

Annual Report

For the year ended 31st March 2022

Investing in Fintech.

About Augmentum Fintech plc

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.

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



Financial Highlights

	31 March 2022	31 March 2021
NAV per Share after performance fee*	155.2p	130.4p
NAV per Share after performance fee Total Return*	19.0%	12.3%
Total Shareholder Return*	(16.4%)	128.8%
(Discount)/Premium to NAV per Share after performance fee*	(14.3%)	21.9%
Ongoing Charges Ratio*	1.7%	1.9%

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

To read about our KPIs see page 21.

I am pleased to present our fourth annual report since the launch of the Company in March 2018. This report covers the year ended 31 March 2022.

Investment Policy

Your Company invests in early stage European fintech businesses which have technologies that are disruptive to 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.

Performance

Your Company's portfolio of investments has yet again performed very well with an increase in the Company's Net Asset Value (NAV) per share (after performance fee) of 19.0%. Performance remains ahead of our stated target returns. As you will read in the Portfolio Manager's Review on page 15 a number of milestones have been achieved within the portfolio which give us confidence in its current value and future prospects.

However, the share price, and hence the total shareholder return, has not kept pace. The global mark down of listed technology stocks and the group-think of market sentiment has had its effect, even though the Company has had a period of strong performance. The disconnect between sentiment and fact is extremely frustrating.

Portfolio

Most portfolio changes in the year took place in the first half of the period under review, leading up to the July fundraise, and were summarised in the half year report. The latter half of the year was characterised by a lot of new capital chasing fintech assets, valuations reflecting that and a slower rate of deployment from the Company consistent with its measured approach. Fundraise valuations have had large multiples paid in some cases, with 20 times revenue a regular occurrence. By contrast, the average forward revenue multiple of the Company's top ten investments at 31 March 2022 was approximately 5.3 times.

It follows that, although we have continued to see lots of interesting opportunities, we have declined to participate on terms that others have been prepared to pay. We have a disciplined approach to our investment decisions and a proven investment model. Good companies do not make good investments if pricing does not appropriately reflect

the risk. We do not expect these high investment multiples to sustain and, indeed, market corrections since the year end have already brought multiples to more sensible levels.

As you will read in the Portfolio Manager's Review, we made follow on investments in Zopa and Cushon to support their growth plans.

Shareholders will be aware that one of our largest, later stage investments, interactive investor, has been sold to abrdn in a £1.5 billion deal, which completed after the year end. The Company received proceeds of £42.8 million, representing an 11 times return on money invested.

In current markets, one of the concerns that investors may have is around the ability of the portfolio companies to raise new capital to fund their growth. I am pleased to report that the bulk of our investments have cash runways that exceed 12 months current requirements and all of our top 5 investments are in this position. Additionally, your Company has cash reserves available to support any new funding rounds if required to do so.

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

Valuations

Together with our advisers, we have carefully reviewed both the status and the forecasts of all of the portfolio companies. We have used appropriate methodologies to determine the value of each investment and to sense check our conclusions. The outcome of this is reflected in the valuations in this report. We also benefit from some of our investments occupying a senior position in the capital structures of the investee companies, protecting against downside risk.

Discount Control

After a prolonged period of trading at a premium to NAV, reflecting the opportunity of exposure to private fintech businesses via Europe's only specialist publicly listed vehicle, the shares have traded at a discount for much of 2022. We therefore undertook a modest programme of accretive buybacks to the benefit of shareholders during the year and have continued to do so after the year end. 687,911 shares were bought back into treasury during the Company's financial year, at an average price of 131.1p per share, representing an average discount to the 31 March 2022 NAV after performance fee of 15.5%. Subsequent to the year end a further 1,104,361 shares have been bought back, at an average price of 121.1p per share, representing an average discount to the 31 March 2022 NAV after performance fee of 22.0%.

Chairman's Statement continued

The Board has sought to convey to the market our confidence in the value of the underlying portfolio.

All shares purchased are being held in treasury and will potentially be reissued when the share price returns to a premium to NAV per share after performance fee.

We will seek to renew shareholders' authorities to issue and buy back shares at the forthcoming AGM. As we have highlighted previously, 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. Accordingly, the Company is seeking shareholder authority to issue shares by reference to the NAV per share after performance fee. Further details can be found in the Notice of the AGM.

Dividend

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

2021 Fundraise

As set out in my half year statement, the Company's fundraise in July 2021 raised gross proceeds of £55 million and was significantly oversubscribed. 40,590,406 new ordinary shares were issued at 135.5p per share by way of the initial placing, open offer, offer for subscription and intermediaries offer. The issue price represented a premium of 3.9% to the NAV per ordinary share as at 31 March 2021 and a discount of 6.1% to the closing price per ordinary share on 11 June 2021 (this being the last business day prior to the announcement of the issue price). Notwithstanding an attractive pipeline of prospective new investments that offer the potential to grow the fund further, plans for further fundraises are on hold given market conditions.

Potential Returns of Capital

As set out on page 23 of this annual report, the Company may, at the discretion of the Directors, return a proportion of the gains realised during a year from the disposal of investments. Factors influencing this will include the quantum of any sale proceeds, the opportunities offered by the current investment pipeline and the working capital requirements of the Company. Following the sale of interactive investor we have considered whether some of the proceeds should be returned to shareholders or retained to facilitate future investment opportunities.

The Company is growing in value but has not reached the scale we aspire to and the current share price discount will probably frustrate our ability to raise new capital for the foreseeable future, given macro-economic events. Our pipeline suggests a number of compelling propositions will become available. After consultation with major shareholders, we have therefore decided to retain the bulk of these proceeds for reinvestment to support our capital growth objective and utilise the balance to support a limited accretive share buyback programme. In the event that our pipeline does not deliver the investment opportunities we expect in the coming year then the Board will reconsider this decision.

Portfolio Management

Our investment team continues to work hard evaluating a wide range of investment opportunities, reviewing and challenging financial and commercial metrics in order to identify those most likely to be successful. We are active investors with a team that works closely with the companies we invest in, typically taking either a board or an observer seat and working with management to guide strategy consistent with long-term value creation. We have built a balanced portfolio across different fintech sectors and maturity stages and are focused on managing these investments and carefully growing the portfolio further. The investment team is also committed to a responsible investment approach through the lifecycle of the investments, from pre-screening to exit, believing that the integration of Environmental, Social and Governance ("ESG") factors within the investment analysis, diligence and operating practices is pivotal in mitigating risk and creating sustainable, profitable investments.

I would like to take this opportunity to thank the team for maintaining their energy and diligence during some long hours.

Board

I am delighted to welcome two new non-executive colleagues to our Board. Conny Dorrestijn joined on 1 November 2021 and Sir William Russell on 1 April 2022. Conny has been an active and high profile part of the European fintech scene for many years and she has worked with a number of early stage fintech businesses. We hope her network will help us improve our reach on the continent. William brings extensive fintech and financial services experience, most recently as Lord Mayor of London, and has an understanding of our own investor base. They have both joined the Audit, Valuations, Nominations and Management Engagement & Remuneration committees. Conny and William will offer themselves for election by shareholders at the forthcoming AGM.

We now consider the Board to be the right size for the Company's market capitalisation and stage of development, with an appropriate balance of skills, knowledge and experience.

AGM

The fourth AGM of the Company will be held on Wednesday, 14 September 2022 at 11.00 a.m. at the offices of Augmentum Fintech Management Limited, 5th floor, 4 Chiswell Street EC1Y 4UP. We fully expect the AGM to be held in normal physical format again this year. Nonetheless, the Board strongly encourages shareholders to register their votes in advance by voting online using the Registrar's portal, www.signalshares.com or, if they are not held directly, by instructing the nominee company through which the shares are held. Registering votes online does not preclude shareholders from physically attending the meeting.

The Notice of the AGM 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.

The 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 the Directors intend to do in respect of their own holdings.

Chairman's Statement continued

Outlook

High inflation and rising interest rates, and the debate about their effect on companies and the people they serve, will dominate sentiment for the coming months. Experience tells us that growth companies will be out of favour, often with no correlation to their own underlying performance. Your Company has little influence on this.

We continue to be pleased with the performance of our portfolio and in particular its five largest investments, all of which are growing strongly and have dynamic growth plans, good funding runways and a clear path to profitability if they are not already there. We maintained our investment discipline and we expect our shareholders to reap the benefits of this in the future. The underlying need to digitise and transform last century's infrastructure remains, as does our appeal as a supportive investor. Our pipeline remains strong and we continue to have visibility over the bulk of the opportunities in European fintech.

All this leads your Board to believe that, despite market headwinds affecting our current share price, the Company will generate rewarding returns to the patient shareholder.

Neil England

Chairman

1 July 2022

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.

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. 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.

* Please refer to the Glossary on page 78.

Portfolio Review

	Fair value of holding at 31 March 2021 £'000	Net investments/ (realisations) £'000	Investment return £'000	Fair value of holding at 31 March 2022 £'000	% of portfolio
interactive investor [^]	32,631	–	10,166	42,797	15.9%
Grover	12,938	–	29,477	42,415	15.8%
Tide	18,963	2,200	7,058	28,221	10.5%
Zopa [^]	9,501	10,000	6,076	25,577	9.5%
Onfido	14,850	–	543	15,393	5.7%
Cushon	–	10,000	3,584	13,584	5.1%
Monese	10,340	1,166	1,719	13,225	4.9%
Gemini [†]	–	10,150	358	10,508	3.9%
BullionVault [^]	11,466	(520)	(923)	10,023	3.7%
AnyFin	–	7,248	2,622	9,870	3.7%
Top 10 Investments	110,689	40,244	60,680	211,613	78.7%
Other Investments [*]	53,438	7,755	(3,999)	57,194	21.3%
Total Investments	164,127	47,999	56,681	268,807	100.0%

[^] Held via Augmentum I LP

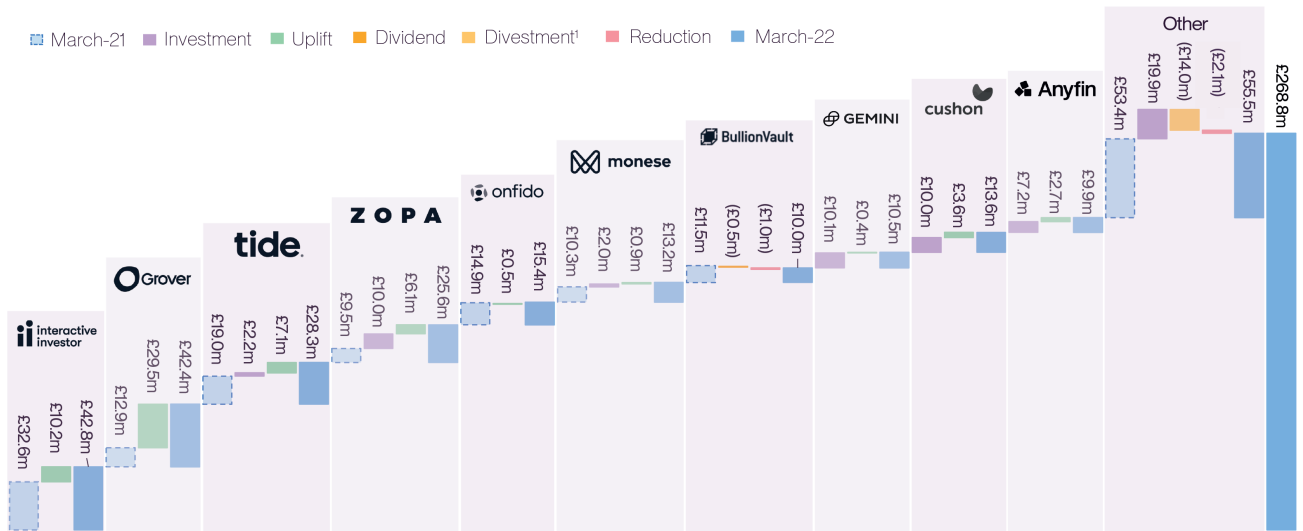
[†] Held through Augmentum Gemini Ltd

^{*} There are 14 other investments (31 March 2021: 13). See pages 13 and 14 for further details.

Key Investments

Portfolio valuation changes

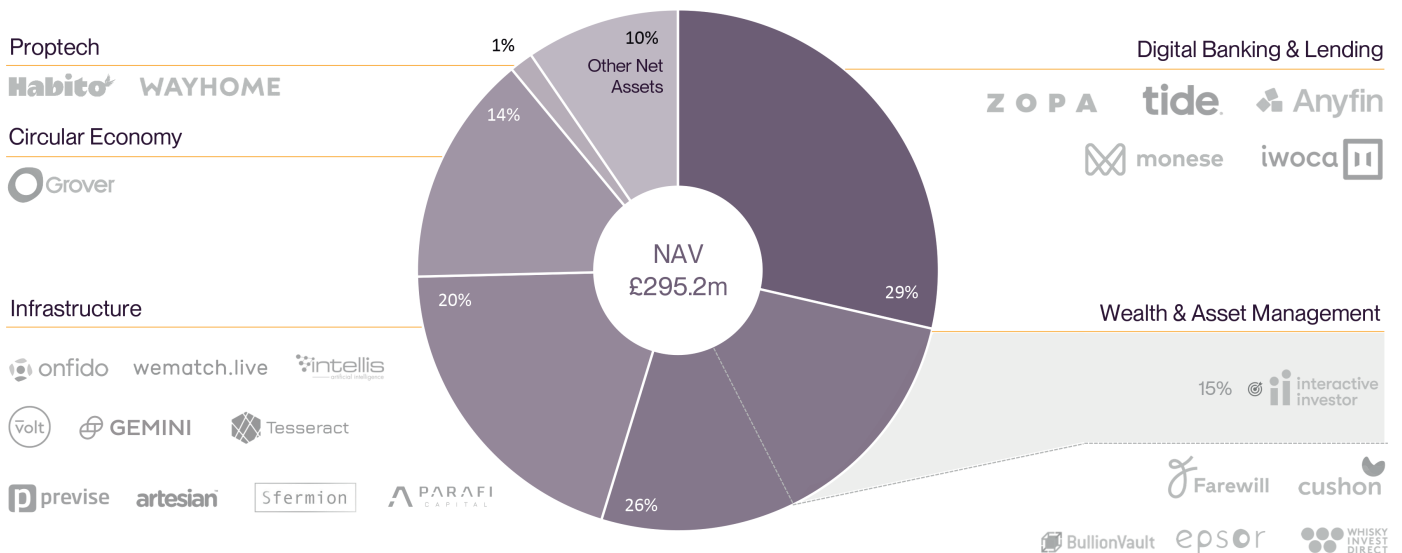
Year ended 31st March 2022



¹ Dext, Seedrs, SRL Global were exited during the year

The Augmentum portfolio is diversified across the fintech ecosystem

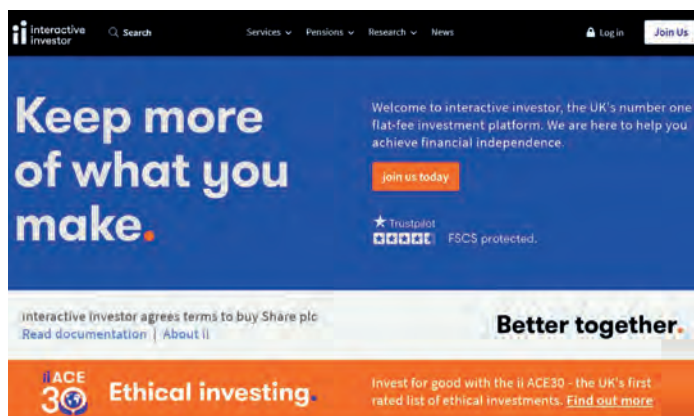
NAV¹ by sub-sector, %



Exit post-period end

¹ NAV before performance fee, as at 31st Mar 22

Key Investments continued



interactive investor is the No.1 UK direct-to-consumer fixed fee investment platform, with almost £55 billion of assets under administration and over 400,000 customers across its general trading, ISA and SIPP account. It accounts for a fifth of UK retail equity trading. The company offers execution-only trading and investing services in shares, funds, ETFs and investment trusts, all for a market-leading monthly subscription fee.

interactive investor completed a £40 million acquisition of Alliance Trust Savings in 2019, bringing together the two largest UK fixed price platforms. In 2020 it completed the acquisition of Share plc, adding a further 61,000 customers and in 2021 it acquired the D2C investment platform EQi from Equinti, adding another 59,000 customers.

In December 2021 abrdn, the FTSE 100 asset manager, announced that it had agreed to acquire interactive investor, subject, *inter alia*, to the receipt of the necessary shareholder and regulatory approvals. The transaction completed in May 2022.

The Company acquired its interest in interactive investor in March 2018 as part of the seed portfolio at IPO, at a valuation of approximately £3.8 million; and the realisation represents a multiple of 11 times cost and an IRR of 84%.

Source: ii

	31 March 2022 £'000	31 March 2021 £'000
Cost:	3,843	3,843
Value:	42,797	32,631
% ownership (fully diluted)	3.8%	3.8%

As per last filed audited accounts of the investee company for the year to 31 December 2020:

	2020 £'000	2019 £'000
Turnover	133,153	90,170
Pre tax profit	41,692	13,933
Net assets	205,278	128,005



Berlin-based Grover (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 3,000 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, Spain and the US. Grover is a pioneer in the advancement of the circular economy, with products being returned, refurbished and recirculated until the end of their usable life.

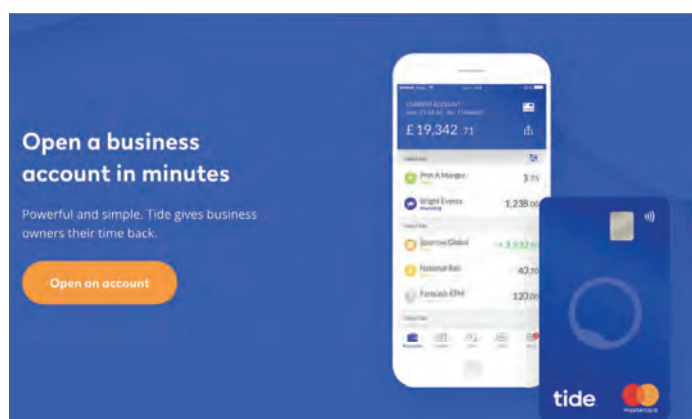
In September 2019 Augmentum led a €11 million funding round with a €6 million convertible loan note ("CLN") investment. This coincided with Grover signing a new €30 million debt facility with Varengold Bank, one of Germany's major fintech banking partners. In March 2021 Grover completed a €60 million Series B funding round, with Augmentum participating and converting its CLN. The round was made up of €45 million from equity investors and €15 million in venture debt financing. With its Series C funding round in April 2022 Grover raised US\$330 million in equity and debt funding, bringing the company's valuation to over US\$1 billion.

Source: Grover

	31 March 2022 NAV £'000	31 March 2021 £'000
Cost:	7,927	7,927
Value:	42,415	12,937
% ownership (fully diluted):	6.4%	8.3%

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

Key Investments continued



Zopa (www.zopa.com) was founded in 2005 as the world's first peer-to-peer (P2P) lending company, aiming to give people access to simpler, better-value loans and investments. Following a funding round in 2020 Zopa launched Zopa Bank and was granted a full UK banking licence, which allowed it to offer a wider product range. It is regulated by both the PRA and the FCA.

After 16 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 is a multiple awards winner. In 2021 Zopa was awarded Best Personal Loan Provider and Best Credit Card Provider by the British Bank Awards, Best Online Savings Provider by MoneyNet Personal Finance, Best use of IT in Consumer Finance in the FStech Awards and won the Personal Credit Cards Innovation award in the Finder Lending Innovation Awards. In 2022 it has won Best Short Term Fixed Rate Bond Provider, Best Fixed Rate Bond Provider and Best New Savings Provider in the Savings Champion Awards and been awarded Banking Brand of the Year 2022 in the MoneyNet Awards 2022.

Augmentum participated in a £20 million funding round led by Silverstripe in March 2021 and in October 2021 participated with a further £10 million investment in a £220 million round led by SoftBank.

Source: Tide

	31 March 2022 £'000	31 March 2021 £'000
Cost:	13,200	11,000
Value:	28,221	18,962
% ownership (fully diluted)*:	5.4%	5.9%

* 2021: £2.5 million in a convertible loan note.

As per last filed audited accounts of the investee company for the year to 31 December 2020:

	2020 £'000	2019 £'000
Turnover	14,442	4,860
Pre tax loss	(23,208)	(20,821)
Net assets	17,761	26,021

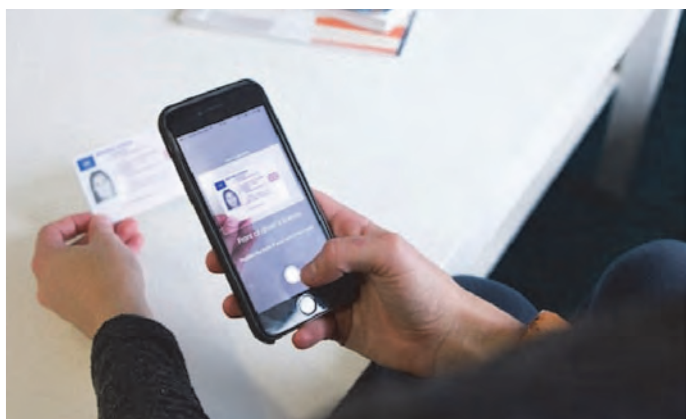
Source: Zopa

	31 March 2022 £'000	31 March 2021 £'000
Cost:	29,670	19,670
Value:	25,577	9,501
% ownership (fully diluted):	3.3%	3.0%

As per last filed audited accounts of the investee company for the year to 31 December 2020:

	2020 £'000	2019 £'000
Operating income	21,252	33,464
Pre tax loss	(41,481)	(18,136)
Net assets	134,072	36,535

Key Investments continued



Onfido (www.onfido.com) 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 800 companies, including industry leaders such as Revolut, bung and Bitstamp. These customers are choosing Onfido over others because of its ability to scale, speed in on-boarding new customers (15 seconds for flash verification), preventing fraud, and its advanced biometric technology. In October 2021 the company announced its acquisition of biometric innovator, EYN, and in November 2021 its partnership with Italian bank Banca Profilo via fintech partner Tinaba.

Augmentum invested an additional £3.7 million in a convertible loan note in December 2019 as part of a £4.7 million round. This converted into equity when Onfido raised an additional £64.7 million in April 2020.

Source: Onfido

	31 March 2022 £'000	31 March 2021 £'000
Cost:	7,750	7,750
Value:	15,393	14,851
% ownership (fully diluted):	2.3%	2.6%

As per last filed audited accounts of the investee company for the year to 31 December 2020:

	2020 £'000	2019 £'000
Turnover	45,408	27,561
Pre tax loss	(34,712)	(26,488)
Net (liabilities)/assets	68,508	(9,494)



Cushon (www.cushon.co.uk) provides workplace pensions and payroll-linked ISAs to more than 200,000 members across 8,000 UK employers. Cushon has overall assets under management of £740 million and is authorised by The Pensions Regulator to operate a master trust pension scheme. In January 2021, Cushon became the first UK pension provider to launch a fully carbon neutral 'Net Zero Now' pension product. In April 2022 it finalised the acquisition of Creative Benefits, manager of Creative Pension Trust, making it the fifth largest master trust pension provider in the UK and doubling its assets under management to £1.7 billion.

Augmentum invested £5 million in Cushon in June 2021 and followed up with a further £5 million in March 2022.

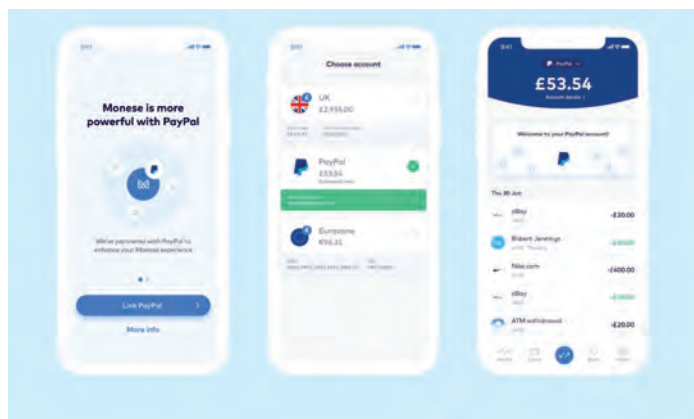
Source: Cushon

	31 March 2022 £'000	31 March 2021 £'000
Cost:	10,000	–
Value	13,584	–
% ownership (fully diluted):	13.9%	–

As per last filed audited accounts of the investee company for the year to 31 March 2021:

	2021 £'000	2020 £'000
Turnover	1,632	2
Pre tax (loss)/profit	(3,742)	(2,036)
Net assets	5,407	1,699

Key Investments continued



With Monese (www.monese.com) you can open a UK or European current account in minutes from your mobile, with a photo ID and a video selfie. Their core customers are amongst the hundreds of millions of people who live some part of their life in another country - whether it's for travel, work, business, study, family, or retirement.

With its mobile-only dual UK and Euro IBAN current account, its portability across 31 countries, and both the app and its customer service available in 14 languages, Monese allows people and businesses to bank like a local across the UK and Europe. Launched in 2015 Monese now has more than 2 million registered users. 70% of incoming funds are from salary payments, indicating that customers are using Monese as their primary account. In October 2020 Mastercard and Monese announced a multi-year strategic partnership, with Monese becoming a principal Mastercard issuer. Monese's new Banking as a Service ("BaaS") platform, which arrived following deals by Monese with Mastercard and core banking provider Thought Machine, will be used by Investec for its private client transactional banking service and in the launch of a new business current account offering for private companies. Over time, Investec also expects BaaS will allow the bank to consolidate its retail savings products. In December 2021 the company expanded its credit and lending capabilities through the acquisition of financial services provider Trezeo.

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

Source: Monese	31 March 2022 £'000	31 March 2021 £'000
Cost:	11,428	10,261
Value:	13,225	10,341
% ownership (fully diluted)*:	7.5%	7.5%

* £0.9m (2021: £0.9m) of investment in a convertible loan note.

As per last filed audited accounts of the investee company for the year to 31 December 2020:

	2020 £'000	2019 £'000
Turnover	16,282	10,273
Pre tax loss	(31,130)	(38,061)
Net liabilities	(18,044)	(17,398)



Gemini (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 and is one of only ten companies to have achieved FCA Cryptoasset Firm Registration. Gemini announced acquisitions of portfolio management services company BITRIA and trading platform Omniex in January 2022.

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

Source: Gemini	31 March 2022 £'000	31 March 2021 £'000
Cost:	10,150	—
Value:	10,508	—
% ownership (fully diluted):	0.2%	—

No audited accounts have been filed for Gemini.

Key Investments continued



BullionVault

BullionVault (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 the very best prices online, with US\$3.8 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 at an unbeaten low cost 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.

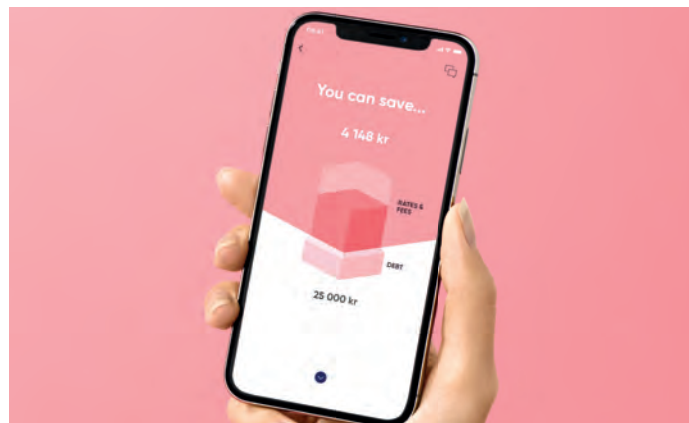
The company generates solid monthly profits from trading, commission and interest. It is cash generative, dividend paying, and well-placed for any cracks in the wider financial markets.

Source: BullionVault

	31 March 2022 £'000	31 March 2021 £'000
Cost:	8,424	8,424
Value:	10,023	11,466
% ownership (fully diluted):	11.1%	11.1%
Dividends paid:	520	622

As per last filed audited accounts of the investee company for the year to 31 October 2021:

	2021 £'000	2020 £'000
Gross profit	12,086	15,707
Pre tax profit	7,741	10,703
Net assets	39,148	34,851



Anyfin

Anyfin (www.anyfin.com) was founded in 2017 by former executives of Klarna, Spotify and iZettle, and leverages technology to allow credit-worthy 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 and Germany.

Augmentum invested £7.2 million in Anyfin in September 2021 as part of a \$52 million funding round.

Source: Anyfin

	31 March 2022 £'000	31 March 2021 £'000
Cost:	7,248	–
Value:	9,870	–
% ownership (fully diluted):	2.7%	–

Audited financial statements are not available for Anyfin.

Other Investments



In the next 10 years, £1 trillion of inheritance will pass between generations in the UK. Farewill (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. In 2021 Farewill won National Will Writing Firm of the Year for the third year in a row and 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 10,000 reviews. It is now the largest will writer in the UK.

Since its launch in 2015 Farewill's customers have pledged over £450 million in legacy gifts written into their wills.

In January 2019 Augmentum led Farewill's £7.5 million Series A fundraise, with a £4 million investment. Augmentum participated in Farewill's £20 million Series B, led by Highland Europe in July 2020.



Founded in 2011, iwoca (www.iwoca.co.uk) uses award-winning technology to disrupt small business lending across Europe. They offer short-term loans of up to £200,000 to SMEs across the UK, Germany and Poland. 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 – from a retailer to a restaurant, a factory to a farm – and approve a credit facility within hours. The company has issued over £1 billion in funding to over 50,000 SMEs in total and has surpassed £100 million worth of lending through the Coronavirus Business Interruption Loan Scheme to businesses grappling with the fallout of the economic crisis caused by the coronavirus. 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.



Tesseract (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 is the only VASP with an express authorisation from the FIN-FSA to deploy client assets into decentralized finance or "DeFi".

Taking no principal position, 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.



Volt (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 – deliver benefits to both consumers and merchants. This helps merchants shorten their cash cycle, increase conversion and lower their costs. In October Volt announced their partnership with Worldline, the European leader in payments and transactional services, giving over 600 enterprise-level merchants globally access to Volt's open payments infrastructure. It also announced its expansion into Brazil in November to integrate Brazil's domestic instant payments network, Pix, and established its physical presence in São Paulo. More recently, in April 2022, it partnered with Mercuryo to help the crypto payments company offer open banking payments to their two million global customers. The real-time account-to-account payments (A2A) will provide Mercuryo wallet users, alongside their business partners, with single-click payment solutions via fiat currency.

Augmentum invested £0.5 million in Volt in December 2020 and a further £4 million in June 2021.



ParaFi Capital (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. The 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.



Intellis, based in Switzerland, is an automated forex trading platform governed by AI.

Augmentum exercised its option to invest a further €1 million in March 2020 and a further €1 million in March 2021.



Previse (www.previ.se) allows suppliers to be paid instantly. Previse'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. Previse charges the suppliers a small fee for the convenience, and shares the profit with the corporate buyer and the funder. Previse precisely quantifies dilution risk so that funders can underwrite pre-approval payables at scale. The company processes over 100,000 invoices a day. In January 2022 Mastercard unveiled that its next-generation virtual card solution for instant B2B payments would use Previse's machine learning capabilities. The solution combines Previse'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. Previse was awarded a £2.5 million Banking Competition Remedies' Capability and Innovation Fund grant in August 2020.

Other Investments continued

wematch.live

Wematch (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.

Wematch is headquartered in Tel Aviv and has offices in London and Paris. In 2021 WeMatch managed more than 12,000 matching and lifecycle events, saving more than 500,000 trader to trader contacts, saved over 5,000 working hours for their premium users with their workflow solutions, launched a new securities lending platform and a new ETF synthetic portfolio management product.

Augmentum invested £3.7 million in September 2021.

WAYHOME

Wayhome (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.

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 £1 million in 2021, adding to its previous £2.5 million investment from 2019.

Habito

Habito (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 has helped nearly 400,000 better understand their mortgage needs and submitted almost £6 billion of mortgages. 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.

FullCirc

FullCirc (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 have 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.

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.

epsor

Epsor (<https://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 40,000 savers and over 400 companies in France.

Augmentum invested £2.2 million in Epsor in June 2021.

Sfermion

Sfermion 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.

WHISKY INVEST DIRECT

Founded in 2015, WhiskyInvestDirect 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 Company has over 3,500 bulk-stockholding clients holding the equivalent of 29 million bottles of whisky stored in barrels. The business seeks to change the way some of the three billion litres of 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.

Augmentum's holding derives from WhiskeyInvestDirect being spun out of BullionVault in 2020.

Portfolio Manager's Review



Overview

Despite a backdrop of continued economic uncertainty fuelled by the current geopolitical and macroeconomic challenges, the financial services industry continues to go through a major digital transformation. The industry has seen record levels of investment over the past 12 months, and it is important to distinguish between the opportunity that is still ahead of us alongside the ongoing and much welcomed moderation in fintech valuation multiples both in the private and public markets.

Markets are understandably volatile, and the tech sector has perhaps been the hardest hit. Many high profile public fintech businesses have been hit hard. Market volatility has foiled many IPO plans and many of the SPACs (special purpose acquisition companies) that were crowding the headlines in 2021. We have also seen a contraction in the digital asset (crypto) sector. This shake-out has shone a light on some of the obstacles and shortfalls the sector still needs to overcome as it becomes more mainstream, but this doesn't diminish the fundamental disruptive potential of blockchain technologies.

But uncertain times drive increasing innovation, and activity continues unabated in high potential earlier stage fintech companies. With significant volumes of "dry powder" (fund commitments raised over the last couple of years and not yet deployed) in the European venture market, and a finite number of high quality companies, valuations at the early stage remain relatively cushioned from broader public market uncertainty. Maintaining price discipline and delivering advantaged deal access therefore remain critical to the work that we do in securing long-term returns for our shareholders.

Investments

Activity in the period since I last wrote to you in the half year report has reflected our continued discipline and need for high conviction. Despite writing several investment term sheets over the past 12 months, we saw a significant reduction in our conversion rate following the increasingly aggressive activity of new investors in the fintech space – we issued 14 term sheets in the year and six of the seven that did not progress to investment failed on valuation grounds. The desire of these investors to build a beta portfolio at unprecedented forward revenue multiples ran contrary to our philosophy of finding companies with great potential that can also deliver a great return. As such our deployment slowed down considerably and we invested £16.4 million over the last six months of

the year compared to £44.4 million over the first six months. The portfolio has also seen its second significant exit with abrdn agreeing the acquisition of **interactive investor** for £1.5 billion in a transaction which returned £42.8 million to the Company post year-end.

New Investments

Infrastructure has been a central pillar of our active investment thesis now for some time. As fintech has entered the mainstream, institutions have been keener to adopt technologies that facilitate their core mission improving accuracy and/or reducing operational overheads.

As mentioned in the half year report we invested in **Tesseract**, **WeMatch** and **Gemini**, all playing into an infrastructure thesis in both traditional and digital sectors.

Earlier in the year, and also announced in the half year report, we made investments in **Cushon** and **Epsor**, giving us exposure to the workplace pension and savings markets across the UK and France. These are markets yet to be widely disrupted by technology and are often overlooked by generalist venture capital funds. However, they hold great potential as employers recognise their responsibility to ensure their employees have a better sense and understanding of their pension and savings pots.

Finally, again as announced in the half year report, we welcomed **Anyfin** to the portfolio in June. European consumer credit markets lag the UK and US in terms of sophistication; low risk borrowers are overpaying for credit, including new high-interest products such as Buy Now, Pay Later ("BNPL"). We saw the opportunity early last year for data driven lenders to identify and capture high value customer segments by offering improved terms based on a more sophisticated understanding of risk. Anyfin are becoming the leading digital refinancing player in Europe, already active across Germany, Sweden, Finland and Norway.

The Existing Portfolio

Follow on investments continue to be a focus for the portfolio as we back our winners through their growth cycle. In the half year since the last report, we have made three follow on investments, with another falling just outside the reporting period. In total these investments amount to £16.4 million of capital.

In October we took the opportunity to invest a further £10 million into our later stage portfolio company **Zopa** in a £220 million round led by SoftBank Vision Fund 2 alongside existing investors Silverstripe and Northzone. Zopa was awarded a banking licence in 2020 allowing it to offer a wider product range including fixed term savings backed by FSCS protection. The funding was required to meet the capital requirements of the rapidly growing bank, at the time already having attracted £675 million in deposits and issuing 150,000 credit cards. The round will enable Zopa to continue their accelerated path and further evolve the product set. Their performance continues to impress, with record revenues in the first quarter of 2022 and achieving profitability in March.

We first welcomed **Cushon** into the portfolio in May 2021 when their assets under management stood at circa £375 million. In December we increased our commitment with a further £5 million for equity in a £35 million round of financing comprising equity and debt led by Ashgrove Capital. The new capital was required to scale operations and to fund the acquisition of Creative, an auto-enrolment scheme. Creative

Portfolio Manager's Review continued

is Cushon's third Master Trust acquisition in two years which has helped grow assets under management to circa £1.7 billion on behalf of 400,000 customers. The workplace pensions industry is under pressure from the UK government to consolidate and deliver better value. Cushon is riding these secular winds to grow at a rapid rate.

During the period, **Grover** successfully completed its Series C funding round of €113 million following the €60 million Series B it closed in the first quarter of 2021. Grover has delivered continuous growth since our first investment in 2019, topping €160 million of annualised subscription value by the end of the first quarter of 2022 and making rapid early progress with its US entry strategy. Grover is benefiting from secular trends away from ownership and towards utilisation, together with a circular economy benefit that is central to its mission.

After the period end, **Previser** successfully completed its Series B investment round comprising US\$18 million at first close, led by the Asian headquartered investment arm of Tencent. Previser have continued to pursue an embedded finance approach, integrating working capital and inventory finance into core accounting and workflow platforms and banking entities with significant untapped opportunities across multiple product lines.

Additionally, notable performance commentaries from our larger existing portfolio positions include:

Tide now has over 7% UK market penetration with nearly 430,000 members and is, together with Starling, the leading SME challenger banking platform with only the "Big 5" incumbents now serving more SMEs in the UK. Revenue growth has been robust, driven by continued growth in payment services and membership subscriptions. Tide continues to deliver on an open field opportunity to better serve smaller business customers with a cost structure unencumbered by traditional legacy branch structures and technology stacks.

Onfido continue to consolidate their US and global market position with nearly 1,000 active customers. The company grew revenue 90% in 2021 to over US\$100 million and achieved 134% year on year growth in the US. Onfido's digital identity checks surpassed 100 million in September last year and increased 50% in the subsequent five months to hit 150 million in the first quarter of this year. Goode Intelligence recently predicted that identity verification checks will grow from 1.1 billion last year to 3.8 billion in 2026. Onfido is another portfolio company that is clearly advancing within strong secular trends.

As we have signposted in previous reviews, making early-stage investments does not always pay off and we do not expect to get it right all of the time. Elsewhere in the portfolio, outside the top 10 investments, we have reduced valuations by £4 million in aggregate, driven largely by the slowdown in the mortgage market affecting **Habito** and a delay experienced by **Farewill** in regulatory approval from the FCA in relation to their funeral plans launch.

Exits

interactive investor (ii) was successfully sold to abrdn in a transaction that completed in May 2022. The Company benefited from a realisation of £42.8 million. This is the fourth exit from our portfolio and the most significant exit in just four years since inception. The 84% IRR (11 times gross multiple of money invested ("MoM")) generated validates the core Augmentum thesis of pursuing disruptive propositions developing against secular trends in consumer and business behaviour.

This followed exits of our holdings in Dext (30.5% IRR, 1.4 times MoM) and Seedrs (0% IRR, 1 times MoM) earlier in the year.

Performance

For the year to 31 March 2022 we are reporting gains on investments of £56.7 million (2021 £26.7 million). Since IPO this represents an IRR of 22.6% on the capital that we have deployed.

It is in periods of market volatility like these that the structure we negotiate into investments shows its value. Liquidation preferences, a common feature of early stage investing, provide downside protection in that the value of the investment would have to fall below the value of the funds invested before our capital would suffer any impairment. Anti-dilution provisions can also provide for additional shares being awarded if the company raises future rounds at lower valuations.

These mechanisms and other rights we build into investment agreements shield us from much of the downside ordinary shares suffer in publicly listed companies and are key to our style of investing, in particular at the early stage. Within the current portfolio, 19 of the 24 investments have the benefit of liquidation preferences.

Outlook

We have evolved in just six short months from a risk on market that had developed over a number of years to a risk off environment. The shift in sentiment has not taken us by surprise and we have built up a healthy cash buffer of, at the date of this report, £61.0 million to ensure we can both support our existing portfolio and also capitalise on compelling opportunities in the fintech market over the coming 12 months and beyond.

The volume of venture capital raised over the last two years leaves significant "dry powder" commitments across Europe, with estimates suggesting more than two and a half years of capital in place at deployment rates matching the last two years. Such volume of capital seeking a finite number of quality investments is likely to serve to continue to maintain momentum for the fintech sector. In addition there has consistently been a trend, particularly in fintech, for companies to stay private for longer, something that the external market conditions is likely to reinforce.

Seeing potential squeezes at both entry and exit therefore means that discipline is vital. The quality of opportunities in our pipeline remains high with more and more talent drawn to the sector. Not every good business is a good investment though and our conversion rate of meeting companies and ultimately investing is currently at 0.4%. The bar must remain exceptionally high, and our central thesis of investing only in areas of high conviction and/or secular trends in consumer behaviour, will continue to dominate our decision making.

Our belief in the potential of the sector remains as strong as ever. Our core holdings in the portfolio are well placed, well funded and with sufficient liquidity to benefit from continuing market opportunities as they evolve.

Tim Levene CEO

Augmentum Fintech Management Ltd

1 July 2022

Strategic Report

Business Review

The Strategic Report, set out on pages 17 to 28, provides a review of the Company's business, the performance during the year and its strategy going forward. It also considers the principal risks and uncertainties facing the Company.

The Strategic Report has been prepared to provide information to shareholders to assess how the Directors have performed their duty to promote the success of the Company. Further information on how the Directors have discharged their duty under Section 172 of the Companies Act 2006 can be found on pages 25 and 26.

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

Throughout the year under review, the Company continued to operate as an approved investment trust, following its investment objectives and policy which 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.

The Company is an alternative investment fund ("AIF") under the Alternative Investment Fund Managers Regulations ("UK AIFMD") and has appointed Frostrow Capital LLP as its alternative investment fund manager ("AIFM").

The Company's key risks fall broadly under the following categories:

Principal Risks and Uncertainties

Macroeconomic Risks

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.

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 increasing inflation and sanctions related to the situation in Ukraine.

Strategy Implementation Risks

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.

During the year, the Board, Frostrow Capital LLP, as AIFM, and the Portfolio Manager undertook all strategic and administrative activities.

Principal Risks and Risk Management

The Board considers that the risks detailed below are the principal risks currently facing the Company. These are the risks that could affect the ability of the Company to deliver its strategy.

The Board is responsible for the ongoing identification, evaluation and management of the principal 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 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'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 the 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 on the financial risks are included in Note 13 starting on page 61.

Mitigation

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 as set out below the Portfolio Manager structures investments to provide downside protection, where possible.

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, *inter alia*, developments in relation to the macro environment and trends.

A robust and sustainable corporate governance structure has been implemented with the Board responsible for continuing to act in the best interests of shareholders.

An experienced fintech Portfolio Manager has been retained in order to deliver the strategy.

Strategic Report continued

Principal Risks and Uncertainties	Mitigation
<p>Investment Risks</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"> (i) the quality of the initial investment decision; (ii) reliance on co-investment parties; (iii) the quality of the management team of each underlying portfolio company and the ability of that team to successfully implement its business strategy; (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; (v) changes in the market or competitive environment in which each portfolio company operates; (vi) the macroeconomic risks described above; and (vii) environmental, social and governance ("ESG") factors. <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> <p>The Company also 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 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>As noted above the Portfolio Manager provides a detailed update at each Board meeting, including, <i>inter alia</i>, investee company developments, funding requirements and the pipeline of potential new investments.</p>
<p>Portfolio Diversification Risk</p> <p>The Group is subject to the risk that its portfolio may not be 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 68% of the portfolio being based in the UK and 32% in continental Europe, Israel and the US. Given the nature of the Company's Investment Objective this remains a significant risk.</p>
<p>Cash Risk</p> <p>Returns to the Company through holding cash and cash equivalents are currently 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>

Strategic Report continued

Principal Risks and Uncertainties	Mitigation
<p>Credit Risk</p> <p>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.</p>	<p>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.</p>
<p>Valuation Risk</p> <p>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 19.17.</p> <p>The Company's investments may be 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.</p>	<p>The Company has a rigorous valuation policy and process as set out in Notes 19.4 and 19.17. 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.</p>
<p>Operational Risk</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"> receives a quarterly compliance report from the AIFM and the Portfolio Manager, which includes, <i>inter alia</i>, details of compliance with applicable laws and regulations; 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; 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 receives updates on pending changes to the regulatory and legal environment and progress towards the Group and Company's compliance with these.

Strategic Report continued

Principal Risks and Uncertainties

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.

Mitigation

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;
- putting in place a compensation structure designed to retain key staff and encourage alignment with shareholders;
- 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.

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.

COVID-19

The Board has continued to monitor developments with respect to COVID-19. Restrictions imposed because of the pandemic challenged operations, but they proved to be resilient. All of the Company's service providers continued to provide as-normal services throughout, notwithstanding adopting remote working during the lockdowns.

The Company's Portfolio Manager provided regular updates to the Board on the financial impacts of the pandemic on portfolio performance and investee companies as well as the effect on the fintech sector.

Ukraine

The Board is monitoring the events in Ukraine and related sanctions. The Board is confident that the situation should have no direct impact on the Company and has not identified any Russian shareholders in the Company. The portfolio companies have no Russian operations.

Strategic Report continued

Performance and Prospects

Performance

The Board assesses the Company's performance in meeting its objective against 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 Company's NAV per share after performance fee total return as being the critical measure of value delivered to shareholders 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 64. 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 19.0% (2021: 12.3%). This strong 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 78. 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 (16.4%) (2021: 128.8%) reflecting the swing in market sentiment against listed growth and tech stocks at the beginning of 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 is cognisant of costs and reviews the level of expenses at each Board meeting. It works hard 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 22 and 23. 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 1.7% (2021: 1.9%). The Board aims for this ratio to reduce over time.

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. Powers are taken each year to issue and buy back shares, which can assist short term volatility management, however the level of discount or premium is mostly a function of investor sentiment and demand for the shares, over which the Board has little influence.

After an extended period during which the shares traded at a premium to NAV the share price moved to a discount in the current financial year as market sentiment turned against growth stocks, with the Company's shares being affected notwithstanding the strength of the portfolio's fundamental disruptive potential.

The Board has taken advantage of the situation by undertaking a modest programme of accretive buybacks to the benefit of remaining shareholders. All shares purchased are being 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.

Prospects

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

Performance and Future developments

The Board's primary focus is on the Portfolio Manager's investment approach and performance. The subject is thoroughly discussed at every Board meeting.

In addition, the AIFM updates the Board on company communications, promotions and investor feedback, as well as wider investment issues.

An outline of performance, investment activity and strategy, market background during the year and the outlook is provided in the Chairman's Statement on pages 2 to 4 and the Portfolio Manager's Review on pages 15 and 16.

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:

The Board has considered the viability of the Company under various scenarios, including periods of acute stock market and economic volatility such as that experienced in 2020.

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.

* See Glossary on page 78

Strategic Report continued

In considering the Company's longer-term viability, as well as considering the principal risks on pages 17 to 20 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 rising inflation and the Ukraine conflict, 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 65, the Company has adequate financial resources to continue in operational existence for at least the next 12 months.

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 Depositary Company (UK) Limited (the "Depositary"). 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 2022 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 2022 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.

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. As described in the Chairman's Statement the Board has decided, following a consultation, that the Company will 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 a limited accretive share buyback programme.

Strategic Report continued

Company Promotion

The Company has appointed 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.

In addition to AIFM services, Frostrow also provides marketing and distribution 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 the investor database and produces all key corporate documents, distributes monthly 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 come from a number of nationalities and 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 40 and 41. The Board also encourages diversity in the management team at AFML and the promotion of the benefits of diversity in portfolio companies.

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
Investors	<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>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 has continued to engage regularly with the Company's larger shareholders.</p> <p>Key mechanisms of engagement included:</p> <ul style="list-style-type: none"> • The Annual General Meeting • The Company's website which hosts reports, video interviews with the managers and regular market commentary • Online newsletters • One-on-one investor meetings • Investor meetings with the Portfolio Manager and AIFM
Portfolio Manager	<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>
Service Providers	<p>The Company contracts with third parties for other services including: depositary, investment accounting & 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>

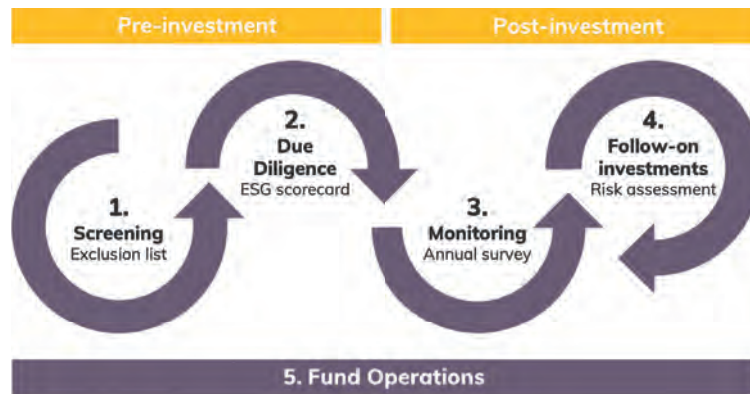
Strategic Report continued

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
Employees of AFML	<p>In order to attract and retain talent to ensure the Group has the resources to successfully implement its strategy and manage third-party relationships.</p>	<p>In normal times all employees of AFML sit in one open plan office, facilitating interaction and engagement. Notwithstanding remote working, interaction continued during the lockdown conditions. Senior team members report to the Board at each meeting.</p> <p>Given the small number of employees, engagement is at an individual level rather than as a group.</p>
Portfolio companies	<p>Incorporating consideration of ESG factors into the investment process assists in understanding and mitigating risks of an investment and potentially identifying future opportunities.</p>	<p>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 27 and 28. for further detail on AFML's ESG approach to investing.</p>
What? What were the key topics of engagement?	Outcomes and actions What actions were taken, including principal decisions?	
<p>Key topics of engagement with investors</p> <p>Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio.</p> <hr/> <p>Key topics of engagement with the Portfolio Manager on an ongoing basis are portfolio composition, performance, outlook and business updates.</p> <p>Additional topics included:</p> <ul style="list-style-type: none"> • The impact of COVID-19 upon their business and the portfolio. • The impact of the Ukraine conflict upon their business and the portfolio. • The integration of environmental, social and governance ('ESG') into the Portfolio Manager's investment processes. • Performance and compensation of Group employees is decided by the Management Engagement & Remuneration Committee with the Directors of AFML. 	<ul style="list-style-type: none"> • 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. This interaction informed the Board's deliberations on various matters, including in relation to the distribution of investment realisation proceeds where it contributed to the Board's decision to restrict distributions to a limited share buyback programme, with it being considered that shareholders were better served by realisation proceeds principally being used for further investment. • The prospects for the portfolio and the pipeline of potential investment opportunities were of particular interest to the Board in connection with the fundraise decision making. • All of the Company's service providers successfully implemented remote working when it was necessary. Whilst this created challenges at times there was no adverse impact on service delivery. • Russian sanctions have no direct impact on the Company and extremely limited impact on portfolio companies. • The portfolio manager reports regularly any ESG issues in the portfolio companies to the Board. Please see pages 27 and 28 for further details of AFML's ESG policies. • The Management Engagement & Remuneration Committee engaged with respect to AFML's long-term incentive arrangements and the revision of the Directors' Remuneration policy, which is set out on pages 46 and 47. 	

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 pivotal in mitigating risk and creating sustainable, profitable investments.



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 on behalf of all 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 have continued to identify priority areas in which to make suitable ESG-related advancements across fund operations. Key progress areas include:

- AFML went fully carbon neutral in 2021. Working in partnership with Minimum, they are now monitoring their Scope 1, 2 and 3 emissions and will continue to track and reduce emissions towards Net Zero. AFML has opted to neutralise unavoidable emissions through a robust portfolio of carbon removal and prevention projects;

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.

- Incorporating environmental considerations into operating decisions, from partnering with Cushon for Net Zero pensions to design and materials in the new office and encouraging recycling in the office to a Bike2Work scheme for staff and using a sustainable clothing company for branded merchandise;
- Continuing to maintain the highest levels of governance and ethical integrity in accordance with the regulatory standards to which we are subject, including the Financial Conduct Authority and the London Stock Exchange; and
- Continuing to embrace diversity and inclusion through inclusive hiring and professional development practices, an events programme including Female Founder Office Hours, as well as charity partnerships including with Crisis Venture Studio.

ESG Focus Areas

AFML have identified eight key areas for consideration, across the three ESG categories, which best align with their 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

Advancements continue to be seen in ESG practices across the portfolio, both in business models and operating procedures. However, it should be noted that the portfolio comprises early stage companies and quantitative data may not be available. Below we highlight some examples, as stated by the companies referenced.

Anyfin

Stockholm-headquartered consumer credit refinancing company Anyfin believes that everyone should have healthy personal finances and are developing services that make managing personal finances fun and easy. The company leverages open banking capabilities to help users improve their overall financial wellbeing. They also launched a budgeting tool to give users a complete overview of their finances by displaying all their bank accounts in one place.

Cushon

In June 2021, Augmentum invested in Cushon, creator of the world's first Net Zero pension product. Net Zero is achieved through a unique mix of fund allocation and carbon offsetting through projects around the world, achieving positive impact without compromising returns. In another industry first, Cushon have also launched in-app ESG voting features which allow savers to vote on governance issues from companies within their savings portfolios.

Onfido

In June 2021 identity verification company Onfido joined the Tech Zero taskforce, a cohort including other leading tech companies led by industry body Tech Nation, London & Partners and Level39. The taskforce exists to accelerate progress to net zero, support tech companies in making a climate action plan and use technology to help the 100 million customers they serve to live more sustainably.

Grover

With over 50 million tons of e-waste piling up from unused personal electronics globally each year, circular economy tech rental company Grover's mission is to sustainably improve access to technology. Renting can save up to 80% of CO2 emissions compared to buying new products and also ensures devices stay out of landfills and in circulation longer. The company also partnered with edtech StartSteps to provide students with laptops to begin their careers in tech and participated in several hiring events for refugees in Berlin.

Encouraging a Diverse Fintech Industry: Progress highlights

AFML has continued to show its support for a diverse, inclusive fintech industry through involvement in various diversity-focused initiatives and events, and has been recognised for its industry-leading approach. Learn more below.

Diverse Dealflow and Events Programme

AFML has hosted numerous diversity-focused events over the last twelve months, most notably its Female Fintech Founder pitch events, in collaboration with Outward VC, where they brought together several dozen female founders across a number of events, provided pitch coaching and assembled engaged audiences of venture capital and angel investors. They have also supported initiatives including The 200Bn Club, a new 12 week programme designed to accelerate financing directed to female founders and connect them with the skills, mentorship, and network they need to raise a seed or Series A investment.

Crisis Venture Studio Partnership

AFML has partnered with the recently launched venture studio from homeless charity Crisis. The team supported the charity through advice, pitch feedback and mentoring sessions with fintech founders as well as charitable donations.

Community Development

Head of Engagement Georgie Hazell joined the Women in VC community leadership team as UK Co-Lead. They recently launched a mentoring and monthly events programme focused on boosting diversity and inclusion within decision-making roles in venture capital and entrepreneurship, and increasing access to high quality dealflow.

This strategic report was approved by the Board of Directors and signed on its behalf by:

Neil England
Chairman

1 July 2022

Board of Directors



Neil England

(Chairman of the Board and Nominations Committee)

Neil has extensive international business expertise in a career spanning public and private companies varying in size from start-ups to global corporations.

His career started in manufacturing and he has held leadership roles in sales, marketing and general management across sectors including food, FMCG, distribution 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.

Remuneration: £45,000 pa

Shareholding in the Company: 210,000

Standing for re-election: yes



Karen Brade

(Chairman of the Audit Committee)

Karen 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 Chairman of Aberdeen Japan Investment Trust PLC; Chairman 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.

Remuneration: £35,000 pa

Shareholding in the Company: 39,019

Standing for re-election: yes



David Haysey

(Chairman of the Management & Remuneration Committee and Valuations Committee)

David 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 held a number of senior positions, including as 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. Since his retirement he has been a non-executive partner and member of the firm's investment committee.

Remuneration: £35,000 pa

Shareholding in the Company: 94,230

Standing for re-election: yes

Board of Directors continued



Conny Dorrestijn

Conny joined the Board with effect from 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, Chairman of the Supervisory Board of Cobase bv, an Associate of the Digital Insurance Agenda (DIA) and a Global Innovation Awards Judge at BAI (US). Previous roles include Chair of the supervisory board of pan-European fintech provider Blanco Services, VP Global Payments Marketing at FIS, following its acquisition of Clear2Pay, where she was Global Head of Corporate Marketing & Analyst Relations.

Remuneration: £27,000 pa

Shareholding in the Company: nil

Standing for election: yes



Sir William Russell

Sir William joined the Board with effect from 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 non-executive chairman of CDAM (UK) Ltd, an independent, privately owned, investment management firm, and trustee and deputy chairman of Place2Be, a children's mental health charity. 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.

Remuneration: £27,000 pa

Shareholding in the Company: 60,000

Standing for election: yes

Management Team

The Management Team currently comprises co-founders and principals of the Portfolio Manager. 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. The Portfolio Manager is based in London and is authorised and regulated in the UK by the FCA.

The Company leverages the Management Team's years of experience, expertise and networks in the fintech sector to drive value creation in its investee companies.

The key individuals who are responsible for the Company's portfolio are listed below.



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 of the business 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. Tim was also elected as a Common Councillor (Independent) for the Ward of Bridge in the City of London in 2017.



Richard Matthews
COO and Partner

Richard qualified as a chartered accountant with Coopers & Lybrand/PricewaterhouseCoopers LLP before leaving in 1999 to join Tim as an early employee and chief financial officer of Flutter.com. In 2001, upon the merger with Betfair, he left to become chief financial officer of Benchmark Europe (now Balderton Capital, a venture capital investor in Betfair). In 2005 he 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).



Martyn Holman
Partner

Martyn has nearly 20 years of experience as an operator, adviser and investor in tech and growth spaces. Martyn's early career was spent as a strategy consultant with the Boston Consulting Group, consulting to FTSE 100 clients across consumer, energy, financial services and heavy industry sectors. Since then he has accrued 15 years of experience as both an operator and investor in the tech/VC space. He was a key member of the early Betfair team and later co-founded LMAX Exchange which has since featured as the number 1 Times Tech Track Growth Company and a Fintech Future 50 member. Most recently Martyn spent nearly 5 years as an investor and partner in UK venture capital where he helped raise a £60 million early seed fund.

Management Team continued



Ellen Logan
Investor

Before joining Augmentum, Ellen 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
Investor

Réginald (Reggie) started his career in private equity in Belgium (his home country), at Cobepa, and went on to explore entrepreneurship through founding a software company focusing 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 first VC position introduced him to the world of fintech and was also the start of his international adventure.



Georgie Hazell
Head of Engagement

Georgie started her career working in startups across marketing, people and strategy positions. Following time at a startup studio, her MBA and a consultancy project with equity crowdfunding platform Crowdcube, she joined Augmentum. Georgie leads Augmentum's marketing and communications, supports portfolio companies post-investment, leads people ops and special projects including ESG. Georgie 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 2022 and their Report on its affairs.

In accordance with the requirement for the Directors to prepare a Strategic Report and an enhanced Directors' Remuneration Report for the year ended 31 March 2022, the following information is set out in the Strategic Report on pages 17 to 28: 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 regarding community, social, employee, human rights and environmental issues and the Company's policy regarding Board diversity. Information about Directors' interests in the Company's ordinary shares is included within the Directors' Remuneration Report on page 45.

The Corporate Governance Statement starting on page 37 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 are listed on pages 29 and 30. Neil England, David Haysey and Karen Brade were appointed on 12 February 2018 and served throughout the year to 31 March 2022. Conny Dorrestijn was appointed with effect from 1 November 2021 and Sir William Russell was appointed with effect from 1 April 2022.

All Directors seek election or re-election by shareholders at each Annual General Meeting.

The Board has reviewed the performance and commitment of the Directors standing for election and re-election and considers that each should 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 2023 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 43 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 detailed on page 22 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 2022 there were 181,013,697 ordinary shares of 1p each in issue (31 March 2021: 140,423,291), of which 687,911 were held in treasury (31 March 2021: nil).

The Company raised £55.0 million (gross proceeds) during the year, from a fundraising in July 2021, issuing 40,590,406 shares at 135.5p each.

The Company bought back 687,911 shares into treasury during January and February 2022 at an average price of 131.1p.

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 2022 was 180,325,786.

At the end of the year under review, the Directors had shareholder authorities to issue a further 14,042,329 shares without relying on a prospectus and to buy back a further 20,361,540 shares. These authorities will expire at the forthcoming Annual General Meeting.

Since the year end the Company has bought back a further 1,104,361 shares at an average price of 121.1 pence per share. These shares are held in treasury.

The Company's capital structure is summarised in Note 15 on page 63.

Substantial Interests

The Company was aware of the following interests in voting rights of 3% or more of the Company as at 31 March 2022 and 31 May 2022.

Shareholder	31 May 2022		31 March 2022	
	Number of Ordinary Shares	% of Voting Rights	Number of Ordinary Shares	% of Voting Rights
Canaccord Genuity Wealth Management – Institutional	19,554,183	10.9	19,769,183	11.0
Wellian Investment Solutions	10,243,571	5.7	9,213,722	5.1
Interactive Investor	9,553,694	5.3	9,517,224	5.3
EFG Harris Allday, stockbrokers	9,402,551	5.2	9,371,301	5.2
Hargreaves Lansdown, stockbrokers	8,802,657	4.9	8,906,750	4.9
Rathbones	8,437,664	4.7	8,404,506	4.7
Close Brothers Asset Management	7,575,077	4.2	7,591,704	4.2
South Yorkshire Pension Authority	7,263,157	4.1	7,263,157	4.0
Tikehau Investment Management	7,112,917	4.0	7,112,917	3.9
Charles Stanley	6,776,499	3.8	7,095,170	3.9
Brewin Dolphin, stockbrokers	6,365,619	3.6	6,602,658	3.7
Jupiter Asset Management	5,927,870	3.3	6,027,870	3.3

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

Interests in the Company's shares and percentage of voting rights of key management personnel of its subsidiary at 31 March 2022 are shown below:

Tim Levene	2,694,203	1.5%
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 2022

At the date of this report, the Group has a staff of eleven 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, Link group, 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 "Key Performance Indicators" on page 21.

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

The Annual General Meeting will be held on Wednesday, 14 September 2022. The formal notice of the Annual General Meeting is set out in a separate circular, which will be posted to shareholders with the annual report for the year ended 31 March 2022.

Explanatory notes to the proposed resolutions can be found in the Notice of Meeting circular.

The Board considers that the proposed resolutions are in the best interests of the 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 annual general meeting to grant the Company authority to purchase its own shares, so as to permit the purchase of up to 26,865,291 of the Company's ordinary shares (or such other number of shares as is equal to 14.99% of the total 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 annual general meeting 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 18,101,369 shares, being 10% of the share capital currently in issue, including shares held in treasury. The latter resolution will be proposed as a special resolution and incorporates within that limit the sale of shares held in treasury. 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 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.

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
1 July 2022

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 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 and the UK Code can be viewed on the Financial Reporting Council website 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.

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 25 and 26.

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 40 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 2022, at which time it was agreed that no amendments to the agreements were required.

The Committee's duties also include determining and agreeing with the Board the policy for remuneration of the Directors and key management personnel. Where appropriate, the Committee will consider both the need to judge the position of the Company relative to other companies

Corporate Governance Report continued

on the remuneration of Directors and whether to appoint external remuneration consultants. The Committee met once in the year and considered the Directors' Remuneration Policy and AFML remuneration matters. A report on its activities 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. They are available for inspection on the Company's website 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 2022 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 a number of ad hoc Board and Committee meetings to consider matters related to the fundraise in July 2021, Director appointments and more routine matters such as insurance renewal and approval of regulatory announcements.

Meeting Attendance

	Board (including ad hoc)	Audit Committee	ME&R Committee	Valuations Committee	Nominations Committee
Neil England	10	3	1	2	3
Karen Brade	10	3	1	2	3
David Haysey	10	3	1	2	3
Conny Dorrestijn*	7	2	1	1	1

* Appointed on 1 November 2021.

Sir William Russell joined the Board after the year end.

All the Directors in office at the time of the General Meeting held in July 2021 and the Annual General Meeting in September 2021 attended the meetings.

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. 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 expects to be available to meet the larger shareholders and the Chairman of the Management Engagement & Remuneration Committee is available to discuss remuneration matters.

The Company encourages shareholders to attend this year's Annual General Meeting as a forum for communication with individual shareholders. 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 79.

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. 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 25 and 26.

Corporate Governance Report continued

Subsidiary Employees

The Board is responsible for ensuring that workforce policies and practices are in line with the Company's purpose and values and support its culture. The Management Engagement & Remuneration and Nominations Committees advise the Board in respect of policies on remuneration-related matters.

Since the subsidiary company has only eleven 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 Audit Committee Chairman or, in her absence, another member of the Audit Committee.

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 22 and 23.

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 21 and 22.

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, stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of shareholder views.

Given the small size of the Board and the Company's shareholder register, the Board has not appointed a senior independent director.

Corporate Governance Report continued

Directors' Interests

The beneficial interests of the Directors in the Company are set out on page 45 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.

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 involved the circulation of a questionnaire tailored to suit the nature of the Company and discussion. The performance of the Chairman was evaluated in the same manner.

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 to propose them for election and re-election, as applicable.

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 the final dividend (if any), 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.

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.

Composition, Succession and Evaluation

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 reviewed the policy during the year and continues to note that three of the five Directors have been appointed since the launch of the Company and hence their tenures coincide. The Board intends to ensure there is an orderly succession in due course.

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.

Appointments to the Board

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association and the aforementioned succession planning policy. 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 candidates for the appointment of new Directors and on the recommendation for shareholders' approval for the Directors seeking re-election at the Annual General Meeting. When considering new appointments, the Board endeavours to ensure that it has the capabilities required 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. Since the last year end a Director recruitment process has been conducted. One of two new Directors was recruited with the assistance of Nurole Ltd, an independent consultancy, with the other new Director identified from the Board's contacts. Both new Directors, Conny Dorrestijn and Sir William Russell, will submit themselves for election by shareholders at the forthcoming AGM.

Diversity Policy

The Board supports the principle of boardroom diversity, of which gender is one important aspect. 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.

Corporate Governance Report continued

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 of three men and two women meets the recently announced FCA rules on diversity and inclusion 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. However, this is unlikely to be in the short term, since after two recent appointments the Board, which comprises only five Directors, is now considered to be the right size for the Company and succession is expected to follow the nine year cycle of the Board's policy on tenure.

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 39.

Anti-Bribery and Corruption Policy

The Board has adopted a zero-tolerance approach to instances of 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. 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. The policy is reviewed annually 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.

Directors' and Officers' Liability Insurance

The Company has arranged Directors' and Officers' Liability Insurance which provides cover for legal expenses under certain circumstances. This was in force for the entire year under review and up to the date of this report.

Company Secretary

The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring 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 22 and 23. 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 22 and 23.

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 17 to 20.

Corporate Governance Report continued

Annual General Meeting

THE FOLLOWING INFORMATION TO BE CONSIDERED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the Notice of Annual General Meeting at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The fourth AGM of the Company will be held on Wednesday, 14 September 2022 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:

Resolution 11 Authority to allot shares

Resolution 12 Authority to disapply pre-emption rights

Resolution 13 Authority to buy back shares

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

The full text of the resolutions to be proposed at the Annual General Meeting are contained in the separate Notice of Meeting document being sent to Shareholders with this Report and will be available on the Company's website www.augmentum.vc.

By order of the Board

Frostrow Capital LLP

Company Secretary

1 July 2022

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 2022. It sets out the remuneration policy and remuneration details for the non-executive Directors and the directors of AFML.

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

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 2022.

The Directors fees are currently as follows: Chairman of the Board: £45,000 per annum; Directors fees: £27,000 per annum; Additional fees 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 2022, the fees were not changed. The current fees became effective on 1 April 2021, before which they had remained unchanged from the Company's IPO in March 2018.

The Committee was not provided with any external advice or services during the financial year ended 31 March 2022 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 and accordingly a resolution to approve the remuneration policy will be put to shareholders at the forthcoming AGM. As set out in the policy section below, that part of the policy approved in 2019 that applied specifically to key management personnel ("KMP") of the Portfolio Manager has been removed. In the initial period following the Company's IPO in 2018 it was considered that it would be desirable for explicit policy limits on the remuneration of the management team to be included in the policy to ensure there was capacity to build the team. The proposed new policy recognises that, given the growth in the Company's asset base and the wider investment team, these are no longer required and it is not necessary from a statutory standpoint. AFML's remuneration and incentive arrangements do not directly affect the Company's ongoing charge, since these costs are met by AFML from the Portfolio Management and Performance Fees paid to it by the Company under the terms set out on

Directors' Remuneration Report continued

page 23. The remuneration of AFML KMP staff will remain subject to the more practical imperative that their aggregate remuneration does not exceed the amount available from the portfolio management fee after the subsidiary's other operating costs are met. This approach will also increase the flexibility available to AFML to adapt remuneration in order to attract and retain high calibre staff in the prevailing venture capital environment. The Management Engagement & Remuneration Committee will retain oversight of AFML remuneration.

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 21 September 2021 an ordinary resolution to approve the Directors' Remuneration Report for the year ended 31 March 2021 was put to shareholders and approved on a poll. At the Annual General Meeting held on 11 September 2019 an ordinary resolution to approve the Directors' Remuneration Policy was put to shareholders and approved on a show of hands. The result of the poll in 2021 and the proxy votes lodged with the registrar in 2019 for the respective resolutions 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 2021	79,780,463	99.7	249,605	0.3	80,030,068	32,234
Approval of the Directors' Remuneration Policy	21,638,197	99.8	38,899	0.2	21,677,096	32,305

Single total figure of remuneration (Audited)

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

		2022				2021			
	Role	Fixed fees £'000s	Taxable expenses ¹ £'000s	Total £'000s	Change in fixed fees ² %	Fixed fees £'000s	Taxable expenses £'000s	Total £'000s	Change in fixed fees %
Neil England	Chairman of the Board and Nominations Committee	45	2	47	28.6	35	–	35	0.0
Karen Brade	Chairman of the Audit Committee	35	–	35	16.7	30	–	30	0.0
David Haysey	Chairman of the Management Engagement & Remuneration Committee and Valuations Committee	35	–	35	16.7	30	–	30	0.0
Conny Dorrestijn ³	Director	11	–	11	n/a	n/a	n/a	n/a	n/a
Total		126	2	128	–	95	–	95	–

¹ 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.

² this was the first increase since the Company's IPO in March 2018.

³ appointed with effect from 1 November 2021.

Directors' Remuneration Report continued

Directors' share interests (Audited)

The interests at 31 March 2022 of the Directors who served in the year and who held an interest in the ordinary shares of the Company were as follows:

	Role	Number of ordinary shares as at 31 March 2022	Number of ordinary shares as at 31 March 2021
Neil England	Chairman of the Board and Nominations Committee	210,000	110,000
Karen Brade	Chairman of Audit Committee	39,019	32,234
David Haysey	Chairman of Management Engagement & Remuneration Committee and Valuations Committee	94,230	85,983

Conclusion

I believe that our policy on pages 46 and 47 is appropriate for the Company and I encourage shareholders to vote in favour of it at the forthcoming AGM.

David Haysey

Chairman of the Management Engagement & Remuneration Committee

1 July 2022

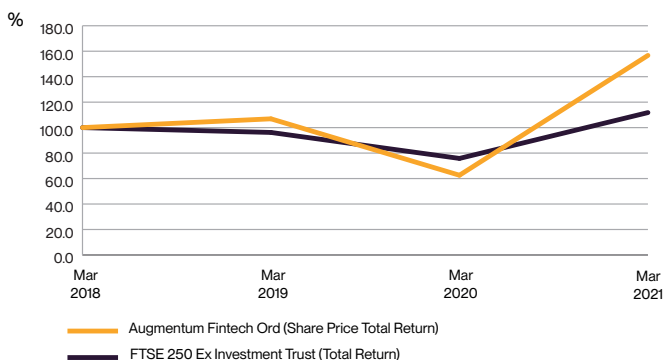
The Directors are not required to own shares in the Company.

Sir William Russell, who joined the Board with effect from 1 April 2022, held 40,000 shares in the Company on appointment and has since purchased a further 20,000 shares.

There have been no other changes to Directors' share interests from 31 March 2022 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 2022 against the FTSE 250 Ex Investment Trust Index.



Relative importance of spend on pay

Spend	2022 £'000	2021 £'000
Fees of non-executive Directors	126	95
Remuneration paid to or receivable by all employees of the Group in respect of the year**	1,877	1,530
Total Expenses**	3,801	2,879

** excludes performance fee allocation and other capital expenses.

Directors' Remuneration Policy

The Company reports on its remuneration policy in accordance with the Regulations each year 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 11 September 2019 and accordingly an ordinary resolution to approve the below policy is included in the Notice of Meeting for this year's AGM.

If the resolution to approve the new policy is passed it will apply until the Annual General Meeting in 2025, unless voted on again by shareholders before then.

The remuneration policy set out below for approval by shareholders corresponds with that part of the 2019 policy that applied specifically to the Directors of the Company and, in substance, is unchanged from the relevant part of the policy approved in 2019. However, as explained in the Remuneration Report above, that part of the 2019 policy that related to key personnel of the Portfolio Manager has been excluded from the new policy.

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
Chairman's and Directors' basic fees	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 & 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.
Additional fees	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 page 43
Benefits	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.

Directors' Remuneration Policy continued

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

1 July 2022

Report of the Audit Committee



Statement by the Chairman of the Audit Committee

I am pleased to present my report as Chairman 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.

Composition and 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.

Meeting and Business

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

The Audit Committee met three times during the year under review and a further time 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 all key risks that 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 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.

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 21 and 22. 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 January 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.

In order to consider the effectiveness of the audit process, we reviewed:

- The Auditor's execution and fulfilment of the agreed audit plan, including their ability to communicate with management and to resolve any issues promptly and satisfactorily, and the audit partner's leadership of the audit team;
- The quality of the report arising from the audit itself; and
- Feedback from Frostrow as the AIFM on the conduct of the audit and their working relationship.

The Committee is satisfied with the Auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

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.

Report of the Audit Committee continued

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. During the year BDO was engaged for certain non-audit services, as disclosed in Note 2 to the Financial Statements. The Audit Committee confirms that this was in compliance with the requirements.

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 and there were no formal recommendations made to the Board.

Karen Brade

Chairman of the Audit Committee

1 July 2022

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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 pages 29 and 30 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

1 July 2022

Note to those who access this document by electronic means:

The annual report for the year ended 31 March 2022 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. 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 2022			Year ended 31 March 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on Investments	8	–	56,681	56,681	–	26,727	26,727
Interest Income		3	–	3	7	–	7
Expenses	2	(3,801)	6,432	2,631	(2,879)	(4,179)	(7,058)
(Loss)/Return before Taxation		(3,798)	63,113	59,315	(2,872)	22,548	19,676
Taxation	6	–	–	–	–	–	–
(Loss)/Return for the year		(3,798)	63,113	59,315	(2,872)	22,548	19,676
(Loss)/Return per Share (pence)	7	(2.2)p	37.1p	34.9p	(2.3)p	18.2p	15.9p

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 2022					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders' funds	1,405	52,151	92,101	44,876	(7,371)	183,162
Issue of shares following placing and offer for subscription	405	54,595	–	–	–	55,000
Costs of placing and offer for subscription	–	(1,363)	–	–	–	(1,363)
Purchase of own shares into treasury	–	–	(910)	–	–	(910)
Return/(loss) for the year	–	–	–	63,113	(3,798)	59,315
At 31 March 2022	1,810	105,383	91,191	107,989	(11,169)	295,204

Group	Year ended 31 March 2021					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders' funds	1,171	24,760	92,033	22,328	(4,499)	135,793
Issue of shares following placing and offer for subscription	234	27,812	–	–	–	28,046
Costs of placing and offer for subscription	–	(546)	–	–	–	(546)
Issue of shares from treasury	–	125	119	–	–	244
Purchase of own shares into treasury	–	–	(51)	–	–	(51)
Return/(loss) for the year	–	–	–	22,548	(2,872)	19,676
At 31 March 2021	1,405	52,151	92,101	44,876	(7,371)	183,162

Company	Year ended 31 March 2022					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders' funds	1,405	52,151	92,101	44,876	(7,774)	182,759
Issue of shares following placing and offer for subscription	405	54,595	–	–	–	55,000
Costs of placing and offer for subscription	–	(1,363)	–	–	–	(1,363)
Purchase of own shares into treasury	–	–	(910)	–	–	(910)
Return/(loss) for the year	–	–	–	47,848	(4,782)	43,066
At 31 March 2022	1,810	105,383	91,191	92,724	(12,556)	278,552

Company	Year ended 31 March 2021					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders' funds	1,171	24,760	92,033	22,328	(4,690)	135,602
Issue of shares following placing and offer for subscription	234	27,812	–	–	–	28,046
Costs of placing and offer for subscription	–	(546)	–	–	–	(546)
Issue of shares from treasury	–	125	119	–	–	244
Purchase of own shares into treasury	–	–	(51)	–	–	(51)
Return/(loss) for the year	–	–	–	22,548	(3,084)	19,464
At 31 March 2021	1,405	52,151	92,101	44,876	(7,774)	182,759

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

Consolidated Balance Sheet

as at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-Current Assets			
Investments held at fair value	8	268,807	164,127
Property, plant & equipment		9	6
Current Assets			
Right of use asset	5	750	145
Other receivables	10	391	47
Cash and cash equivalents		31,326	27,433
Total Assets		301,283	191,758
Current Liabilities			
Other payables	11	(5,296)	(1,940)
Lease liability	5	(783)	(148)
Provisions	12	–	(6,508)
Total Assets less Current Liabilities		295,204	183,162
Net Assets		295,204	183,162
Capital and Reserves			
Called up share capital	15	1,810	1,405
Share premium		105,383	52,151
Special reserve		91,191	92,101
Retained earnings:			
Capital reserves		107,989	44,876
Revenue reserve		(11,169)	(7,371)
Total Equity		295,204	183,162
Net Asset Value per share (pence)	16	163.7p	130.4p
Net Asset Value per share after performance fee (pence)	16	155.2p	130.4p

The Financial Statements on pages 52 to 68 were approved by the Board of Directors on 1 July 2022 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

Company Balance Sheet

as at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-Current Assets			
Investments held at fair value	8	268,807	164,127
Investment in subsidiary undertakings	9	500	500
Current Assets			
Other receivables	10	39	17
Cash and cash equivalents		29,694	26,533
Total Assets		299,040	191,177
Current Liabilities			
Other payables	11	(5,223)	(1,910)
Provisions	12	(15,265)	(6,508)
Total Assets less Current Liabilities		278,552	182,759
Net Assets		278,552	182,759
Capital and Reserves			
Called up share capital	15	1,810	1,405
Share premium		105,383	52,151
Special reserve		91,191	92,101
Retained earnings:			
Capital reserves		92,724	44,876
Revenue reserve		(12,556)	(7,774)
Total Equity		278,552	182,759

The accompanying notes are an integral part of these Financial Statements.

The Company return for the year was £43,066,000 (2021: £19,464,000). 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 1 July 2022 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 2022 £'000	Year ended 31 March 2021 £'000
Operating activities		
Sales of investments	11,263	–
Purchases of investments	(55,992)	(12,538)
Acquisition of property, plant and equipment	(9)	(2)
Interest income received	1	68
Expenses paid	(3,958)	(2,758)
Lease payments	(139)	(141)
Net cash outflow from operating activities	(48,834)	(15,371)
Issue of shares following placing and offer for subscription	55,000	28,046
Costs of placing and offer for subscription	(1,363)	(546)
Purchase of own shares into treasury	(910)	(51)
Issue of shares from treasury	–	244
Net cash generated from financing activities	52,727	27,693
Net increase in cash and cash equivalents	3,893	12,322
Cash and cash equivalents at start of year	27,433	15,111
Cash and cash equivalents at end of year	31,326	27,433

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 2022 £'000	Year ended 31 March 2021 £'000
Operating activities		
Sales of investments	11,263	–
Purchases of investments	(55,992)	(12,538)
Interest income received	–	66
Expenses paid	(4,837)	(3,075)
Net cash outflow from operating activities	(49,566)	(15,547)
Issue of shares following placing and offer for subscription	55,000	28,046
Costs of placing and offer for subscription	(1,363)	(546)
Purchase of own shares into treasury	(910)	(51)
Issue of shares from treasury	–	244
Net cash generated from financing activities	52,727	27,693
Net increase in cash and cash equivalents	3,161	12,146
Cash and cash equivalents at start of year	26,533	14,387
Cash and cash equivalents at end of year	29,694	26,533

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

	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
AIFM fees	507	–	507	334	–	334
Administrative expenses	1,141	76	1,217	817	39	856
Directors fees*	126	–	126	95	–	95
Performance fee (see Note 4)^	–	(6,508)	(6,508)	–	4,140	4,140
Staff costs (see Note 4)	1,877	–	1,877	1,535	–	1,535
Auditors' remuneration	150	–	150	98	–	98
Total expenses	3,801	(6,432)	(2,631)	2,879	4,179	7,058

£153,000 of interest and depreciation relating to a lease (2021: £197,000) were 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 44.

^ 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.

Auditors' Remuneration

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Audit of Group accounts pursuant to legislation*	83	83	66	66
Audit of subsidiaries accounts pursuant to legislation*	14	–	14	–
Audit related assurance services*	18	15	18	15
Reporting accountant services	35	35	–	–
Total auditors' remuneration	150	133	98	81

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. In addition to the above BDO LLP was also paid £50,000 (2021: £nil) for reporting accountant services, which is included within the costs of placing and offer for subscription in the Statement of Changes in Equity.

3 Key Management Personnel Remuneration

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

	Salary/Fees £'000	2022 Other benefits £'000	Total £'000	Salary/Fees £'000	2021 Other benefits £'000	Total £'000
Key management personnel remuneration	799	79	878	755	78	833
Performance fee allocation*	(4,296)	–	(4,296)	2,640	–	2,640
	(3,497)	79	(3,418)	3,395	78	3,473

Other benefits include pension 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 ten (2021: eight). All employees are within the investment and administration function and employed by the Company's subsidiary.

	2022 £'000	2021 £'000
Wages and salaries	1,551	1,254
Social security costs	211	179
Other pension costs	84	78
Other staff benefits	31	24
Staff costs	1,877	1,535
Performance fee (charged to capital)*	(6,508)	4,140
Total	(4,631)	5,675

* 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. During the year to 31 March 2022 the existing plan for AFML staff was terminated and the performance fee liability to AFML employees accrued as at 31 March 2021 of £6,508,000 was reversed. AFML continues to be entitled to a performance fee as before, but any performance fee paid by the Company to AFML will now be allocated to employees of AFML on a discretionary basis 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 2022 the hurdle has been met, on an unrealised basis, and as such a performance fee of £15,265,000 has been provided for by the Company, equivalent to 8.5 pence per share. This accrual 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 23 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 5.9% (2021: 5.0%).

Right of Use Asset

	2022 Group Office Premises £'000	2021 Group Office Premises £'000
As at 1 April	145	333
Addition	752	–
Depreciation	(147)	(188)
At 31 March	750	145

Lease Liability

	2022 Group Office Premises £'000	2021 Group Office Premises £'000
As at 1 April	148	333
Addition	769	–
Interest Expense	6	9
Lease Payments	(140)	(194)
At 31 March	783	148

5 Leases (continued)

Maturity Analysis

At 31 March 2022	Group			
	Up to 3 months £'000	3 – 12 months £'000	Between 1 – 2 years £'000	Between 2 – 5 years £'000
Lease payments	12	120	241	543

6 Taxation Expense

For the year ended 31 March	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
Current tax:						
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 19% (2021: 19%) to the (loss)/return before tax is as follows:

For the year ended 31 March	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
(Loss)/return before taxation	(3,798)	63,113	59,315	(2,872)	22,548	19,676
(Loss)/return before tax multiplied by the effective rate of UK corporation tax of 19% (2021: 19%)	(722)	11,991	11,269	(546)	4,284	3,738
Effects of:						
Non-taxable capital returns	–	(10,770)	(10,770)	–	(5,078)	(5,078)
Excess management expenses	722	(1,221)	(499)	546	794	1,340
Total tax expense	–	–	–	–	–	–

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 £13,878,000 (2021: £9,998,000). 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:

	2022 £'000	2021 £'000
Net revenue loss	(3,798)	(2,872)
Net capital return	63,113	22,548
Net total return	59,315	19,676
Weighted average number of ordinary shares in issue	169,923,583	123,553,057
	Pence	Pence
Revenue loss per share	(2.2)	(2.3)
Capital return per share	37.1	18.2
Total return per share	34.9	15.9

8 Investments Held at Fair Value

Non-current Investments Held at Fair Value

	2022 Group and Company £'000	2021 Group and Company £'000
As at 31 March		
Unlisted at fair value	268,807	164,127

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

	Group and Company £'000	Group and Company £'000
As at 1 April	164,127	123,132
Purchases at cost	59,262	14,268
Realisation proceeds	(11,263)	–
Gains on investments	56,681	26,727
As at 31 March	268,807	164,127

The Group and Company received £11,263,000 (2021: nil) from investments sold in the year. The book cost of these investments when they were purchased was £8,227,000 (2021: nil). 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. In addition, Augmentum I LP, the Company's unconsolidated subsidiary (See Note 19.2), received proceeds of £2,673,000 from investments sold during the year, which had a book cost of £3,173,000.

9 Subsidiary undertakings

The Company has an investment of £500,000 (2021: £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

	2022 Group £'000	2022 Company £'000	2021 Group £'000	2021 Company £'000
As at 31 March				
Other receivables*	391	39	47	17

*Includes £73,000 due back from the portfolio managers due to an inadvertent overpayment that was repaid after the year end.

11 Other Payables

	2022 Group £'000	2022 Company £'000	2021 Group £'000	2021 Company £'000
As at 31 March				
Purchases payable	5,000	5,000	1,730	1,730
Other payables	296	223	210	180
	5,296	5,223	1,940	1,910

12 Provisions

	2022 Company £'000	2021 Company £'000
As at 31 March		
Performance fee provision*	15,265	6,508

* See page 23 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.

13 Financial Instruments (continued)

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.

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 Company held cash or cash equivalents with the following bank and liquidity fund.

Bank Credit Ratings at 31 March 2022	2022 £'000	2021 £'000	S&P Rating
Barclays Bank plc	24,326	27,433	A+
JPM GBP Liquidity LVNAV	7,000	–	AAAm
	31,326	27,433	

(ii) Financial Assets and Liabilities

As at 31 March	Group Fair value 2022 £'000	Company Fair value 2022 £'000	Group Fair value 2021 £'000	Company Fair value 2021 £'000
Financial Assets				
Unlisted equity shares	266,720	266,720	157,719	157,719
Unlisted convertible loan notes	2,087	2,087	6,408	6,408
Cash and cash equivalents	31,326	29,694	27,433	26,533
Other assets	1,141	39	47	17
Financial Liabilities				
Other payables	6,079	5,223	(1,940)	(1,910)

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).

The determination of what constitutes 'observable' requires significant judgement by the Directors.

The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

All investments were classified as Level 3 investments as at, and throughout the year to, 31 March 2022. Note 8 on page 61 presents the movements on investments measured at fair value.

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.

13 Financial Instruments (continued)

The main inputs into the calibration exercise, and for the valuation models using multiples, are revenue, EBITDA and P/E multiples (based on the most recent revenue, EBITDA or earnings achieved and equivalent corresponding revenue, EBITDA 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.

In the calibration exercise and in determining the valuation for the Group's equity instruments, comparable trading multiples are used. In accordance with the Group's policy, appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its revenue, EBITDA or earnings. The trading multiple is then adjusted for considerations such as illiquidity, marketability and other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company specific facts and circumstances.

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

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. The total unrealised return for the year was £53,645,000 (2021: £26,727,000).

The table below presents those investments in portfolio companies whose fair values are recognised in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument and the effect of changing one or more of those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions.

Valuation Technique	Fair Value 2022 £'000	Fair Value 2021 £'000	Unobservable Inputs	Reasonably possible shift in input +/-	Change in valuation + / (-) £'000
Multiple methodology	35,888	75,461	Multiple	10%	6,543
			Illiquidity adjustment	30%	(6,452) / 1,587
CPORT*	180,359	69,536	Transaction price	10%	19,111 / (19,111)
PWERM**	2,087	4,503	Probability of conversion	25%	127 / (127)
NAV	7,677	4,091	Discount to NAV	30%	(2,303)
Sales Price	42,796	10,536	N/a		

* Calibrated price of recent transaction.

** Probability weighted expected return methodology.

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.

	2022		2021	
	% ownership (fully diluted)	% of portfolio	% ownership (fully diluted)	% of portfolio
interactive investor*	3.6	15.9	3.8	19.9
Zopa*	3.3	9.5	3.0	5.8
Augmentum I LP **	100.0	30.3	100.0	34.8
Tide	5.4	10.5	5.9	11.6
Grover	6.4	15.8	8.3	7.9
Cushon	13.9	5.1	–	–

* 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

	2022		2021	
	Ordinary Shares No.	£'000	Ordinary Shares No.	£'000
Opening issued and fully paid ordinary shares of 1p each	140,423,291	1,405	116,931,911	1,171
Issue of shares	40,590,406	405	23,371,380	234
Ordinary shares purchased into treasury	(687,911)	–	(75,000)	–
Shares sold from treasury	–	–	195,000	–
Closing issued and fully paid ordinary shares of 1p each	180,325,786	1,810	140,423,291	1,405

15 Called up Share Capital (continued)

On 8 July 2021 40,590,406 ordinary shares were issued. The nominal value of the shares issued was £405,000 and the total gross cash consideration received was £55,000,000. This consideration has been offset against costs of issue, which totalled £1,362,000.

On 1 November 2020 23,371,380 ordinary shares were issued. The nominal value of the shares issued was £234,000 and the total gross cash consideration received was £28,046,000. This consideration has been offset against costs of issue, which totalled £546,000.

687,911 shares were bought back into treasury during the year at an average price of 131.1p per share.

At 31 March 2022 there were 687,911 shares held in treasury (2021: nil).

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 £295,204,000 and 180,325,786 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 £295,204,000, less the performance fee accrual made by the Company of £15,265,000, and 180,325,786 shares in issue at the year end excluding shares held in treasury.

* Alternative Performance Measure

17 Related Party Transactions

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 22. 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 44. Details of the Directors' interests in the capital of the Company can be found on page 45.

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 23 in the Strategic Report. During the year the Portfolio Manager received a portfolio management fee of £3,510,000 (2021: £2,235,000), which has been eliminated on consolidation and therefore does not appear in these accounts. A performance fee provision of £15,265,000 (2021: £6,508,000) 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 (2021: nil).

18 Capital Risk Management

	Group 2022 £'000	Group 2021 £'000
Equity		
Equity share capital	1,810	1,405
Retained earnings and other reserves	293,394	181,757
Total capital and reserves	295,204	183,162

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 Significant Accounting Policies

19.1 Basis of preparation

The Group and Company Financial Statements for the year ended 31 March 2022 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. Further information on the stress tests are provided in the Report of the Audit Committee on page 49. 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 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 February 2021 (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 2021

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 April 2021 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 Basis of Accounting and Significant Accounting Policies (continued)**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.

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 an earnings or revenue multiple technique is used. This involves the application of an appropriate and reasonable multiple to the maintainable earnings or revenue of an investee company.

Multiples used are usually taken from current market-based multiples, reflected in the market valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between these market-based multiples and the investee company being valued are reflected by adjusting the multiple for points of difference which might affect the risk and growth prospects which underpin the multiple. Such points of difference might include the relative size and diversity of the entities, rate of revenue/earnings growth, reliance on a small number of key employees, diversity of product ranges, diversity and quality of customer base, level of borrowing, and any other reason the quality of revenue or earnings may differ.

In respect of maintainable revenue/earnings, the most recent 12 month period, adjusted if necessary to represent a reasonable estimate of the maintainable amount, is used. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes.

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 was 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 Basis of Accounting and Significant Accounting Policies (continued)

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 carried interest 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.

19.9 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. During the year to 31 March 2022 the existing plan for AFML staff was terminated and the performance fee liability to AFML employees accrued as at 31 March 2021 of £6,805,000 was reversed. AFML continues to be entitled to a performance fee as before, but any performance fee paid by the Company to AFML will now be 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 will be charged to the capital column of the Income Statement and taken to the Capital Reserve.

19.10 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate. Right-of-use assets are measured at the amount of the lease liability less provisions for dilapidations, where applicable.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

19.11 Taxation

The tax effect of different items of income/gain and expense/loss is allocated between capital and revenue on the same basis as the particular item to which it relates.

19.12 Deferred Tax

Deferred taxation is provided on all timing differences other than those differences regarded as permanent. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available from which the reversal of timing differences can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is provided at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date.

19.13 Receivables and Payables

Receivables and payables are typically settled in a short time frame and are carried at amortised cost. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after taking into account potential impairment losses.

19.14 Share Capital

Ordinary shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs are deducted from equity.

19.15 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 Basis of Accounting and Significant Accounting Policies (continued)**19.16 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 £2,750,000 (2021: £(208,000)) representing realised capital profits less costs charged to capital.

19.17 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.

There is one significant judgement included in the presentation of the Consolidated Financial Statements, that the Company has determined it is an investment company as set out in Note 19.2.

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 Chairman 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 Note 19.4. As set out in Note 19.9 carried interest is calculated based on the valuation of the investments and as such is considered a significant accounting estimate.

20 Post Balance Sheet Events

At the year end regulatory approval remained outstanding for a deal announced in December 2021 in which the Company's holding in interactive investor would be realised as part of its acquisition by abrdn. This transaction completed in May 2022, with the Company receiving proceeds of £42.8 million. There are no other significant events after the end of the reporting period requiring disclosure.

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 2022 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 2022 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 significant accounting policies. 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 3 years, covering the years ended 31 March 2020 to 31 March 2022. 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.
- assessing the appropriateness of assumptions made by the Directors in their stress tests and considered 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

Coverage	100% (2021: 100%) of Group profit before tax		
	100% (2021: 100%) of Group revenue		
	100% (2021: 100%) of Group total assets		
Key audit matters	Valuation of unquoted investments	2022 Yes	2021 Yes
Materiality	Group financial statements as a whole		
	£5.91m (2021: £3.65m) based on 2% (2021: 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 19.17.

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 stratified according to risk considering, *inter alia*, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique.

For all investments in our sample:

- We considered 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 7 June 2022 where we discussed the valuations with management and challenged significant judgements made.
- We recalculated the attributable value based on the rights of the relevant instruments, which were agreed to investment agreements. 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. In particular, we challenged management in respect of whether the Russia-Ukraine conflict has been considered and taken into account where valuations have been calibrated to a price of recent investment.
- 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. We also performed a review of the appropriateness of the basket of comparable companies through consideration of those companies' operations and business sector.

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

Key audit matter

How the scope of our audit addressed the key audit matter

For convertible loan note valuations:

- We agreed the terms of the instruments to the loan agreements and challenged the basis on which the valuation appropriately assessed the weighted probability of the various scenarios by agreeing to supporting documentation.

For investments based on the share of net assets of fund investment:

- We confirmed the market value based on the net asset value statement provided by the independent fund administrator. We obtained an understanding of the controls surrounding the fund accounting and reconciliation process performed by the independent administrator of the General Fund through review of the Systems and Organization Controls Report certified by an independent auditor. We also assessed the Portfolio Manager's reasonableness testing of the market value of the underlying assets using information obtained from the due diligence procedures performed by the Portfolio Manager and movements in the publicly quoted Decentralized Finance index to the year end.

We also considered the completeness and clarity of disclosures with reference to the requirements of the applicable accounting standards regarding the valuation of investments in the financial statements.

Key observations:

Based on the procedures performed we consider the unquoted investment valuations to be within an appropriate range, 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	
	2022 £m	2021 £m	2022 £m	2021 £m
Materiality	5.90	3.65	5.58	3.47
Basis for determining materiality	2% of net assets		2% of net assets	95% of materiality
Rationale for the benchmark applied	In determining the appropriate benchmark, consideration was given as to: <ul style="list-style-type: none"> ▪ The nature of the investment portfolio and the level of judgement inherent in the valuation. ▪ The range of reasonable alternative valuations. 		In determining the appropriate benchmark, consideration was given as to: <ul style="list-style-type: none"> ▪ The nature of the investment portfolio and the level of judgement inherent in the valuation. ▪ The range of reasonable alternative valuations. 	Materiality was capped at 95% of Group materiality given the assessment of the component's aggregation risk.
Performance materiality	4.43	2.56	4.18	2.42
Basis for determining performance materiality	75% of materiality based on our risk assessment, consideration of the control environment and level of historical errors identified.	70% of materiality based on our risk assessment, consideration of the control environment and level of historical errors identified.	75% of materiality based on our risk assessment, consideration of the control environment and level of historical errors identified.	70% of materiality based on our risk assessment, consideration of the control environment and level of historical errors identified.

Component materiality

We set materiality for each 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 £70,000, which is equal to its local statutory audit materiality and was based on 2% of its Revenue. We further applied performance materiality levels of 75% 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 £295,000 (2021: £183,000). 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.

Going concern and longer-term viability	<ul style="list-style-type: none"> ▪ 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 22; and ▪ 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 pages 21 and 22.
Other Code provisions	<ul style="list-style-type: none"> ▪ Directors' statement on fair, balanced and understandable set out on page 51; ▪ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 17; ▪ 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 ▪ The section describing the work of the Audit Committee set out on page 48.

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.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> 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 the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <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>
Directors' remuneration	<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>
Matters on which we are required to report by exception	<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"> 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 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 certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

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.

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.

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

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:

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Group losing various deductions and exemptions from corporation tax.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Review of minutes of board meetings throughout the period for the existence of any non-compliance with laws and regulations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Group was meeting its requirements to retain their Investment Trust Status.

We assessed the susceptibility of the financial statements to material misstatement including fraud and considered the fraud risk areas to be the valuation of unquoted investments and management override of controls.

Our tests included:

- The procedures set out in the Key Audit Matters section above;
- Obtaining independent evidence to support the ownership of all investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Portfolio Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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. 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

1 July 2022

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 SIPPs) 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	www.youinvest.co.uk
Charles Stanley Direct	www.charles-stanley-direct.co.uk
EQi	www.eqi.co.uk
Halifax Investing	www.halifax.co.uk/investing
Hargreaves Lansdown	www.hl.co.uk
iDealing	www.idealing.com
interactive investor	www.ii.co.uk
Pello Capital	www.pellocapital.com
Redmayne Bentley	www.redmayne.co.uk
Share Deal Active	www.sharedealactive.co.uk
Shareview	www.shareview.co.uk
X-O	www.x-o.co.uk

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.

Shareholder Enquiries

In the event of queries regarding your shareholding, please contact the Company's registrar, Link Group, who will be able to assist you with:

- Registered holdings
- Balance queries
- Lost certificates
- Change of address notifications

Link's full details are provided on page 79 or please visit www.linkgroup.eu.

Shareholder services

Link Group (a trading name of Link Market Services Limited and Link Market Services Trustees Limited) may be able to provide you with a range of services relating to your shareholding. To learn more about the services available to you please visit the shareholder portal at www.signalshares.com or call +44 (0) 371 664 0300.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

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 accrual made by the Company divided by the number of shares in issued (excluding treasury shares).

NAV per share Total Return*

The theoretical total return on the NAV per share, reflecting the change in NAV during the period assuming that any dividends paid to shareholders were reinvested at NAV 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.

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 2022 £'000	Period ended 31 March 2021 £'000
Operating expenses	(2,631)	7,058
Less: due diligence costs	(76)	(39)
Less: cash management fee [^]	–	(7)
Add-back/(Less): performance fee	6,508	(4,140)
Recurring operating expenses	3,801	2,872
Average net assets	221,741	148,348
Ongoing charges ratio	1.7%	1.9%

[^] Cash management fee is deducted as this is paid when cash is placed on deposit through an investment platform. It is only incurred where there would be offsetting interest income.

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.

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 (*Chairman 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. 1118262 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
 Tel: 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

If you have any queries in relation to your shareholding please contact:

Link Group
 10th Floor
 Central Square
 29 Wellington Street
 Leeds LS1 4DL

email: enquiries@linkgroup.co.uk
 telephone +44 (0)371 664 0300
 Website: www.linkgroup.eu

+ Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

Shareholder Portal

If you hold your shares directly and not through a platform you can register online to view your holdings using the Share Portal, a service offered by Link Group at www.signalshares.com.

The Share Portal is an online service enabling you to quickly and easily access and maintain your shareholding online – reducing the need for paperwork and providing 24 hour access to your shareholding details.

Through the Share Portal you may:

- Cast your proxy vote online;
- View your holding balance and get an indicative valuation;
- View movements on your holding;
- View the dividend payments you have received;
- Update your address;
- Register and change bank mandate instructions so that dividends can be paid directly to your bank account; and
- Access a wide range of shareholder information including the ability to download shareholder forms.

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

Disability Act

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Group, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.



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