.

## Valuations Committee

The Valuations Committee adds a further level of oversight to the valuation process carried out by Frostrow and AFML under their contractual arrangements with the Company. The Committee meets at least twice a year to review the valuation of investments.

## Management Engagement & Remuneration Committee

The Management Engagement & Remuneration ("ME&R") Committee reviews annually the performance of the AIFM and the Portfolio Manager. The Committee considers the quality, cost and remuneration method of the service provided by the AIFM and the Portfolio Manager against their contractual obligations. The Committee is also responsible for the regular review of the terms of the AIFM Agreement and the Portfolio Management Agreement. The Committee last reviewed these in March 2024, at which time it was agreed that no amendments to the agreements were required.



# Corporate Governance Report continued

The Committee's duties also include determining and agreeing with the Board the policy for remuneration of the Directors and monitoring the Portfolio Manager's remuneration arrangements. Where appropriate, the Committee will consider both the need to judge the position of the Company relative to other companies on the remuneration of Directors and whether to appoint external remuneration consultants. The Committee met once in the year to consider remuneration matters. A report on its activities in relation to remuneration is contained in the Directors' Remuneration Report.

## Nominations Committee

The Nominations Committee considers annually the skills possessed by the Board and identifies any skill shortages to be addressed. When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.

In view of the size of the Board and the nature of the Company, all independent non-executive Directors are members of each Committee.

Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary and they are available for inspection on the Company's website [www.augmentum.vc](http://www.augmentum.vc).

## Board Meetings

Representatives of the Portfolio Manager, AIFM and Company Secretary are expected to be present at all meetings. The primary focus at Board meetings is a review of investment performance and associated matters. The Chairman seeks to encourage open debate within the Board and a supportive and co-operative relationship with the Company's Portfolio Manager, advisers and other service providers.

The table that follows sets out the number of formal Board and Committee meetings held during the year ended 31 March 2024 and the number of meetings attended by each Director.

Four Board meetings are scheduled each year. In addition to the scheduled Board and Committee meetings, Directors attended ad hoc Committee meetings sign-off on the annual and interim reports.

## Meeting Attendance

	Neil England	Karen Brade	David Haysey	Conny Dorrestijn	William Russell
Scheduled Board meetings	4	4	4	3	4
Ad Hoc meetings	–	2	1	1	1
Audit Committee	4	4	4	3	4
ME&R Committee	1	1	1	1	1
Valuations Committee	2	2	2	2	2
Nominations Committee	2	2	2	1	2

All the Directors attended the Annual General Meeting in September 2023.

## Shareholder Engagement

The Chairman is responsible for ensuring that there is effective communication with the Company's shareholders. He works closely with the Portfolio Manager and there is regular liaison with the Company's stockbrokers and the AIFM. There is a process in place for analysing and monitoring the shareholder register and a programme for meeting or speaking with the institutional investors and with private client stockbrokers and advisers. In addition to the Portfolio Manager and AIFM the Chairman endeavours to make himself available to meet with shareholders wishing to engage.

The Board encourages shareholders to attend the Company's Annual General Meeting, which provides an opportunity for engagement. The Notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting. The Chairman, Directors and the Portfolio Manager all expect to be in attendance at the Annual General Meeting and encourage shareholders to submit questions ahead of the Meeting. Details of the proxy votes received in respect of each resolution will be announced after the Meeting. In the event of a significant (defined as 20% or more) vote against any resolution proposed at the Annual General Meeting, the Board will consult with shareholders in order to understand the reasons for this and consider appropriate action to be taken, reporting to shareholders within six months.

The Directors may be contacted through the Company Secretary at the address shown on page 80.

While the Portfolio Manager and AIFM expect to lead on preparing and effecting communications with investors, all major corporate issues are put to the Board or, if time is of the essence, to a Committee thereof.

The Board places importance on effective communication with investors and approves a marketing programme each year to enable this to be achieved. Copies of the annual report and the half year report are made available to shareholders and, where possible, to investors through other providers' products and nominee companies. All this information is readily accessible on the Company's website [www.augmentum.vc](http://www.augmentum.vc). A Key Information Document is also published on the Company's website. The Company is a member of the Association of Investment Companies which publishes information to increase investors' understanding of the sector.

## Stakeholders

Section 172 of the Companies Act 2006 requires that the Directors have regard to the Company's stakeholders, amongst other considerations, within their duty to promote the success of the Company. The Board's report on its compliance with Section 172 of the Companies Act 2006 is contained within the Strategic Report on pages 27 and 28.

## Corporate Governance Report continued

### Subsidiary Employees

The Board seeks to ensure that workforce policies and practices are in line with the Company's purpose and values and support its culture. The Management Engagement & Remuneration Committee advises the Board in respect of policies on remuneration-related matters.

Since the subsidiary company has only 12 employees, including its two executive directors, the Board considers that the directors of AFML are best-placed to engage with the workforce. In accordance with the Company's whistleblowing policy, members of staff who wish to discuss any matter with someone other than the subsidiary directors are able to contact the Senior Independent Director or, in his absence, another member of the Board.

### Relationship with other service providers

The Board has delegated a wide range of activities to external agents, in addition to the Portfolio Manager.

These services include investment administration, management and financial accounting, company secretarial and certain other administrative and registration services. The contracts for each of these were entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

Further information on the service providers is contained within the Strategic Report on pages 24 and 25.

The Board receives and considers reports and information from these contractors as required. The Board and AIFM are responsible for monitoring and evaluating the performance of the Company's service providers.

### Viability Statement and Going Concern

The Board's assessment of the Company's longer-term viability and that it is appropriate for the financial statements to be prepared on a going concern basis are set out in the Strategic Report on pages 23 and 24.

### Significant Holdings and Voting Rights

Details of the substantial interests in the Company's Shares, the voting rights of the shares and the Directors' authorities to issue and repurchase the Company's shares, are set out in the Directors' Report.

### Nominee Share Code

Where shares in the Company are held via a nominee company, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's Annual General Meeting.

### Stewardship and the Exercise of Voting Powers

It is the Board's view that, in order to achieve long-term success, companies need to maintain high standards of corporate governance and corporate responsibility. Therefore the Company expects the companies in which it is invested to comply with best practice in corporate governance matters, or to provide adequate explanation of any areas in which they fail to comply, whilst recognising that a different approach may be justified in special circumstances. In respect of UK companies, current best practice in corporate governance matters is set out in the UK Corporate Governance Code.

The Board has delegated authority to the Portfolio Manager to vote the shares owned by the Company. The Board has instructed that the Portfolio Manager submit votes on behalf of the Company wherever possible, in the best long-term interest of shareholders in accordance with their own investment philosophy and knowledge of the relevant circumstances, although the Portfolio Manager may refer to the Board on matters of a contentious nature.

The Board also monitors the ESG policies of the Portfolio Manager, given the likely influence of such factors on the long-term growth prospects of the companies in the portfolio.

### Division of Responsibilities

#### Responsibilities of the Chairman

The Chairman's primary role is to provide leadership to the Board, assuming responsibility for its overall effectiveness in directing the company. The Chairman is responsible for:

- ensuring that the Board is effective in its task of setting and implementing the Company's direction and strategy taking the chair at general meetings and Board meetings, conducting meetings effectively and ensuring all Directors are involved in discussions and decision-making;
- setting the agenda for Board meetings and ensuring the Directors receive accurate, timely and clear information for decision-making;
- taking a leading role in determining the Board's composition and structure, overseeing the induction of new Directors and the development of the Board as a whole, leading the annual board evaluation process and assessing the contribution of individual Directors;
- supporting and also challenging the AIFM and the Portfolio Manager (and other suppliers where necessary) ensuring effective communications with shareholders and, where appropriate, other stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of shareholder views.

The Board appointed David Haysey as Senior Independent Director during the year. David can be contacted via the Company Secretary.

## Corporate Governance Report continued

### Directors' Interests

The beneficial interests of the Directors in the Company are set out on page 46 of this annual report.

### Directors' Independence

The Board consists of five non-executive Directors, each of whom is independent of Frostrow and AFML. No member of the Board has been an employee of the Company, Frostrow, AFML or any of its service providers. Accordingly, the Board considers that all the Directors are independent and there are no relationships or circumstances which are likely to affect or could appear to affect their judgement.

### Directors' Other Commitments

Each of the Directors has assessed the overall time commitment of their external appointments and it was concluded that they have sufficient time to discharge their duties.

### Matters Reserved for Decision by the Board

The Board has adopted a schedule of matters reserved for its decision. This includes, *inter alia*, the following:

- Requirements under the Companies Act 2006, including approval of the half yearly and annual financial statements, recommendation of any final dividend, the appointment or removal of the Company Secretary, and determining the policy on share issuance and buybacks.
- Matters relating to certain Stock Exchange requirements and announcements, the Company's internal controls, and the Company's corporate governance structure, policy and procedures.
- Decisions relating to the strategic objectives and overall management of the Company, including the appointment or removal of the AIFM and other service providers, and review of the Investment Policy.
- Matters relating to the Board and Board committees, including the terms of reference and membership of the committees, the appointment of Directors (including the Chairman) and the determination of Directors' remuneration.

Some of these are delegated to committees of the Board. Day-to-day operational and portfolio management is delegated to Frostrow and AFML, respectively.

The Board takes responsibility for the content of communications regarding major corporate issues, although Frostrow or AFML may act as spokesmen. The Board is kept informed of relevant promotional material that is issued by Frostrow.

### Tenure, Composition, Succession and Evaluation

#### Policy on the Tenure of the Chairman and other Non-Executive Directors

The tenure of each independent, non-executive director, including the Chairman, is not ordinarily expected to exceed nine years.

#### Succession Planning

The Board regularly considers its structure and recognises the need for progressive refreshment. The Board has an approved succession planning policy to ensure that (i) there is a formal, rigorous and transparent procedure for the appointment of new directors; and (ii) the

Board is comprised of members who collectively display the necessary balance of professional skills, experience, length of service and industry/Company knowledge.

The Board considers that five Directors is the appropriate number for the Company given the workload, particularly around valuations and audit, in addition to its general governance activities. The Board intends to comply with accepted best practice and will replace Directors at or around nine years of tenure. The three Directors at the time of the Company's IPO are all scheduled to rotate off the Board in 2027. They hold key positions as Chair of the Company, Valuations Committee and Audit Committee respectively.

To allow orderly succession, it is intended to spread the replacement of these Directors over three years and for their replacements to join approximately six months prior to their departure. The Chairman plans to retire at the conclusion of the Annual General Meeting in September 2024.

#### Appointments to the Board

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. Where the Board appoints a new Director during the year, that Director will stand for election by shareholders at the next Annual General Meeting. Subject to there being no conflict of interest, all Directors are entitled to vote on new Director candidates. When considering new appointments, the Board endeavours to ensure that its members collectively have the capabilities necessary for it to be effective and oversee the Company's strategic priorities. This will include an appropriate range, balance and diversity of skills, experience and knowledge. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Nominations Committee may engage an independent search agency to assist in any recruitment process.

#### Diversity Policy

The Board supports the principle of boardroom diversity, of which gender and ethnicity are important aspects. The Company's policy is that the Board should be comprised of Directors who collectively display the necessary balance of professional skills, experience, length of service and industry knowledge and that appointments to the Board should be made on merit, against objective criteria, including diversity in its broadest sense.

The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. The Board believes that this will make the Board more effective at promoting the long-term sustainable success of the Company and generating value for all shareholders by ensuring there is a breadth of perspectives among the Directors and the challenge needed to support good decision-making. To this end achieving a diversity of perspectives and backgrounds on the Board is a key consideration in any Director search process. The Board currently comprises Directors of different nationalities, educational backgrounds and gender.

The gender balance for Board members of three men and two women meets the FCA rules on gender diversity for premium listed investment companies. No current members of the Board are from a non-white ethnic minority, but the Board supports the representation of ethnic minorities on boards and this will be a material factor for the Board when undertaking its next search process.

## Corporate Governance Report continued

The Board has noted the FCA's new Listing Rules which require companies to report against the following diversity targets:

- At least 40% of individuals on the board are women;
- At least one of the senior board positions is held by a woman; and
- At least one individual on the board is from a minority ethnic background.

The following tables set out the information a listed company must now include in its annual financial report under listing rule 9.8.6R (10).

The information below reflects the Board's position as at the Company's year end. The Company is an investment company with a non-executive Board and no executive employees. As such it does not have the roles of CEO or CFO. Given the nature of the Company, the Board considers the chairs of the Audit Committee and Valuations Committee to be senior positions. These are not captured by the prescribed listing rules disclosure, so an additional column has been added to the right of the prescribed tables below to show the Board-defined senior positions. Each Director volunteered how they wished to be included in the tables.

(a) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Board-defined senior positions
Men	3	60	2	2
Women	2	40	–	1
Not specified/prefer not to say	–	–	–	–

(b) Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Board-defined senior positions
White British or other White (including minority-white groups)	5	100	2	3
Mixed/Multiple Ethnic Groups	–	–	–	–
Asian/Asian British	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–
Other ethnic group, including Arab	–	–	–	–
Not specified/prefer not to say	–	–	–	–

### Board Evaluation

During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment process. This year the process was questionnaire-based, including for the Chairman's evaluation.

The latest evaluation did not identify any material deficiencies in the Board or its Committees. However, as a matter of course, the Board continues to monitor particular areas of relevance highlighted in the evaluation process, including its relationship with the Portfolio Manager.

The Chairman is satisfied that the structure and operation of the Board continues to be effective and relevant and that there is a satisfactory mix of skills, experience, length of service and knowledge of the Company. The Board has considered the position of all of the Directors as part of the evaluation process, and believes that it would be in the Company's best interests for those seeking to continue to be re-elected at the AGM.

### Conflicts of Interest

In line with the Companies Act 2006, the Board has the power to sanction any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of interests and external appointments is maintained and is reviewed at every Board meeting to ensure all details are kept up to date. Should a conflict arise, the Board has the authority to request that the Director concerned abstains from any relevant discussion or vote where a perceived conflict may arise. Appropriate authorisation is sought prior to the appointment of any new Director or if any new conflicts or potential conflicts arise.

### Exercise of Voting Powers

Stewardship and the exercise of voting powers is summarised on page 40.

### Anti-Bribery and Corruption Policy

The Board has adopted a zero-tolerance approach to bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit.

The Board applies the same standards to its service providers in their activities for the Company.

A copy of the Company's Anti Bribery and Corruption Policy can be found on its website at [www.augmentum.vc](http://www.augmentum.vc). The policy is reviewed regularly by the Audit Committee.

### Prevention of the Facilitation of Tax Evasion

In response to the implementation of the Criminal Finances Act 2017, the Board adopted a zero-tolerance approach to the criminal facilitation of tax evasion. A copy of the Company's policy on preventing the facilitation of tax evasion can be found on the Company's website [www.augmentum.vc](http://www.augmentum.vc). The policy is reviewed regularly by the Audit Committee.

### Independent Professional Advice

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

# Corporate Governance Report continued

## Company Secretary

The Directors have access to the advice and services of a Company Secretary which is responsible to the Board for ensuring, through its appointed representative, that the Board procedures are followed and that the Company complies with applicable rules and regulations. The Company Secretary is also responsible for ensuring good information flows between all parties.

## Relationship with the AIFM and with the Portfolio Manager

The Company manages its own operations through the Board and AIFM, as set out on pages 24 and 25. The Portfolio Manager manages the investment portfolio within the terms of its portfolio management contract.

The Board scrutinises the performance of the AIFM and Portfolio Manager at each meeting. The Management Engagement & Remuneration Committee reviews the contractual relationships with the AIFM and Portfolio Manager at least annually. Further information on the AIFM and Portfolio Manager fees are contained within the Strategic Report on pages 24 and 25.

## Audit, Risk and Internal Control

The Statement of Directors' Responsibilities on page 51 describes the Directors' responsibility for preparing this report.

The Report of the Audit Committee, beginning on page 48, explains the work undertaken to allow the Directors to make this statement and to apply the going concern basis of accounting. It also sets out the main roles and responsibilities and the work of the Audit Committee and describes the Directors' review of the Company's risk management and internal control systems.

A description of the principal risks facing the Company and an explanation of how they are being managed is provided in the Strategic Report on pages 19 to 22.

## Annual General Meeting

The sixth AGM of the Company will be held on Thursday, 19 September 2024 at 11.00 a.m. at the offices of Augmentum Fintech Management Limited, 4 Chiswell Street, London EC1Y 4UP.

The Notice for the Annual General Meeting is published as a separate document from this annual report and financial statements. A summary of the Annual General Meeting business is appended to that document, in the form of explanatory notes to the resolutions.

These include specific reasons why (in the Board's opinion) each Director's contribution is, and continues to be, important to the Company's long-term sustainable success.

In addition to the ordinary business of the meeting the following items of special business will be proposed:

Authority to allot shares;

Authority to disapply pre-emption rights;

Authority to buy back shares;

Authority to hold General Meetings (other than the Annual General Meeting) on at least 14 clear days' notice.

The details of the resolutions to be proposed at the Annual General Meeting are set out in the separate Notice of Meeting document, which is being sent to Shareholders with this annual report and is also made available on the Company's website [www.augmentum.vc](http://www.augmentum.vc).

By order of the Board

## Frostrow Capital LLP

Company Secretary

24 June 2024



# Directors' Remuneration Report



## Statement by the Chairman of the Management Engagement & Remuneration Committee

On behalf of the Board, I am pleased to present my report as Chairman of the Management Engagement & Remuneration Committee (the "Committee"). This report covers the remuneration-related activities of the Committee for the year ended 31 March 2024. It sets out the remuneration policy and remuneration details for the non-executive Directors.

## Role of the Management Engagement & Remuneration Committee

All of the members of the Board are members of the Committee, all being independent Directors of the Company.

The Committee operates under terms of reference, which are reviewed annually and approved by the Board. The Committee's core responsibilities include:

- Determining the policy for the remuneration of the Chairman and non-executive Directors of the Company;
- overseeing the remuneration of employees of Augmentum Fintech Management Limited ("AFML"), including the total remuneration packages (including bonuses, incentive payments or other awards) for key management personnel of AFML; and
- Reviewing management engagement terms in place with the Company's AIFM and Portfolio Manager.

The Committee will meet at least once per year. The Committee met on one occasion during the year under review.

The activity of the Committee during the year focused predominantly on the remuneration of the non-executive Directors and matters in respect of AFML.

The Companies Act 2006 requires the auditor to report to shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in the report.

## Consideration by Directors of Matters Relating to Directors' Remuneration

Each of the Directors is appointed pursuant to a letter of appointment with the Company. Subject to their re-election by shareholders, Directors' initial term is three years from their appointment, and their appointments are terminable upon three months' notice by either party.

The Committee assesses the workload and responsibilities of the non-executive Directors and reviews, annually, the fees paid to them in accordance with the Directors' Remuneration Policy.

The Directors' fees are determined subject to the limit set out in the Company's Articles of Association.

The Directors are remunerated exclusively by fixed fees in cash and do not receive bonus payments or pension contributions from the Company, hold options to acquire shares in the Company, or other benefits, nor do they participate in the AFML performance fee allocation. The Company does not have share options or a share scheme.

Directors are entitled to be reimbursed for reasonable out of pocket expenses incurred by them in order to perform their duties as Directors of the Company. Under HMRC guidance, travel expenses and other out of pocket expenses may be considered as taxable benefits for the Directors. Where expenses reimbursed to the Directors are classed as taxable under HMRC guidance they are shown in the taxable expenses column of the Directors' remuneration table along with the associated tax liability, which is settled by the Company.

## Annual Report on Remuneration

We are submitting this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations) and relevant sections of the Listing Rules. It will be subject to an advisory vote at the forthcoming Annual General Meeting in September 2024.

Over the year ended 31 March 2024 the Directors' fees were as follows: Chairman of the Board: £50,000 per annum; Directors: £30,000 per annum; additional fee paid to Directors who chair one or more of the Audit, Valuations and Management Engagement & Remuneration Committees: £8,000 per annum.

At the most recent review of Directors' fees, held in March 2024, it was agreed that with effect from 1 April 2024 the Directors' fees would be the following: Chairman of the Board: £52,000 per annum; Directors: £32,000 per annum; additional fee paid to Directors who chair one or more of the Audit, Valuations and Management Engagement & Remuneration Committees: £8,000 per annum.

The Committee was not provided with any external advice or services during the financial year ended 31 March 2024 in respect of the fees payable to the non-executive Directors.

The Committee is required to submit its remuneration policy to a shareholder vote every three years. A resolution to approve the remuneration policy was last put to shareholders at the 2022 AGM.

## Directors' Remuneration Report continued

### Statement of shareholder voting

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for any such vote will be sought and any actions in response will be detailed in future Directors' Remuneration Reports. There have been no substantial shareholder votes against the resolutions at Annual General Meetings since listing.

At the Annual General Meeting held on 19 September 2023 an ordinary resolution to approve the Directors' Remuneration Report for the year ended 31 March 2023 was put to shareholders and passed by poll. An ordinary resolution to approve the Directors' Remuneration Policy was put to shareholders, and passed, at the Annual General Meeting held on 14 September 2022. The results of the respective polls were as follows:

Resolution	Votes For	%	Votes Against	%	Total Votes Cast	Votes Withheld
Approval of the Directors' Remuneration Report for the year ended 31 March 2023	63,598,202	99.7	210,319	0.3	63,808,521	98,466
Approval of the Directors' Remuneration Policy in 2022	76,057,949	99.7	204,640	0.3	76,262,589	50,180

### Single total figure of remuneration (Audited)

The following table shows the single figure of remuneration of the non-executive Directors' remuneration for the year:

Role	2024			2023		
	Fixed fees	Taxable expenses <sup>1</sup>	Total	Fixed fees	Taxable expenses	Total
Neil England Chairman of the Board and Nominations Committee	50,000	374	50,374	45,000	–	45,000
Karen Brade Chair of the Audit Committee	38,000	–	38,000	35,000	–	35,000
David Haysey Chairman of the Management Engagement & Remuneration Committee and Valuations Committee	38,000	484	38,484	35,000	–	35,000
Conny Dorrestijn Director	30,000	–	30,000	27,000	–	27,000
William Russell Director	30,000	–	30,000	27,000	–	27,000
<b>Total</b>	<b>186,000</b>	<b>858</b>	<b>186,858</b>	<b>169,000</b>	<b>–</b>	<b>169,000</b>

<sup>1</sup> taxable expenses primarily comprise travel and associated expenses incurred by the Directors in attending Board and Committee meetings in London. These are reimbursed by the Company and, under HMRC Rules, are subject to tax and National Insurance and therefore are treated as a benefit in kind within this table.

### Changes in Directors' Remuneration

The following table shows the percentage changes in the levels of fixed fees paid to the Directors from year to year for each financial year since 2020:

	Change 2024 to 2025 %	Change 2023 to 2024 %	Change 2022 to 2023 %	Change 2021 to 2022 %	Change 2020 to 2021 %
Chairman	4.0	11.1	–	28.6	–
Committee Chairs	5.3	8.6	–	16.7	–
Directors	6.7	11.1	–	16.7	–

## Directors' Remuneration Report continued

### Directors' share interests (Audited)

The interests at 31 March 2024 of the Directors who served in the year and who held an interest in the ordinary shares of the Company were as follows:

	Number of ordinary shares as at 31 March 2024	Number of ordinary shares as at 31 March 2023
Neil England	300,000	300,000
Karen Brade	39,019	39,019
David Haysey	94,230	94,230
William Russell	240,000	240,000

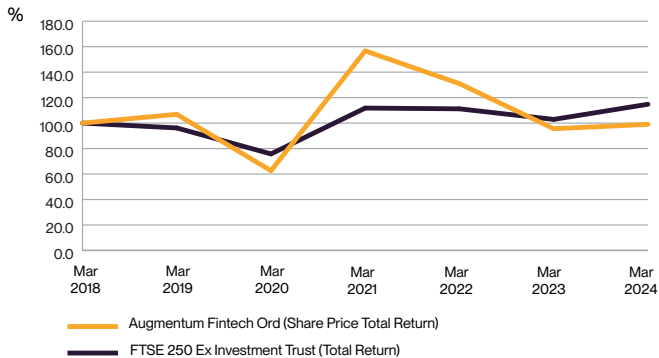
These include shares held by connected persons, where applicable.

The Directors are not required to own shares in the Company.

There have been no changes to Directors' share interests from 31 March 2024 to the date of this report.

### Total Shareholder Return

The graph below shows the total return for the period from 13 March 2018 to 31 March 2024 against the FTSE 250 Ex Investment Trust Index.



### Relative importance of spend on pay

Spend	2024 £'000	2023 £'000
Fees of non-executive Directors	186	169
Remuneration paid to or receivable by all employees of the Group in respect of the year**	2,793	2,944
Total Expenses**	5,485	5,271

\*\* excludes performance fee and other capital expenses.

### David Haysey

Chairman of the Management Engagement & Remuneration Committee

24 June 2024

# Directors' Remuneration Policy

The Company reports on the implementation of its remuneration policy each year in accordance with the Regulations and is required to submit its remuneration policy to a binding shareholder vote every three years. An ordinary resolution for the approval of the current policy was passed by members at the Annual General Meeting on 14 September 2022.

The Directors' Remuneration Policy aims to ensure that Directors fees are set at a level that is commensurate with the duties, responsibilities and time commitment of each respective role and consistent with the need to attract and retain directors of appropriate quality and experience. Directors' remuneration should also be comparable to that of other investment trusts of a similar size and structure;

The views of shareholders on remuneration are extremely important to the Committee. As such, it is intended that an ongoing and open dialogue with shareholders is maintained. It is the Committee's policy to consult with major shareholders and investor representative bodies prior to proposing any material changes to either this policy or any related remuneration arrangements at an Annual General Meeting. On an ongoing basis, any feedback received from shareholders is considered as part of the Committee's annual review of remuneration.

## Directors' Remuneration Policy

The table below sets out the Company's policy for Directors' fees.

Fee element	Purpose and link to strategy	Operation	Maximum
<b>Chairman's and Directors' basic fees</b>	To attract and retain high calibre individuals to serve as Directors	<p>Fee levels are set to reflect the time commitment, responsibility of the role, and taking into account fees paid by similarly sized companies in the market</p> <p>The Chairman's and Directors' fees are determined by the Management Engagement &amp; Remuneration Committee</p> <p>Fees are reviewed annually to ensure that they remain in line with market practice and are paid in equal monthly instalments</p>	The maximum aggregate fee for Directors, including the Chairman, is limited by the Company's articles of association to £500,000 p.a.
<b>Additional fees</b>	To provide compensation to Directors taking on additional Committee responsibility	Directors (other than the Chairman) are paid an additional fee if they chair one or more Board Committees	See table on page 45
<b>Benefits</b>	To facilitate the execution of the role	The Company reimburses reasonable travel and subsistence costs together with any tax liabilities arising from these amounts	No maximum set

The above policy will also apply to new Directors.

## Terms of appointment

No Director has a contract of employment or service with the Company. Directors' terms and conditions of appointment are set out in letters of appointment, which are available for inspection from the Company Secretary at the Company's registered office during normal business hours and at the Annual General Meeting. In line with the recommendations of the UK Corporate Governance Code, all Directors will stand for annual re-election by shareholders at the Annual General Meeting.

## Payments for Loss of Office and Payments to Former Directors (Audited)

No payments have been made to any former directors. It is the Company's policy not to pay compensation upon leaving office for whatever reason.

## David Haysey

Chairman of the Management Engagement & Remuneration Committee

24 June 2024

# Report of the Audit Committee



## Statement by the Chair of the Audit Committee

I am pleased to present my report as Chair of the Audit Committee. All of the members of the Board are members of the Committee. The Board has taken note of the requirement that at least one member of the Audit Committee should have recent and relevant financial experience and is satisfied that the Audit Committee is properly constituted in this respect.

The role of the Committee is to assist the Board in protecting shareholders' interests through fair, balanced and understandable reporting, ensuring effective internal controls and maintaining an appropriate relationship with the Group's auditor. The Committee's role and responsibilities are set out in its terms of reference, which comply with the UK Corporate Governance Code. The terms of reference are available on request from the Company Secretary and can be seen on the Company's website.

## Responsibilities of the Committee

The Audit Committee's responsibilities include:

- Monitoring and reviewing the integrity of the financial statements, the internal financial controls and the independence, objectivity and effectiveness of the external auditor
- Providing advice to the Board on whether the annual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy
- Making recommendations to the Board in relation to the appointment of the external auditor and approving their remuneration and the terms of their engagement
- Advising the Board on the Company's overall risk appetite, tolerance and strategy
- Overseeing and advising the Board on the current risk exposures of the Company and future risk strategy, including reviewing the Company's key risks and internal controls
- Developing and implementing the Company's policy on the provision of non-audit services by the external auditor
- Considering annually whether there is a need for the Company to have its own internal audit function

- Reviewing the arrangements in place whereby employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

## Meetings and Business

I report to the Board after each Audit Committee meeting on the main matters discussed at the meeting.

The Audit Committee met four times during the year under review and again in the subsequent period to the date of this report. The main matters discussed at those meetings were:

- Review and approval of the annual plan of the external auditor
- Discussion and approval of the fee for the external audit
- Review of Audit Committee terms of reference and the accounting policies
- Review of the Company's key risks and internal controls
- Review of the Annual and Interim Reports, including consideration of the significant accounting issues relating to the financial statements
- Meeting with the external auditor without management present
- Assessment of the need for an internal audit function
- Review of whistleblowing arrangements
- Consideration of the Valuations Committee's assessment and recommendation concerning the adequacy of the methodologies applied in and results of the Group's valuation process, and its discussions with the AIFM, Portfolio Manager and the external auditor.

## Internal Controls and Risk Management

The Board has overall responsibility for risk management and for the review of the internal controls of the Company, undertaken in the context of its investment objective.

A summary of the principal risks facing the Company is provided in the Strategic Report.

The review covers the key business, operational, compliance and financial risks facing the Company, including emerging risks. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in light of the following factors:

- The nature and extent of risks which it regards as acceptable for the Company to bear within its overall investment objective;
- The threat of such risks becoming a reality; and
- The Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, a risk matrix has been developed which covers the key risks the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and mitigating controls in place.



# Report of the Audit Committee continued

The Board has delegated to the Audit Committee responsibility for the review and maintenance of the risk matrix and it reviews, in detail, the risk matrix at least half-yearly, bearing in mind any changes to the Company, its environment or service providers since the last review. Any significant changes to the risk matrix are discussed with the whole Board. There were no changes to the Company's risk management processes during the year and no significant failings or weaknesses were identified from the Committee's most recent risk review.

The Committee reviews internal controls reports from its principal service providers on an annual basis. The Committee is satisfied that appropriate systems have been in place for the year under review and up to the date of approval of this report.

## Significant Reporting Matters

The most significant risk in the Company's financial statements is whether its investments are fairly and consistently valued and this issue is considered carefully when the Audit Committee reviews the Company's Annual and Interim Reports. We also ask the external auditor to pay particular attention this area. We have considered the work of the Valuations Committee and the results of their discussions with the AIFM, Portfolio Manager and the external auditor. We consider the work to be detailed, comprehensive and that the persons preparing the reports have sufficient and appropriate expertise through their experience and qualifications. Furthermore, we believe that the process is planned and managed so as to devote adequate time and resource to preparation and review by the AIFM, Portfolio Manager and the Valuations Committee. This is the most significant area of judgement in the compilation of the financial statements and we specifically note the challenge provided by the members of the Valuations Committee in this process.

## Financial Statements

The Board has asked the Committee to confirm that in its opinion the Board can make the required statement that the annual report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee has given this confirmation on the basis of its review of the whole document, underpinned by involvement in the planning for its preparation and review of the processes to assure the accuracy of factual content.

The Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis.

The Committee considered the longer-term viability of the Company in connection with the Board's statement in the Strategic Report on pages 23 and 24. The Committee reviewed the Company's financial position, expected future cash flows and position, together with the principal risks and uncertainties. This included performing stress tests which considered the impact of a fall in valuation and liquidity constraints.

The results demonstrated the impact on the Company's NAV, its expenses and its ability to meet its liabilities. The Committee concluded it was reasonable for the Board to expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years.

## External Auditor

The Committee met with BDO in March 2024 to review the audit plan and in June to review the outcome of the year end audit, during part of which the Committee also met separately with BDO without Frostrow or the Portfolio Manager being present. I also engaged with BDO on their progress ahead of the June Audit Committee meeting. In addition, BDO attended all Valuations Committee meetings.

In order to fulfil the Committee's responsibility regarding the independence of the Auditor, the Committee reviewed:

- The senior audit personnel in the audit plan, in order to ensure that there were sufficient, suitably experienced staff with knowledge of the investment trust sector working on the audit;
- The steps the Auditor takes to ensure its independence and objectivity;
- The statement by the Auditor that they remain independent within the meaning of the relevant regulations and their professional standards; and
- The extent of non-audit services provided by the Auditor.

Following the finalisation of the 2023 annual report the Committee conducted a formal review of the quality and effectiveness of the audit. During this exercise we reviewed:

- The Auditor's execution and fulfilment of the agreed audit plan, including their ability to communicate with and challenge management and to resolve any issues promptly and satisfactorily, and the audit partner's leadership of the audit team;
- Communications between the Auditor, the Directors and the AIFM on the consideration of certain disclosure matters in the annual report;
- The quality of the Auditor's report to the Committee
- Feedback from Frostrow as the AIFM on the conduct of the audit and their working relationship; and
- We particularly noted, in relation to the significant reporting matter last year, which was the same as that above for the current year, that the Auditor attended each of the Valuations Committee meetings in the year and diligently challenged valuation methodologies and conclusions when they thought it appropriate.

The Committee is satisfied with the overall quality of the audit, the Auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear and notes that, pending a formal review, the current year's audit has proceeded in a consistent manner.

As a public company listed on the London Stock Exchange, the Company is subject to mandatory auditor rotation requirements. Based on these requirements, another tender process will be required in 2029. The Committee will, however, continue to consider annually the need to go to tender for audit quality, remuneration or independence reasons. The audit of the financial statements for the year ended 31 March 2024 is BDO LLP's fifth audit of the Company since they were appointed. Accordingly, Peter Smith, who was the audit partner for all of these audits, will rotate off the assignment for future years.

## Report of the Audit Committee continued

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### Non-Audit Services

The Committee has approved a policy on non-audit services, which requires that non-audit fees must not exceed 70% of the average of the fees paid in the last three consecutive years for the statutory audit. BDO was not engaged for any non-audit services during the year, other than those disclosed in note 2 on page 58.

### Internal Audit Function

The Group does not have an internal audit function. Through Frostrow, the AIFM, most of the Company's operations are delegated to third parties and the portfolio management subsidiary, AFML, employs only a small staff. AFML and certain other key service providers are subject to external regulation and have compliance functions in place. The Audit Committee receives an annual assurance report on the AIFM's internal controls, which includes a report from the AIFM's auditor on the control policies and procedures in operation. AFML provides half yearly compliance reports to the Audit Committee confirming, amongst other things, that compliance monitoring is carried out in the manner and with the frequency specified in its compliance monitoring programme. The appointment of separate service providers ensures a clear separation of duties and a structure of internal controls that is balanced and robust. For these reasons, supported by the review of the effectiveness of internal controls referred to above, the Audit Committee considers that an internal audit function specific to the Company is unnecessary. The Board and the AIFM will continue to monitor the system of internal controls in order to provide assurance that it operates as intended and the Directors will review at least annually whether a function equivalent to an internal audit is needed.

### Evaluation

The Committee's evaluation of its own performance was covered as part of the process of the Board's annual evaluation of its operations and performance and those of its Committees, as described in the Corporate Governance Statement.

It was concluded that the Committee was performing satisfactorily.

### Karen Brade

Chair of the Audit Committee

24 June 2024

# Statement of Directors' Responsibilities in respect of the Annual Report, the Directors' Remuneration Report and the Financial Statements

The directors are responsible for preparing the annual report and financial statements in accordance with United Kingdom applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the return or loss for the Group and Company for that period.

In preparing these group financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Responsibility Statement

The Directors consider that this annual report and financial statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed under the 'Board of Directors' on page 32 confirm that, to the best of their knowledge:

- The financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company;
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

## Neil England

Chairman

24 June 2024

## Note to those who access this document by electronic means:

The annual report for the year ended 31 March 2024 has been approved by the Board of Augmentum Fintech plc.

Copies of the annual report and the half year report are circulated to shareholders and, where possible, to investors through other providers' products and nominee companies (or written notification is sent when they are published online). It is also made available in electronic format for the convenience of readers. Printed copies are available from the Company's registered office in London.

The Directors are responsible for the maintenance and integrity of the company's website: [www.augmentum.vc](http://www.augmentum.vc). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Consolidated Income Statement

	Notes	Year ended 31 March 2024			Year ended 31 March 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on Investments	8	–	17,602	17,602	–	9,858	9,858
Interest Income		1,681	–	1,681	412	–	412
Expenses	2	(5,432)	(49)	(5,481)	(5,270)	(107)	(5,377)
<b>(Loss)/Return before Taxation</b>		<b>(3,751)</b>	<b>17,553</b>	<b>13,802</b>	<b>(4,858)</b>	<b>9,751</b>	<b>4,893</b>
Taxation	6	–	–	–	–	–	–
<b>(Loss)/Return for the year</b>		<b>(3,751)</b>	<b>17,553</b>	<b>13,802</b>	<b>(4,858)</b>	<b>9,751</b>	<b>4,893</b>
<b>(Loss)/Return per Share (pence)</b>	7	<b>(2.2)p</b>	<b>10.3p</b>	<b>8.1p</b>	<b>(2.7)p</b>	<b>5.4p</b>	<b>2.7p</b>

The total column of this statement represents the Group's Consolidated Income Statement, prepared in accordance with IFRS as adopted by the UK.

The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Group does not have any other comprehensive income and hence the total return, as disclosed above, is the same as the Group's total comprehensive income.

All items in the above statement derive from continuing operations.

All returns are attributable to the equity holders of Augmentum Fintech plc, the parent company.

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

# Consolidated and Company Statements of Changes in Equity

Group	Year ended 31 March 2024					Total £'000
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	
<b>Opening Shareholders' funds</b>	<b>1,810</b>	<b>105,383</b>	<b>85,218</b>	<b>117,740</b>	<b>(16,027)</b>	<b>294,124</b>
Purchase of own shares into treasury	–	–	(4,609)	–	–	(4,609)
Return/(loss) for the year	–	–	–	17,553	(3,751)	13,802
<b>At 31 March 2024</b>	<b>1,810</b>	<b>105,383</b>	<b>80,609</b>	<b>135,293</b>	<b>(19,778)</b>	<b>303,317</b>

Group	Year ended 31 March 2023					Total £'000
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	
<b>Opening Shareholders' funds</b>	<b>1,810</b>	<b>105,383</b>	<b>91,191</b>	<b>107,989</b>	<b>(11,169)</b>	<b>295,204</b>
Purchase of own shares into treasury	–	–	(5,973)	–	–	(5,973)
Return/(loss) for the year	–	–	–	9,751	(4,858)	4,893
<b>At 31 March 2023</b>	<b>1,810</b>	<b>105,383</b>	<b>85,218</b>	<b>117,740</b>	<b>(16,027)</b>	<b>294,124</b>

Company	Year ended 31 March 2024					Total £'000
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	
<b>Opening Shareholders' funds</b>	<b>1,810</b>	<b>105,383</b>	<b>85,218</b>	<b>100,919</b>	<b>(17,576)</b>	<b>275,754</b>
Purchase of own shares into treasury	–	–	(4,609)	–	–	(4,609)
Return/(loss) for the year	–	–	–	15,392	(3,805)	11,587
<b>At 31 March 2024</b>	<b>1,810</b>	<b>105,383</b>	<b>80,609</b>	<b>116,311</b>	<b>(21,381)</b>	<b>282,732</b>

Company	Year ended 31 March 2023					Total £'000
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	
<b>Opening Shareholders' funds</b>	<b>1,810</b>	<b>105,383</b>	<b>91,191</b>	<b>92,724</b>	<b>(12,556)</b>	<b>278,552</b>
Purchase of own shares into treasury	–	–	(5,973)	–	–	(5,973)
Return/(loss) for the year	–	–	–	8,195	(5,020)	3,175
<b>At 31 March 2023</b>	<b>1,810</b>	<b>105,383</b>	<b>85,218</b>	<b>100,919</b>	<b>(17,576)</b>	<b>275,754</b>

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.



# Consolidated Balance Sheet

as at 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Non-Current Assets</b>			
Investments held at fair value	8	265,083	254,295
Property, plant & equipment		219	297
<b>Current Assets</b>			
Right-of-use asset	5	438	588
Other receivables	10	245	555
Cash and cash equivalents		38,505	40,015
<b>Total Assets</b>		<b>304,490</b>	<b>295,750</b>
<b>Current Liabilities</b>			
Other payables	11	(699)	(948)
Lease liability	5	(474)	(678)
<b>Total Assets less Current Liabilities</b>		<b>303,317</b>	<b>294,124</b>
<b>Net Assets</b>		<b>303,317</b>	<b>294,124</b>
<b>Capital and Reserves</b>			
Called up share capital	15	1,810	1,810
Share premium		105,383	105,383
Special reserve		80,609	85,218
Retained earnings:			
Capital reserves		135,293	117,740
Revenue reserve		(19,778)	(16,027)
<b>Total Equity</b>		<b>303,317</b>	<b>294,124</b>
<b>Net Asset Value per share (pence)</b>	<b>16</b>	<b>178.6p</b>	<b>168.5p</b>
<b>Net Asset Value per share after performance fee (pence)*</b>	<b>16</b>	<b>167.4p</b>	<b>158.9p</b>

The Financial Statements on pages 52 to 68 were approved by the Board of Directors on 24 June 2024 and signed on its behalf by:

## Neil England

Chairman

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

Augmentum Fintech plc  
Company Registration Number: 11118262

\* Considered to be Alternative Performance Measure. Please see the Glossary and Alternative Performance Measures on page 78.

# Company Balance Sheet

as at 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Non-Current Assets</b>			
Investments held at fair value	8	265,083	254,295
Investment in subsidiary undertakings	9	750	500
<b>Current Assets</b>			
Other receivables	10	196	118
Cash and cash equivalents		36,052	38,470
<b>Total Assets</b>		<b>302,081</b>	<b>293,383</b>
<b>Current Liabilities</b>			
Other payables	11	(369)	(810)
Provisions	12	(18,980)	(16,819)
<b>Total Assets less Current Liabilities</b>		<b>282,732</b>	<b>275,754</b>
<b>Net Assets</b>		<b>282,732</b>	<b>275,754</b>
<b>Capital and Reserves</b>			
Called up share capital	15	1,810	1,810
Share premium		105,383	105,383
Special reserve		80,609	85,218
Retained earnings:			
Capital reserves		116,311	100,919
Revenue reserve		(21,381)	(17,576)
<b>Total Equity</b>		<b>282,732</b>	<b>275,754</b>

The Company's return for the year was £11,587,000 (2023: £3,175,000). The Directors have taken advantage of the exemption under s408 of the Companies Act and not presented an income statement or a statement of comprehensive income for the Company alone.

The Financial Statements on pages 52 to 68 were approved by the Board of Directors on 24 June 2024 and signed on its behalf by:

**Neil England**  
Chairman

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

Augmentum Fintech plc  
Company Registration Number: 11118262

# Consolidated Cash Flow Statement

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
<b>Operating activities</b>		
Sales of investments	22,790	44,226
Purchases of investments	(15,976)	(24,855)
Acquisition of property, plant and equipment	(8)	(365)
Interest income received	1,608	326
Expenses paid	(4,552)	(5,058)
Lease payments	(221)	(153)
<b>Net cash inflow from operating activities</b>	<b>3,641</b>	<b>14,121</b>
Purchase of own shares into treasury	(5,151)	(5,432)
<b>Net cash used by financing activities</b>	<b>(5,151)</b>	<b>(5,432)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,510)</b>	<b>8,689</b>
<b>Cash and cash equivalents at start of year</b>	<b>40,015</b>	<b>31,326</b>
<b>Cash and cash equivalents at end of year</b>	<b>38,505</b>	<b>40,015</b>

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

# Company Cash Flow Statement

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
<b>Operating activities</b>		
Sales of investments	22,790	44,226
Purchases of investments	(16,226)	(24,855)
Interest income received	1,563	326
Expenses paid	(5,394)	(5,489)
<b>Net cash inflow from operating activities</b>	<b>2,733</b>	<b>14,208</b>
Purchase of own shares into treasury	(5,151)	(5,432)
<b>Net cash used by financing activities</b>	<b>(5,151)</b>	<b>(5,432)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,418)</b>	<b>8,776</b>
<b>Cash and cash equivalents at start of year</b>	<b>38,470</b>	<b>29,694</b>
<b>Cash and cash equivalents at end of year</b>	<b>36,052</b>	<b>38,470</b>

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

# Notes to the Financial Statements

## 1 Segmental Analysis

The Group operates a single business segment for reporting purposes and is managed as a single investment company. Reporting is provided to the Board of Directors on an aggregated basis. The investments are located in the UK, continental Europe, Israel and the US.

## 2 Expenses

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
AIFM fees	582	–	582	593	–	593
Administrative expenses	1,706	49	1,755	1,415	107	1,522
Directors' fees*	186	–	186	169	–	169
Performance fee (see note 4)^	–	–	–	–	–	–
Staff costs (see note 4)	2,793	–	2,793	2,944	–	2,944
Auditor's remuneration	165	–	165	149	–	149
<b>Total expenses</b>	<b>5,432</b>	<b>49</b>	<b>5,481</b>	<b>5,270</b>	<b>107</b>	<b>5,377</b>

£169,000 of interest and depreciation relating to a lease (2023: £209,000) is included in administrative expenses. See note 5 for further details.

\* Details of the amounts paid to Directors are included in the Directors Remuneration Report on page 45.

^ See note 4 for further details of the performance fee arrangements. Non-executive Directors of the Company are not eligible to participate in any allocation of the performance fee.

### Auditor's Remuneration

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Audit of Group accounts pursuant to legislation	110	110	104	104
Audit of subsidiaries accounts pursuant to legislation	19	–	18	–
Audit related assurance services	26	26	20	20
Non-audit related assurance services	10	–	7	–
<b>Total auditors' remuneration</b>	<b>165</b>	<b>136</b>	<b>149</b>	<b>124</b>

### Non-audit services

It is the Group's practice to employ BDO LLP on assignments additional to their statutory audit duties only when their expertise and experience with the Group are important. Details of the Group's process for safeguarding and supporting the independence and objectivity of the external auditor are given in the Report of the Audit Committee beginning on page 48.

## 3 Key Management Personnel Remuneration

The Directors of the Company are considered to be the Key Management Personnel along with the directors of the Company's subsidiary.

	2024			2023		
	Salary/Fees £'000	Other benefits £'000	Total £'000	Salary/Fees £'000	Other benefits £'000	Total £'000
Key management personnel remuneration	1,158	125	1,283	1,352	277	1,629
Performance fee allocation*	–	–	–	–	–	–
	<b>1,158</b>	<b>125</b>	<b>1,283</b>	<b>1,352</b>	<b>277</b>	<b>1,629</b>

Other benefits include pension and social security contributions relating to the directors of the Company's subsidiary.

\* Allocation of the performance fee to the directors of the Company's subsidiary. See note 4 for further details of the performance fee arrangements.



#### 4 Staff Costs

The monthly average number of employees for the Group during the year was eleven (2023: eleven). All employees are within the investment and administration function and employed by the Company's subsidiary.

	2024 £'000	2023 £'000
Wages and salaries	2,264	2,437
Social security costs	318	347
Other pension costs	119	104
Other staff benefits	92	56
<b>Staff costs</b>	<b>2,793</b>	<b>2,944</b>
Performance fee (charged to capital)*	–	–
<b>Total</b>	<b>2,793</b>	<b>2,944</b>

\* The performance fee arrangements were set up to provide a long-term employee benefit plan to incentivise employees of AFML and align them with shareholders through participation in the realised investment profits of the Group. Any performance fee paid by the Company to AFML is allocated to employees of AFML on a discretionary basis and overseen by the Management Engagement & Remuneration Committee of the Company.

The performance fee is payable by the Company to AFML when the Company has realised an aggregate annualised 10% return on investments (the 'hurdle') in each basket of investments. Based on the investment valuations and the hurdle level as at 31 March 2024 the hurdle has been met, on an unrealised basis, and as such a performance fee of £18,980,000 (2023: £16,819,000) has been provided for by the Company, equivalent to 11.2 pence per share. This provision is reversed on consolidation and not included in the Group Statement of Financial Position. The performance fee is only payable to AFML if the hurdle is met on a realised basis and the actual amount payable will depend on the amount and timing of investment realisations. See page 25 and note 19.9 for further details.

#### 5 Leases

##### Leasing activities

The Group, through its subsidiary AFML, has leased an office in the UK from which it operates for a fixed fee. When measuring lease liabilities for leases that were classified as operating leases, the Group discounts lease payments at a rate of 6.4% (2023: 6.4%).

##### Right-of-use Asset

	2024 Group Office Premises £'000	2023 Group Office Premises £'000
As at 1 April	588	750
Depreciation	(150)	(162)
<b>At 31 March</b>	<b>438</b>	<b>588</b>

##### Lease Liability

	2024 Group Office Premises £'000	2023 Group Office Premises £'000
As at 1 April	678	783
Rent free period reduction	(21)	–
Interest Expense	38	48
Lease Payments	(221)	(153)
<b>At 31 March</b>	<b>474</b>	<b>678</b>

##### Maturity Analysis

At 31 March 2024	Group			
	Up to 3 months £'000	3 – 12 months £'000	Between 1 – 2 years £'000	Between 2 – 5 years £'000
Lease payments	60	121	181	181

## 6 Taxation Expense

	2024			2023		
For the year ended 31 March	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Current tax:</b>						
UK corporate tax on profits for the year	–	–	–	–	–	–

The difference between the income tax expense shown above and the amount calculated by applying the effective rate of UK corporation tax of 25% (2023: 19%) to the (loss)/return before tax is as follows:

	2024			2023		
For the year ended 31 March	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/return before taxation	(3,751)	17,553	13,802	(4,858)	9,751	4,893
(Loss)/return before tax multiplied by the effective rate of UK corporation tax of 25% (2023: 19%)	(938)	4,388	3,450	(923)	1,853	930
Effects of:						
Non-taxable capital returns	–	(4,400)	(4,400)	–	(1,873)	(1,873)
Unutilised management expenses	938	12	950	923	20	943
<b>Total tax expense</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

No provision for deferred taxation has been made in the current year. The Group has not provided for deferred tax on capital profits arising on the revaluation of investments, as it is exempt from tax on these items because of its status as an investment trust company.

The Company has not recognised a deferred tax asset on the excess management expenses of £36,704,000 (2023: £32,904,000). It is not anticipated that these excess expenses will be utilised in the foreseeable future.

## 7 (Loss)/Return per Share

The (loss)/return per share figures are based on the following figures:

	2024 £'000	2023 £'000
Net revenue loss	(3,751)	(4,858)
Net capital return	17,553	9,751
<b>Net total return</b>	<b>13,802</b>	<b>4,893</b>
Weighted average number of ordinary shares in issue	170,877,294	178,651,736
	<b>Pence</b>	<b>Pence</b>
Revenue loss per share	(2.2)	(2.7)
Capital return per share	10.3	5.4
<b>Total return per share</b>	<b>8.1</b>	<b>2.7</b>

## 8 Investments Held at Fair Value

Non-current Investments Held at Fair Value

	2024 Group and Company £'000	2023 Group and Company £'000
<b>As at 31 March</b>		
Unlisted at fair value	265,083	254,295

**8 Investments Held at Fair Value** (continued)

Reconciliation of movements on investments held at fair value are as follows:

	2024 Group and Company £'000	2023 Group and Company £'000
As at 1 April	254,295	268,807
Purchases at cost	15,976	19,854
Realisation proceeds	(22,790)	(44,224)
Gains on investments	17,602	9,858
<b>As at 31 March</b>	<b>265,083</b>	<b>254,295</b>

The Group and Company received £22,790,000 (2023: £44,224,000) from investments sold in the year. The book cost of these investments when they were purchased was £10,750,000 (2023: £6,348,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

**9 Subsidiary undertakings**

The Company has an investment of £750,000 (2023: £500,000) in the issued ordinary share capital of its wholly owned subsidiary undertaking, Augmentum Fintech Management Limited ("AFML"), which is registered in England and Wales, operates in the United Kingdom and is regulated by the Financial Conduct Authority. AFML's principal activity is the provision of portfolio management services to the Company. AFML's registered office is 4 Chiswell Street, London EC1Y 4UP.

**10 Other Receivables**

	2024 Group £'000	2024 Company £'000	2023 Group £'000	2023 Company £'000
<b>As at 31 March</b>				
Other receivables	245	196	555	118

**11 Other Payables**

	2024 Group £'000	2024 Company £'000	2023 Group £'000	2023 Company £'000
<b>As at 31 March</b>				
Other payables	699	369	948	810

**12 Provisions**

	2024 Company £'000	2023 Company £'000
<b>As at 31 March</b>		
Performance fee provision*	18,980	16,819

\* See page 25 and notes 4 and 19.9 for further details.

**13 Financial Instruments****(i) Management of Risk**

As an investment trust, the Group's investment objective is to seek capital growth from a portfolio of securities. The holding of these financial instruments to meet this objective results in certain risks.

The Group's financial instruments comprise securities in unlisted companies, partnership interests, trade receivables, trade payables, and cash and cash equivalents.

The main risks arising from the Group's financial instruments are fluctuations in market price, and credit and liquidity risk. The policies for managing each of these risks are summarised below. These policies have remained constant throughout the year under review. The financial risks of the Company are aligned to the Group's financial risks.

**Market Price Risk**

Market price risk arises mainly from uncertainty about future prices of financial instruments in the Group's portfolio. It represents the potential loss the Group might suffer through holding market positions in the face of price movements, mitigated by stock diversification.

The Group is exposed to the risk of the change in value of its unlisted equity and non-equity investments. For unlisted equity and non-equity investments the market risk is principally deemed to be the assumptions used in the valuation methodology as set out in the accounting policies.

**Liquidity Risk**

The Group's assets comprise unlisted equity and non-equity investments. Whilst unlisted equity is illiquid, short-term flexibility is achieved through cash and cash equivalents.

**13 Financial Instruments** (continued)**Credit Risk**

The Group's exposure to credit risk principally arises from cash and cash equivalents. Only highly rated banks or liquidity funds (with credit ratings above A3, based on S&P's ratings or the equivalent from another ratings agency) are used for cash deposits and the level of cash is reviewed on a regular basis. The components of cash and cash equivalents are shown in the table below.

(ii) **Financial Assets and Liabilities**

<b>As at 31 March</b>	<b>Group Fair value 2024 £'000</b>	<b>Company Fair value 2024 £'000</b>	<b>Group Fair value 2023 £'000</b>	<b>Company Fair value 2023 £'000</b>
<b>Financial Assets</b>				
Unlisted equity shares	259,015	259,015	249,529	249,529
Unlisted convertible loan notes	6,068	6,068	4,766	4,766
Cash at bank	2,460	1,052	14,715	13,470
Cash Equivalents – Liquidity Funds	36,045	35,000	25,300	25,000
Other assets	683	196	1,143	118
<b>Financial Liabilities</b>				
Other payables and lease liabilities	(1,173)	(369)	(1,626)	(810)

Cash and other receivables and payables are measured at amortised cost and the rest of the financial assets in the table above are held at approximate to fair value. The carrying values of the financial assets and liabilities measured at amortised cost are equal to the fair value.

The unlisted financial assets held at fair value are valued in accordance with the IPEV Guidelines as detailed within note 19.4.

(iii) **Fair Value Hierarchy**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The Group complies with IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for which any significant input to the valuation is not based on observable market data (unobservable inputs).

All investments were classified as Level 3 investments as at, and throughout the year to, 31 March 2024. Note 8 on page 61 presents the movements on investments measured at fair value. Total gains and losses on assets measured at Level 3 are recognised as part of Gains on Investments in the Consolidated Income Statement, and no other comprehensive income has been recognised on these assets.

When using the price of a recent transaction in the valuations, the Company looks to 're-calibrate' this price at each valuation point by reviewing progress within the investment, comparing against the initial investment thesis, assessing if there are any significant events or milestones that would indicate the value of the investment has changed and considering whether a market-based methodology (ie. using multiples from comparable public companies) or a discounted cashflow forecast would be more appropriate.

The main inputs into the calibration exercise, and for the valuation models using multiples, are revenue, EBITDA, AuM, and P/E multiples (based on the most recent revenue, EBITDA, AuM, or earnings achieved and equivalent corresponding revenue, EBITDA, AuM, or earnings multiples of comparable public companies), quality of earnings assessments and comparability difference adjustments. Revenue multiples are often used, rather than EBITDA or earnings, due to the nature of the Group's investments, being in fast-growing, small financial services companies which are not normally expected to achieve profitability or scale for a number of years. Where an investment has achieved scale and profitability the Group would normally then expect to switch to using an EBITDA or earnings multiple methodology.

The main input into the PWERM ('Probability Weighed Expected Return Methodology') is the probability of conversion. This method is used for the convertible loan notes held by the Company.

**13 Financial Instruments** (continued)

The fair valuation of private company investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see note 19.12 on page 68). A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve subjectivity in their significant unobservable inputs and illustrates the sensitivity of the valuations to these inputs. The inputs have been flexed with the exception of the Sales Price valuation approach as it does not involve significant subjectivity. The table also provides the range of values for the key unobservable inputs.

As at 31 March 2024							
Valuation approach	Fair value of investments £'000	Key unobservable inputs	Other Unobservable inputs	Applied Multiple Range	Weighted average multiple applied#	Sensitivity +/- %	Change in Valuation +/- £'000
Market approach using comparable traded multiples	217,054	Revenue Multiple <sup>†</sup>	a, b, c, g	2.3x – 28.0x	6.0x	10%	17,564/(17,554)
		Earnings Multiple	a, b, c, g	6.3x-18.6x	11.0x	10%	3,146/(2,423)
		AUM Multiple	a, b, c, g	0.1x	0.1x	10%	264/-
		Illiquidity discount	d,g	0% - 50%	32.3%	30%	12,558/(10,920)
		Transaction implied premiums and discounts	e, g	0% - 630%	109.3%	30%	17,063/(18,023)
Net Asset Value**	8,264	Discount to NAV	a	n/a	n/a	10%	(826)
PWERM*	6,068	Probability of conversion	a	n/a	n/a	25%	248/(248)
Expected transaction price	7,135	Execution risk discount	a, f	n/a	n/a	10%	713/(713)
CPORT <sup>^</sup>	16,414	Transaction Price	a,e,g	n/a	n/a	10%	1,641/(1,641)
Sales Price	10,148	n/a	n/a	n/a	n/a	n/a	n/a

# Weighted average is calculated by reference to the fair value of holdings as at the respective year-end. This therefore gives a clearer indication of the typical multiple or adjustment being applied across the portfolio.

\*\*LP ('Limited Partnership') investments are held at net asset values provided by the relevant LP fund administrators. These are adjusted by benchmark movements as appropriate.

<sup>^</sup> Whilst a recent or expected transaction price may be the most appropriate basis for a valuation, it will be corroborated by other techniques which factor in the unobservable inputs noted below.

As at 31 March 2023							
Valuation approach	Fair value of investments £'000	Key unobservable inputs	Other Unobservable inputs	Applied Multiple Range	Weighted average multiple applied#	Sensitivity +/- %	Change in Valuation +/- £'000
Market approach using comparable traded multiples	197,876	Revenue Multiple <sup>†</sup>	a, b, c, g	2.7x – 11.1x	4.8x	10%	17,563/(17,563)
		Earnings Multiple	a, b, c, g	8.3x-11.8x	10.9x	10%	3,146/(2,423)
		AUM Multiple	a, b, c, g	0.1x	0.1x	10%	264/-
		Illiquidity discount	d,g	0% - 44%	19.3%	30%	4,117/(4,044)
		Transaction implied premiums and discounts	e, g	0% - 310%	105.0%	30%	17,824/(17,300)
Net Asset Value**	5,805	Discount to NAV	a	n/a	n/a	10%	(581)
PWERM*	4,766	Probability of conversion	a	n/a	n/a	25%	248/(248)
Expected transaction price	14,216	Execution risk discount	a, f	n/a	n/a	10%	142/(142)
CPORT <sup>^</sup>	8,842	Transaction Price	a,e,g	n/a	n/a	10%	884/(884)
Sales Price	22,790	n/a	n/a	n/a	n/a	n/a	n/a

**\*Significant unobservable inputs**

The variable inputs applicable to each broad category of valuation basis will vary dependent on the particular circumstances of each private company valuation. An explanation of each of the key variable inputs is provided below. The assumptions and decisions process in relation to the inputs is described in note 19.12 on page 68.

**(a) Application of valuation basis**

Each investment is assessed independently, and the valuation basis applied will vary depending on the circumstances of each investment. When an investment is pre-revenue, the focus of the valuation will be on assessing the recent transaction and the achievement of key milestones since investment. Adjustments may also be made depending on the performance of comparable benchmarks and companies. For those investments where a trading multiples approach can be taken, the methodology will factor in revenue, earnings or assets under management as appropriate for the investment.



**13 Financial Instruments** (continued)

## (b) Selection of comparable companies

The selection of comparable companies is assessed individually for each investment and the relevance of the comparable companies is continually evaluated at each valuation date. Key criteria used in selecting appropriate comparable companies are the industry sector in which they operate, the geography of the company's operations, the respective revenue and earnings growth rates, operating margins, company size and development stage. Typically, between 4 and 10 comparable companies will be selected for each investment, but this can vary depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples or share price movements derived will vary depending on the companies selected and the industries they operate in. Given the nature of the investments the Company makes there are not always directly comparable listed companies, in such cases comparables will be selected whose businesses bear similarity to the relevant investment, in such cases the need for an additional discount / premium to the comparables will be assessed at each valuation date.

## (c) Estimated sustainable revenue or earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not, and where it is not then revenues will be used in the valuation. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. Where a business has volatile earnings on a year-on-year basis, revenue or earnings may be assessed over a longer period. Where a company has reliably forecasted earnings previously or there is a change in circumstance at the business which will impact earnings going forward, then forward estimated revenue or earnings may be used instead.

## (d) Application of illiquidity discount

An illiquidity discount may be applied either through the calibration of a valuation against the most recent transaction, or by application of a specific discount. The discount applied where a calibration (see (e) below) is not appropriate is dependent on factors specific to each investment, such as quality of earnings or revenues and potential exit scenarios.

## (e) Transaction implied premium and discount

Where there is an implied company valuation available as a result of an external arm's length transaction, the ongoing valuation will be calibrated to this by deriving a company valuation with reference to the average multiple from a set of comparable companies and comparing this to a transaction implied valuation. This can result in an implied premium or discount compared to comparable companies at the point of transaction. This discount or premium will be considered in future valuations and may be reduced due to factors such as the time since the transaction and company performance. Where a calibrated approach is not appropriate, a discount for illiquidity may be applied as noted in (d) above.

## (f) Execution risk

An execution risk discount is applied to all investments where an arm's-length transaction is due to take place but hasn't closed prior to the reporting period end. The discount applied is dependent on the progress of the negotiations and outstanding matters that may impact on the expected price. When valuing in line with an expected transaction the arm's-length nature of the deal will be assessed, and term sheets will have been received.

## (g) Liquidity preference

The company's investments are typically venture investments with downside protections such as liquidation preference and anti-dilution provisions. Unlike ordinary share structures typically seen in the public or private markets, these structures protect the value of the Company's position in the event of a reduction in the enterprise value of an investee company from the price paid. Where a valuation indicates the enterprise value of an investment has fallen the enterprise value will be fed into the investee companies' 'waterfall' (which ranks shares by seniority/preference in the event of a liquidation event) to calculate the value of the Company's position.

**14 Substantial holdings in Investments**

The table below shows substantial holdings in investments where the Company owns more than 3% of the fully diluted capital of the investee company and the investment value is more than 5% of the Company's non-current investments.

	2024		2023	
	% ownership (fully diluted)	% of portfolio	% ownership (fully diluted)	% of portfolio
Zopa Bank*	3.5	14.8	3.4	11.8
<b>Augmentum I LP**</b>	<b>100</b>	<b>20.7</b>	<b>100</b>	<b>17.5</b>
Tide	5.6	19.3	5.1	14.0
Grover	6.3	13.5	6.3	17.0
Cushon	–	–	13.9	9.0
Volt	8.3	9.6	8.3	5.6

\* indirect ownership via Augmentum I LP.

\*\* Augmentum I LP's registered office is IFC 5, St Helier, Jersey JE1 1ST and it is registered in Jersey.

## 15 Called up Share Capital

	2024		2023	
	Ordinary Shares No.	£'000	Ordinary Shares No.	£'000
Opening issued and fully paid ordinary shares of 1p each	174,518,852	1,810	180,325,786	1,810
Ordinary shares purchased into treasury	(4,687,567)	–	(5,806,934)	–
<b>Closing issued and fully paid ordinary shares of 1p each</b>	<b>169,831,285</b>	<b>1,810</b>	<b>174,518,852</b>	<b>1,810</b>

No shares were issued during the years ended 31 March 2023 and 31 March 2024.

4,687,567 shares were bought back into treasury during the year at an average price, including ancillary costs, of 98.3 p per share. In the year ended 31 March 2023 5,806,934 shares were bought back into treasury at an average price of 102.9p per share.

At 31 March 2024 there were 11,182,412 shares held in treasury (2023: 6,494,845).

## 16 Net Asset Value per Share

The net asset value per share is based on the Group net assets attributable to the equity shareholders of £303,317,000 (2023: 294,124,000) and 169,831,285 (2023: 174,518,852) shares in issue at the year end excluding shares held in treasury.

The net asset value per share after performance fee\* is based on the Group net assets attributable to the equity shareholders of £303,317,000 (2023: £294,124,000), less the performance fee provision made by the Company of £18,980,000 (2023: £16,819,000), and 169,831,285 (2023: 174,518,852) shares in issue at the year end excluding shares held in treasury.

\* Alternative Performance Measure

## 17 Related Party Transactions and transactions with AIFM

Balances and transactions between the Company and its subsidiaries are eliminated on consolidation. Details of transactions between the Group and Company and other related parties are disclosed below.

The following are considered to be related parties:

- Frostrow Capital LLP (under the Listing Rules only)
- The Directors of the Company and the Company's subsidiary, Augmentum Fintech Management Limited
- Augmentum Fintech Management Limited

Details of the relationship between the Company and Frostrow Capital LLP, the Company's AIFM, are disclosed on page 24. Details of fees paid to Frostrow by the Company and Group can be found in note 2 on page 58.

Details of the remuneration of all Directors can be found on page 45. Details of the Directors' interests in the capital of the Company can be found on page 46.

Augmentum Fintech Management Limited is appointed as the Company's delegated Portfolio Manager. The Portfolio Manager earns a portfolio management fee of 1.5% of NAV up to £250 million and 1.0% of NAV for any excess over £250 million and is entitled to a performance fee of 15% of net realised cash profits once the Company has received an annual compounded 10% realised return on its investments. Further details of this arrangement are set out on page 25 in the Strategic Report. During the year the Portfolio Manager received a portfolio management fee of £3,972,000 (2023: £4,026,000), which has been eliminated on consolidation and therefore does not appear in these accounts. A performance fee provision of £18,980,000 (2023: £16,819,000) has been accrued in the Company's accounts, which is eliminated on consolidation in the Group accounts. No performance fee is payable or has been paid during the year. There were no outstanding balances due to the Portfolio Manager at the year end (2023: nil).

## 18 Capital Risk Management

	Group 2024 £'000	Group 2023 £'000
<b>Equity</b>		
Equity share capital	1,810	1,810
Retained earnings and other reserves	301,507	292,314
<b>Total capital and reserves</b>	<b>303,317</b>	<b>294,124</b>

The Group's objective in the management of capital risk is to safeguard its liquidity in order to provide returns for shareholders and to maintain an optimal capital structure. In doing so the Group may adjust the amount of dividends paid to shareholders or issue new shares or debt.

The Group manages the levels of cash deposits held whilst maintaining sufficient liquidity for investments and operating expenses.

There are no externally imposed restrictions on the Company's capital.

## 19 Basis of Accounting and Material Accounting Policies

### 19.1 Basis of preparation

The Group and Company Financial Statements for the year ended 31 March 2024 have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Financial Statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value, as disclosed in note 19.4. The Board has considered a detailed assessment of the Group and Company's ability to meet their liabilities as they fall due, including stress tests which modelled the effects of a fall in portfolio valuations and liquidity constraints on the Group and Company's financial position and cash flows. The results of the tests showed that the Group and Company would have sufficient cash to meet their liabilities as they fall due. Based on the information available to the Directors at the time of this report, including the results of the stress tests, and the Group and Company's cash balances, the Directors are satisfied that the Group and Company have adequate financial resources to continue in operation for at least the next 12 months from the date of signing of these financial statements and that, accordingly, it is appropriate to adopt the going concern basis in preparing these financial statements.

In order to reflect the activities of an investment trust company, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement. In analysing total income between capital and revenue returns, the Directors have followed the guidance contained in the Statement of Recommended Practice for investment companies issued by the Association of Investment Companies issued in July 2022 (the "SORP").

The recommendations of the SORP which have been followed include:

- Realised and unrealised profits or losses arising on the revaluation or disposal of investments classified as held at fair value through profit or loss should be shown in the capital column of the Consolidated Income Statement. Realised gains are taken to the realised reserves in equity and unrealised gains are transferred to the unrealised reserves in equity.
- Other returns on any investment (whether in respect of dividends, interest or otherwise) should be shown in the revenue column of the Consolidated Income Statement. The total of the revenue column of the Consolidated Income Statement is taken to the revenue reserve in equity.
- The Board should determine whether the indirect costs of generating capital returns should be allocated to capital as well as the direct costs incurred in generating capital profits. In this regard the Board has decided to follow a non-allocation approach to indirect costs, which will therefore be charged in full to the revenue column of the Consolidated Income Statement.

### 19.2 Basis of Consolidation

The Consolidated Financial Statements include the Company and certain subsidiary undertakings.

IFRS 10 and IFRS 12 define an investment entity and include an exemption from the consolidation requirements for investment entities.

The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- The Company has multiple unrelated investors which are not related parties, and holds multiple investments
- Ownership interests in the Company are exposed to variable returns from changes in the fair value of the Company's net assets
- The Company has obtained funds for the purpose of providing investors with investment management services
- The Company's business purpose is investing solely for returns from capital appreciation and investment income
- The performance of investments is measured and evaluated on a fair value basis.

The Company will not consolidate the portfolio companies or other investment entities it controls. The principal subsidiary Augmentum Fintech Management Limited as set out in note 9 is wholly owned. It provides investment related services through the provision of investment management. As the primary purpose of this subsidiary is to provide investment related services that relate to the Company's investment activities it is not held for investment purposes. This subsidiary has been consolidated.

The Company also owns 100% of the interests in Augmentum I LP (the 'LP'). As this LP is itself an investment entity and is held as part of the Company's investment portfolio it has not been consolidated.

### 19.3 Application of New Standards

#### (i) New standards, interpretations and amendments effective from 1 April 2023

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 April 2023 that had a significant effect on the Group's financial statements.

#### (ii) New standards, interpretations and amendments not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board ('IASB') that are effective in future accounting periods. The Group does not expect any of the standards issued by the IASB, but not yet effective, to have a material impact on the Group or Company.

### 19.4 Investments

All investments are defined by IFRS as fair value through profit or loss (described in the Financial Statements as Investments held at fair value) and are subsequently measured at reporting dates at fair value. The fair value of direct unquoted investments is calculated in accordance with the Principles of Valuation of Investments below. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Increases or decreases in valuation are recognised as part of gains on investments at fair value in the Consolidated Income Statement.

## 19 Basis of Accounting and Material Accounting Policies (continued)

### Principles of Valuation of Investments

#### (i) General

The Group estimates the fair value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines.

Fair value is the price for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating fair value, the AIFM and Board apply valuation techniques which are appropriate in light of the nature, facts and circumstances of the investment and use reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of fair value.

In general, the enterprise value of the investee company in question will be determined using one of a range of valuation techniques. The enterprise value is adjusted for factors such as surplus assets, excess liabilities or other contingencies or relevant factors; the resulting amount is apportioned between the investee company's relevant financial instruments according to their ranking and the effect of any instrument that may dilute economic entitlements.

#### (ii) Unlisted Equity Investments

In respect of each unlisted investment one or more of the following valuation techniques is used:

- A market approach, based on the price of the recent investment, market multiples or industry valuation benchmarks.
- A probability-weighted expected returns methodology. Under the PWERM fair value is based on consideration of values for the investment under different scenarios. This will primarily be used where there is a convertible element to the investment.
- A net assets based approach based on the value of the underlying assets of the investment.

In assessing whether a methodology is appropriate techniques that use observable market data are preferred.

#### Price of Recent Investment/Transaction

Where the investment being valued was itself made recently, or there has been a third party transaction in the investment, the price of the transaction may provide a good indication of fair value. Using the Price of Recent Investment technique is not a default and at each reporting date the fair value of investments is estimated to assess whether changes or events subsequent to the relevant transaction would imply a material change in the investment's fair value.

#### Multiple

Under the multiple methodology a revenue, EBITDA, AuM or earnings multiple technique is used. This involves the application of an appropriate and reasonable multiple to the maintainable earnings or revenue of an investee company.

Further details on the multiple based methodology are provided in note 13 (iii).

#### PWERM ('Probability-Weighted Expected Returns Methodology')

Under the PWERM potential scenarios are identified. Under each scenario the value of the investment is estimated and a probability for each scenario is selected. The fair value is then calculated as the sum of the value under each scenario multiplied by its probability.

#### Net Assets

For the net asset approach the fair value estimate is based on the attributable proportion of the reported net asset value of the investment derived from the fair value of underlying assets / investments. Valuation reports provided by the manager or general partner of the investments are used to calculate fair value where there is evidence that the valuation is derived using fair value principles that are consistent with the Company's accounting policies and valuation methods. Such valuation reports may be adjusted to take account of changes or events to the reporting date, or other facts and circumstances which might impact the underlying value.

#### 19.5 Cash and Cash Equivalents

Cash comprises cash at bank and short-term deposits with an original maturity of less than 3 months and subject to minimal risk of changes in value.

#### 19.6 Presentation and Functional Currency

The Group's and Company's presentation and functional currency is Pounds Sterling (“Sterling”), since that is the currency of the primary economic environment in which the Group operates.

#### 19.7 Other income

Interest income received from cash equivalents is accounted for on an accruals basis.

#### 19.8 Expenses

Expenses are accounted for on an accruals basis, and are charged through the revenue column of the Consolidated Income Statement except for transaction costs and the performance fee as noted below.

Transaction costs are legal and professional fees incurred when undertaking due diligence on investment transactions. Transaction costs, when incurred, are recognised in the Income Statement. If a transaction successfully completes, as a direct cost of an investment, the related transaction cost is charged to the capital column of the Income Statement. If the transaction does not complete the related cost is charged to the revenue column of the Income Statement.

## 19 Basis of Accounting and Material Accounting Policies (continued)

### 19.9 Performance Fee

As set out in prior annual reports the performance fee arrangements were set up to provide a long-term employee benefit plan to incentivise employees of AFML and align them with shareholders through participation in the realised investment profits of the Group. AFML is entitled to a performance fee, and any performance fee paid by the Company to AFML is allocated to employees of AFML on a discretionary basis by the Management Engagement & Remuneration Committee of the Company. Non-executive Directors of the Company are not eligible to participate in any allocation of the performance fee.

The Company provides for the performance fee in full. A performance fee is provided for if its performance conditions would be achieved if the remaining assets in that basket were realised at fair value, at the Statement of Financial Position date. The performance fee is equal to the share of profits in excess of the performance conditions in the basket. On consolidation the performance fee is eliminated since it is payable to the Company's subsidiary, AFML.

Performance fees are charged to the capital column of the Income Statement and taken to the Capital Reserve.

### 19.10 Share Premium and Special Reserve

The share premium account arose following the Company's admission to listing in 2018 and represented the difference between the proceeds raised and the par value of the shares issued. Costs of the share issuance were offset against the proceeds of the relevant share issue and also taken to the share premium account.

Subsequent to admission and following the approval of the Court, the initial share premium account was cancelled and the balance of the account was transferred to the Special Reserve. The purpose of this was to enable the Company to increase the distributable reserves available to facilitate the payment of future dividends or with which to make share repurchases.

### 19.11 Revenue and Capital Reserves

Net capital return is added to the Capital Reserve in the Consolidated Statement of Financial Position, while the net revenue return is added to the Revenue Reserve. When positive, the revenue reserve is distributable by way of dividend, as is any realised portion of the capital reserve. The realised portion of the capital reserve is £52,491,000 (2023: 40,519,000) representing realised capital profits less costs charged to capital.

### 19.12 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting judgements and estimates will, by definition, seldom equal the related actual results.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty in the reporting year, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Fair value measurements and valuation processes

Unquoted assets are measured at fair value in accordance with IFRS 13 and the IPEV Valuation Guidelines. Decisions are required in order to determine the appropriate valuation methodology and subsequently in determining the inputs into the valuation model used. These decisions include selecting appropriate quoted company comparables, appropriate multiples to apply, adjustments to comparable multiples and estimating future cash flows of investee companies. In estimating the fair value of an asset, market-observable data is used, to the extent it is available.

The Valuations Committee, which is chaired by a Director, determines the appropriate valuation techniques and inputs for the model. The Audit Committee considers the work of the Valuations Committee and the results of their discussion with the AIFM, Portfolio Manager and the external auditor and works closely with the AIFM and Portfolio Manager to review the appropriate valuation techniques and inputs to the model. The Chair of the Audit Committee reports its findings to the Board of Directors of the Group every six months to explain the cause of fluctuations in the fair value of the investments.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 19.4 and 13(iii).

As set out in note 19.9 a performance fee is calculated which is based on the valuation of the investments and as such is considered a significant accounting estimate.

## 20 Post Balance Sheet Events

No post balance sheet events have occurred since 31 March 2024.

## 21 Financial Commitment

The Company made commitments to invest up to \$3,000,000 into the Snowcrash Offshore Feeder LP. Of this commitment \$nil (2023: \$750,000) remains outstanding.



# Independent Auditor's Report to the Members of Augmentum Fintech plc

## Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Augmentum Fintech plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Changes in Equity, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Company Cash Flow Statement and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

## Independence

Following the recommendation of the audit committee, we were appointed by the Directors in February 2020 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ended 31 March 2020 to 31 March 2024. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the inputs and assumptions (ie. forecasted income, expenditure and Investment Portfolio Value) within the board's assessment of the going concern status of the Group and Parent Company to supporting documentation and our own understanding of the Group; and,
- assessing the appropriateness of assumptions made by the Directors in their stress tests and considering the likelihood of the extreme downside scenarios occurring and the resulting effects on the liquidity of the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

# Independent Auditor's Report to the Members of Augmentum Fintech plc continued

## Overview

<b>Coverage</b>	100% (2023: 100%) of Group profit before tax		
	100% (2023: 100%) of Group revenue		
	100% (2023: 100%) of Group total assets		
<b>Key audit matter</b>		2024	2023
	Valuation of unquoted Investments (Group and Parent Company)	Yes	Yes
<b>Materiality</b>	Group financial statements as a whole		
	£6.04m (2023: £5.77m) based on 2% of net assets (2023: 2% of net assets)		

### An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group audit team performed a full scope audit of the Group, Parent Company and sole subsidiary using materiality levels set out in the materiality section of our report.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report to the Members of Augmentum Fintech plc continued

## Key audit matter

### Valuation of unquoted investments (Group and Parent Company)

*The Group's accounting policy for assessing the fair value of investments is disclosed on page 66 in note 19.4 and disclosures regarding the fair value estimates are given on page 68 in note 19.12.*

We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.

The share price valuation of the Group is informed by the value of the investments recognised in the Statement of Financial Position. As the Portfolio Manager is responsible for valuing investments in the financial statements, and there is a high level of estimation uncertainty in determining the valuation of unquoted investments due to the lack of readily available prices, there is a potential risk of overstatement of the valuation of the unquoted investments.

## How the scope of our audit addressed the key audit matter

Our testing of unquoted investments was 100% of the portfolio.

For all investments we tested:

- we assessed whether the assumptions and underlying evidence supporting the year end valuations are in line with the requirements of the applicable accounting standards and whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines;
- we attended the Valuations Committee meeting on 6 June 2024 where we discussed the valuations with management and the Board and challenged significant judgements made;
- we recalculated the attributable value based on the rights of the relevant instruments, which were agreed to investment agreements; and
- we received direct confirmation of the capital structure from all of the investee companies.

For CPORT (Calibrated Price of Recent Transaction) valuations:

- we agreed the price of the recent investment to supporting documentation and management information. We considered whether or not the performance of the portfolio company has significantly varied from expectations at the transaction date by obtaining management's evaluation of post transaction performance against relevant milestones to determine the appropriateness of the level of adjustment, if any, made to the recent transaction price; and
- we assessed whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company or otherwise connected.

For earnings and revenue multiple valuations, as well as valuations that have been restricted to the value of the liquidation preference:

- we held discussions with management and reviewed management accounts/board packs to understand the performance of the portfolio company, including its cash runway, and challenged estimates used in the valuations of the investments;
- we assessed the reasonableness of the budgeted revenue figures used considering historical performance and information available in board packs;
- we recalculated discounts and premiums and assessed these against those of comparable companies; and
- we performed an assessment of the appropriateness of the basket of comparable companies through consideration of those companies' operations and business sectors.

### Key observations:

Based on the procedures performed we consider the unquoted investment valuations to be appropriate, and the estimates made by management in valuing the unquoted investments to be reasonable.

# Independent Auditor's Report to the Members of Augmentum Fintech plc continued

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2024 £m	2023 £m	2024 £m	2023 £m
<b>Materiality</b>	6.04	5.77	5.63	5.42
<b>Basis for determining materiality</b>	2024: 2% of net assets (2023: 2% of net assets)			
<b>Rationale for the benchmark applied</b>	In determining the appropriate benchmark, consideration was given to: <ul style="list-style-type: none"> <li>▪ the nature of the investment portfolio and the level of judgement inherent in the valuation; and</li> <li>▪ the range of reasonable alternative valuations.</li> </ul>			
<b>Performance materiality</b>	4.53	4.03	4.22	3.79
<b>Basis for determining performance materiality</b>	70% of materiality	70% of materiality	70% of materiality	70% of materiality
<b>Rationale for the percentage applied for performance materiality</b>	In determining the appropriate benchmark, consideration was given to: <ul style="list-style-type: none"> <li>▪ our risk assessment;</li> <li>▪ consideration of the control environment; and</li> <li>▪ the level of historical misstatements identified.</li> </ul>			

## Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on our assessment of the risk of material misstatement of that component. The materiality for the sole subsidiary was set at £79k (2023: £80k) and was based on 2% (2023: 2%) of its Revenue. We further applied a performance materiality level of 70% (2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £241k (2023: £230k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

# Independent Auditor’s Report to the Members of Augmentum Fintech plc continued

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Corporate governance statement**

The Listing Rules require us to review the Directors’ statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company’s compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

<p><b>Going concern and longer-term viability</b></p>	<ul style="list-style-type: none"> <li>▪ The Directors’ statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 24; and</li> <li>▪ the Directors’ explanation as to their assessment of the Group’s prospects, the period this assessment covers and why the period is appropriate set out on page 23.</li> </ul>
<p><b>Other Code provisions</b></p>	<ul style="list-style-type: none"> <li>▪ Directors’ statement on fair, balanced and understandable set out on page 51;</li> <li>▪ Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 19;</li> <li>▪ the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 48 and 49; and</li> <li>▪ the section describing the work of the audit committee set out on page 48.</li> </ul>



# Independent Auditor's Report to the Members of Augmentum Fintech plc continued

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<p><b>Strategic report and Directors' report</b></p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>▪ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li> <li>▪ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p>
<p><b>Directors' remuneration</b></p>	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<p><b>Matters on which we are required to report by exception</b></p>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>▪ the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or</li> <li>▪ certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>▪ we have not received all the information and explanations we require for our audit.</li> </ul>

## Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report to the Members of Augmentum Fintech plc continued

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### Non-compliance with laws and regulations

Based on:

- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance;
- obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- we considered the significant laws and regulations to be Companies Act 2006, AIC Code of Governance, Section 1158 of Corporation Tax Act 2010, UK-adopted international accounting standards, London Stock Exchange and Financial Conduct Authority Listing requirements and the Alternative Investment Fund Managers Directive.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Anti - Money Laundering Act 2018, Data Protection Act 1988 and Bribery Act 2010.

Our procedures in respect of the above included:

- review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation;
- enquiries of management, the Directors, and the Audit Committee, as to whether they were aware of any non-compliance with laws and regulations;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- review of the complaints and breaches register for any instances of non-compliance with laws and regulations.

#### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance including the Directors, and the Audit Committee regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud.
- review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and valuation of unquoted investments.

## Independent Auditor's Report to the Members of Augmentum Fintech plc continued

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Our procedures in respect of the above included:

- assessing post year end journals that were passed to prepare the financial statements to consider their appropriateness for the Company and the significant component where applicable;
- performing test of journals to evaluate unusual or inappropriate journals outside of our expectations that were set using various criteria where relevant;
- assessing significant transactions outside the normal course of business (if any);
- evaluation of the consolidation, with focus on manual or late journals posted at consolidated level; and
- the procedures set out in the Key Audit Matter section of this report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Peter Smith (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor  
London, UK

24 June 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Information for Shareholders

## How to Invest

### Retail Investors Advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

### Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPP) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive and does not constitute any form of recommendation, can be found below:

AJ Bell Youinvest	<a href="http://www.youinvest.co.uk">www.youinvest.co.uk</a>
Charles Stanley Direct	<a href="http://www.charles-stanley-direct.co.uk">www.charles-stanley-direct.co.uk</a>
EQi	<a href="http://www.eqi.co.uk">www.eqi.co.uk</a>
Halifax Investing	<a href="http://www.halifax.co.uk/investing">www.halifax.co.uk/investing</a>
Hargreaves Lansdown	<a href="http://www.hl.co.uk">www.hl.co.uk</a>
iDealing	<a href="http://www.idealing.com">www.idealing.com</a>
interactive investor	<a href="http://www.ii.co.uk">www.ii.co.uk</a>
Redmayne Bentley	<a href="http://www.redmayne.co.uk">www.redmayne.co.uk</a>
Share Deal Active	<a href="http://www.sharedealactive.co.uk">www.sharedealactive.co.uk</a>
Shareview	<a href="http://www.shareview.co.uk">www.shareview.co.uk</a>
X-O	<a href="http://www.x-o.co.uk">www.x-o.co.uk</a>

### Financial Calendar

Date	Event
31 March	Financial Year End
June/July	Financial Results Announced
September	Annual General Meeting
30 September	Half Year End
November/December	Half Year Results Announced

### Website

For further information on share prices, regulatory news and other information, please visit [www.augmentum.vc](http://www.augmentum.vc).

### Shareholder Enquiries

In the event of queries regarding your shareholding, please contact the Company's registrar, Computershare Investor Services PLC, who will be able to assist you with:

- Registered holdings
- Balance queries
- Lost certificates
- Change of address notifications

Computershare's contact details are provided on page 80.

## Risk Warnings

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined, in part, by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, some of the holdings in the portfolio are currently denominated in currencies other than sterling and therefore they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.

# Glossary and Alternative Performance Measures

Within the Strategic Report and Business Review, certain financial measures common to investment trusts are shown. Where relevant, these are prepared in accordance with guidance from the AIC, and this glossary provides additional information in relation to them.

## Alternative Investment Fund Managers Regulations ("UK AIFMD")

Agreed by the European Parliament and the Council of the EU and transposed into UK legislation, the UK AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

## Average net assets

The average net assets figure is the average of the net assets of the Group after performance fee calculated on a time weighted basis and adjusted for share buybacks and issuance.

## Downside Protection

Downside protection is an investment technique that is employed to mitigate against or prevent a decrease in the value of an investment. In relation to venture capital investing the key methods of achieving this are through liquidation preferences over other investors, and/or anti-dilution provisions, which allow an investor to maintain their ownership percentage in the event that new shares are issued.

## Discount or Premium

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

## Initial Public Offering ("IPO")

An IPO is a type of public offering in which shares of a company are sold to institutional investors and usually also retail (individual) investors. Through this process, colloquially known as floating, or going public, a privately held company is transformed into a public company.

## Internal Rate of Return ("IRR")

IRR is the annualised return on an investment calculated from the cash flows arising from that investment taking account of the timing of each cash flow. It is derived by computing the discount rate at which the present value of all subsequent cash flows arising from an investment are equal to the original amount invested.

## Leverage

For the purposes of the UK AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated using **gross** and a **commitment** methods.

Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances,

without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions (as detailed in the UK AIFMD) are offset against each other.

## Net Asset Value ("NAV")

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided by the number of shares in issue, excluding treasury shares. The NAV per share is unlikely to be the same as the share price, which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

## Net Asset Value ("NAV") per share after performance fee\*

The NAV of the Group as calculated above less the performance fee provision made by the Company divided by the number of shares in issued (excluding treasury shares).

## NAV per share Total Return after performance fee\*

The theoretical total return on the NAV per share after performance fee, reflecting the change in NAV after performance fee during the period assuming that any dividends paid to shareholders were reinvested at NAV after performance fee at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment trusts which is not affected by movements in the share price discount/premium.

	2024 pence per share	2023 pence per share
Opening NAV after performance fee	158.9	155.2
Earnings per share	8.1	2.7
Performance fee impact	(1.3)	(0.8)
Impact of buybacks and issuance	1.7	1.8
Closing NAV after performance fee	<b>167.4</b>	<b>158.9</b>
NAV after performance fee Total Return	5.4%	2.4%

## Ongoing Charges Ratio ("OCR")\*

As an investment trust with an operating subsidiary, the calculation of the Company's OCR requires adjustments to the total operating expenses.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating expenses	5,481	5,377
Less: capital costs	(49)	(107)
<b>Recurring operating expenses</b>	<b>5,432</b>	<b>5,270</b>
Average net assets	272,143	275,575
<b>Ongoing charges ratio</b>	<b>2.0%</b>	<b>1.9%</b>

\* Alternative Performance Measure.

## Glossary and Alternative Performance Measures continued

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**Partnership**

Augmentum I LP, a limited partnership registered in Jersey and a wholly-owned subsidiary of the Company.

**Regtech**

Computer programs and other technology used to help banking and financial companies comply with their regulatory obligations.

**Total Shareholder Return\***

The theoretical total return per share reflecting the change in share price during the period and assuming that any dividends paid were reinvested at the share price at the time the shares were quoted ex-dividend. Augmentum Fintech plc has not paid any dividends so the Total Shareholder Return equates to the change in the share price.

**Unquoted investment**

Investments in unquoted securities such as shares and debentures which are not quoted or traded on a stock market.



# Contact Details

## Directors

Neil England (*Chairman of the Board and Nominations Committee*)

Karen Brade (*Chair of the Audit Committee*)

David Haysey (*Chairman of the Management & Remuneration Committee and Valuations Committee*)

Conny Dorrestijn

Sir William Russell

## Registered Office

Augmentum Fintech plc  
25 Southampton Buildings  
London WC2A 1AL  
United Kingdom

*Incorporated in England and Wales with company no. 11118262 and registered as an investment company under Section 833 of the Companies Act 2006*

## AIFM, Company Secretary and Administrator

Frostrow Capital LLP  
25 Southampton Buildings  
London WC2A 1AL  
United Kingdom  
Telephone: 0203 008 4910  
Email: info@frostrow.com

## Portfolio Manager

Augmentum Fintech Management Limited  
4 Chiswell Street  
London EC1Y 4UP  
United Kingdom

## Joint Corporate Brokers

Peel Hunt LLP  
100 Liverpool Street  
London EC2M 2AT  
United Kingdom

Singer Capital Markets Advisory LLP  
1 Bartholomew Lane  
London EC2N 2AX  
United Kingdom

## Depository

IQ EQ Depository Company (UK) Limited  
4th Floor  
3 More London Riverside  
London SE1 2AQ  
United Kingdom

## Legal Adviser to the Company

Stephenson Harwood LLP  
1 Finsbury Circus  
London EC2M 7SH  
United Kingdom

## Independent Auditor

BDO LLP  
55 Baker Street  
London W1U 7EU  
United Kingdom

## Registrars

Computershare Investor Services PLC, the Pavilions, Bridgwater Road, Bristol BS99 6ZZ, United Kingdom.

Email: WebCorres@computershare.co.uk

Telephone: +44 (0)370 707 1469

Website: www.investorcentre.co.uk

## Identification codes

SEDOL: BG12XV8

ISIN: GB00BG12XV81

BLOOMBERG: AUGM LN

EPIC: AUGM

## Legal Entity Identifier:

213800OTQ44T55518S71

## Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN): 755CKI.99999.SL.826



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