



# Augmentum

investing in Fintech

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## AUGMENTUM FINTECH PLC

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**HALF YEAR REPORT & FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

[www.augmentum.vc](http://www.augmentum.vc)

# 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”.



From left to right: David Haysey, Chairman of the Management Engagement & Remuneration Committee and Valuations Committee, Tim Levene and Richard Matthews of Augmentum Fintech Management Limited, Karen Brade, Chairman of the Audit Committee and Neil England, Chairman of the Board and Nominations Committee.

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# CHAIRMAN'S STATEMENT

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## Introduction

This report covers your Company's progress in the six months to 30 September 2019 and its financial position as at that date; approximately 18 months since its launch.

## Share Capital

Your Company raised £25.8 million during a recent fund raise and there are now a total of 117,051,911 million ordinary shares in issue. We continue to have a diverse and growing range of shareholders. At the time of writing we have £29.0 million of capital available for follow on investment.

## Performance and portfolio development

Our key financial objective is to deliver long term shareholder value by growing our NAV. In the period our NAV has increased from 109.6 pence per share to 112.2 pence per share, an increase of 2.4%. Our NAV per share has increased by 13.3% since our IPO in March 2018.

Our portfolio manager provides an update on the portfolio in their report on page 7. It is pleasing to note many positive developments (and several awards) and an uplift in the valuations of four of our existing investments,

**Monese, interactive investor, Bullion Vault and Tide.**

The reduction in value that we have taken in **Zopa** reflects the rate at which new capital was raised to comply with the terms of their application for a banking licence but we remain confident in the long term success of this business which has a materially different business model to several other large peer to peer lenders.

Our new investments in **Habito** and **Grover** fit well with the existing portfolio and broaden the fintech sectors and the geography that we cover. The rate of investment has been in line with our initial plan.

I am pleased to report that the pipeline of opportunities remains strong and we have several new opportunities under review.

## Portfolio Management

Our investment team has been working very hard evaluating hundreds of opportunities, reviewing and challenging financial and commercial metrics, to identify those most likely to be successful. We have supplemented the team in the period with a new investment partner and increased analyst support. We are not passive investors and have a team that works actively across our companies typically taking either a board or an observer seat and working with management to guide developments consistent with long term value creation. We remain focused on building a balanced portfolio across different fintech sectors and maturity stages.

## Discount

As expected, the share price has remained stable despite some volatility in the UK market.

# CHAIRMAN'S STATEMENT continued

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At the date of this report, the Company's share price was 107.0 pence per share, representing a discount to the NAV per share of 4.6%. No shares have been bought back in the period under review.

## Dividends

The Directors have resolved not to pay a dividend. Our fund is focused on providing capital growth and given the investment opportunities in the sector we do not anticipate recommending paying a dividend in the near future unless required to do so to maintain our investment trust status.

## Audit

PricewaterhouseCoopers LLP, the Company's Auditor, have been in post for 20 months having been appointed at the Company's launch in March 2018. While the Company is not yet required to hold another tender process, the Audit Committee recommended to the Board that in the interests of obtaining the best value for shareholders a further tender process should be held. The tender process will take place between December 2019 and February 2020 with the final decision expected to be announced in February 2020. The selected firm will be appointed to audit the Company's financial statements for the year ending 31 March 2020. Further details of the tender process undertaken will be described in the Company's next Annual Report.

## Outlook

The opportunity for fintech remains considerable. The sectors we are targeting have an addressable market of over \$4 trillion, yet the penetration of digital disruptors today remains small. Whilst many of the core financial systems and players remain

fundamentally the same as they did 10 years ago, it is clear that the next 10 years will see considerable change. As the UK's only listed fintech fund, Augmentum Fintech plc offers shareholders access to some of Europe's most exciting fintech businesses that are disrupting and enhancing the traditional financial services industry.

As I have stated previously, our success will ultimately derive from us backing the right businesses at the right time. We have an excellent and experienced investment team focussed on that. The market for fintech will continue to evolve and grow and we believe that we are well positioned to play an increasingly prominent part in that journey. Your board therefore remain confident for the future.

**Neil England**  
Chairman

3 December 2019

# INVESTMENT OBJECTIVE AND POLICY

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## 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 (but not seed) or later stage investments in unquoted fintech businesses. The Company intends to realise value through exiting the 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 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 on 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, provided that one investment in the portfolio may represent up to 20 per cent. of Net Asset Value, and disregarding 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; and

## INVESTMENT OBJECTIVE AND POLICY continued

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- 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.

Each of the restrictions above will be calculated at the time of 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 to ensure an appropriate risk/return profile is maintained. Cash and cash equivalents are held with

approved counterparties, and in line with prudent cash management guidelines, agreed with the Board, AIFM and Portfolio Manager.

It is expected that the Company will hold between 10 and 20 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 and the investment and gearing restrictions set out therein, the Management Team shall inform the AIFM and the Board upon becoming aware of the same and if the AIFM and/or the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

# PORTFOLIO

as at 30 September 2019

	Fair value of holding at 31 March 2019 £'000	Net investments/ (realisations) £'000	Investment return £'000	Fair value of holding at 30 September 2019 £'000	% of portfolio
Interactive Investor <sup>^</sup>	10,060	-	4,704	14,764	14.6%
Tide	4,975	5,000	4,246	14,221	14.0%
Zopa <sup>^</sup>	21,954	-	(10,275)	11,679	11.5%
Monese	6,524	2,500	2,391	11,415	11.3%
BullionVault* <sup>^</sup>	7,621	-	2,551	10,172	10.0%
Iwoca	7,500	100	-	7,600	7.5%
Grover	-	5,299	-	5,299	5.2%
Habito	-	5,000	-	5,000	4.9%
Onfido	3,972	-	651	4,623	4.6%
Farewill	4,000	-	-	4,000	3.9%
<b>Top 10 Investments</b>	<b>66,606</b>	<b>17,899</b>	<b>4,268</b>	<b>88,773</b>	<b>87.5%</b>
Other Investments	10,994	1,247	378	12,619	12.5%
<b>Total Investments</b>	<b>77,600</b>	<b>19,146</b>	<b>4,646</b>	<b>101,392</b>	<b>100.0%</b>

\* includes WhiskyInvestDirect

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

# PORTFOLIO MANAGER'S REVIEW

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## Overview

We have continued to make good progress over the past six months, with strong performance from many of our portfolio companies. Despite **Zopa's** fundraising challenges which has resulted in a downward revaluation of that asset, our NAV growth has continued to appreciate.

Deal flow remains strong. Since our IPO in March 2018 we have reviewed over 1,500 fintech opportunities across Europe. The UK is a global centre for fintech and has seen a dramatic increase in fintech investment. More money has been invested in UK fintech in the first eight months of 2019 than in the whole of 2018 and more than the rest of Europe combined.

We remain at the heart of Europe's fintech ecosystem and see opportunities long before many other investors. Our ability to access the very best investments and leverage our expertise across our portfolio will, we believe, allow us to continue to grow the Company and deliver our long-term objective of an IRR of 20%.

## Investment Activity in the Period

It has been an active period of investment since my last review at the end of March. We have continued to invest in compelling additions to our portfolio and have backed several of our companies with further investment.

## New Investments

We have invested £5 million in Habito, the UK's only online mortgage broking and lending platform. Habito has the potential to transform the UK's £1.3 trillion mortgage market by taking the stress, confusion and arduous paperwork out of financing a home. Since launching in 2016, Habito has helped over 200,000 people better understand their mortgage needs and completed £2.4 billion in mortgage submissions. They launched their own buy-to-let mortgages in July this year and offer instant buy-to-let mortgage decisions. Habito secured a place in BusinessCloud's "London Tech 50" list of 'most exciting companies' earlier this year.

We also completed our first significant investment in continental Europe, in German technology rental platform Grover. Augmentum invested €6 million in a €41 million equity and debt round, alongside Varengold Bank, one of Germany's major fintech banking partners. Grover's business model reflects a consumer trend for immediate access to the latest electronic products which we believe will continue throughout Germany and has the potential to expand across Europe, with the company already having expanded into Austria with its offline partner Mediamarkt Saturn.



## PORTFOLIO MANAGER'S REVIEW continued

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### Follow on Investments

We invested an additional £2.5 million in Monese during the period in the form of a convertible note ahead of an equity funding round expected next year. Monese has continued its impressive growth/expansion across continental Europe and has also released several product enhancements in the period. Our valuation has increased slightly to reflect this progress.

Tide, which provides business banking to SMEs, announced it had secured £44 million in its first round of Series B funding which was led by Augmentum and Japanese investment company, SBI Group. This round saw the convertible notes we invested in last year, together with an additional £5 million we invested in the period, convert into equity. This resulted in a total uplift of £4.2 million in the investment value.

During the period we also invested additional amounts in **DueDil** and **Previser**.

### Other Portfolio Developments and Valuation Changes

Our Top 10 holdings (excluding Zopa) have seen revenue growth of over 65%, such that in the period under review we have a further four investments where we are lifting the investment value. However, we do expect some bumps in the road during the development of a portfolio of fast-growing companies and recent developments in Zopa meant that we have reduced the value of this investment.

Zopa have recently secured a significant funding round, raising the £140 million required to fully launch their bank. This will provide the company with the operating and regulatory

capital it requires to deliver on its strategy to transform its unit economics and deliver a range of new products. The investment is subject to approval from the PRA which is expected to take approximately three months from the date of signing. This regulatory capital raise has been challenging due to the nature of the investor pool the company was targeting. Against a backdrop of Brexit, UK political instability and a poor performing listed peer in Funding Circle (which has seen a 79% fall in its share price since IPO) we have not seen the valuation appreciation that was anticipated at the start of the process.

There has been significant investor interest in Zopa, many of whom asked for the opportunity to conduct due diligence once there was more economic and political stability in the UK. However, the PRA operates to stringent timelines and it has not been possible to achieve an extension to the fund raising process beyond the original December deadline. Our view of the company's prospects has not changed and although this has an impact on the valuation of our holding in Zopa, we believe it will still deliver a compelling return over time.

It has been a strong year for **BullionVault** with profits up 85% against a backdrop of increased volatility and trading in precious metals. This momentum is reflected in an increase in our valuation to £10.2 million.

**interactive investor ("ii")** has now completed its acquisition of Alliance Trust Savings to add to the acquisition and successful integration of TD Direct last year. We have increased our valuation to £14.8 million to reflect the scale of

## PORTFOLIO MANAGER'S REVIEW continued

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the combined businesses. We continue to have strong conviction in the opportunity ahead.

Additionally, while there has been no valuation changes **iwoca** continues its impressive year-on-year growth. The business was also the recipient of a £10 million grant under the Banking Competition Remedies review in a highly competitive process.

Across the rest of our portfolio our companies remain well positioned.

### **Summary**

The net effect of these changes is a gain on investments of £4.6 million.

Since IPO we have achieved a gross IRR of 19% on the capital we have deployed.

### **Outlook**

The growth in fintech investment globally has continued, with London very much at the centre.

Despite the recent uncertainty caused by Brexit we believe that the UK will continue to be the centre of European fintech investment whatever the outcome, not least because of the positive effect of the regulatory environment and infrastructure created by the combined actions of the UK Treasury, the FCA and The Bank of England.

The availability of capital extending further along the maturity curve and the impact this has on exits and investment realisation with companies staying private for longer fits well with Augmentum's core proposition.

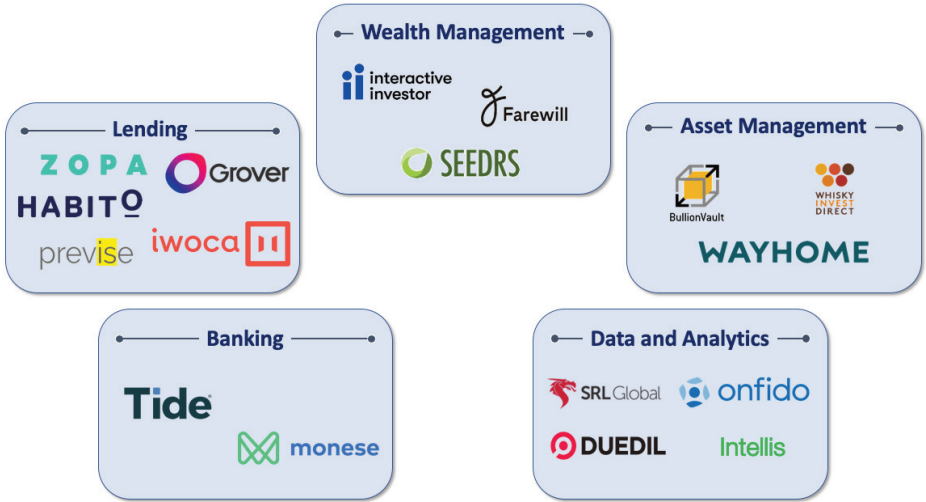
**Tim Levene**  
**CEO**

**Augmentum Fintech Management Limited**

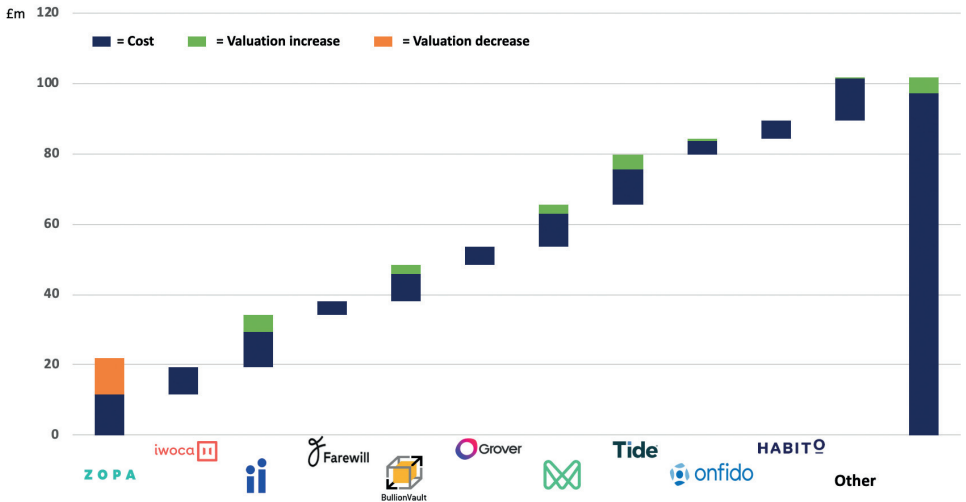
3 December 2019

# KEY INVESTMENTS BACKGROUND

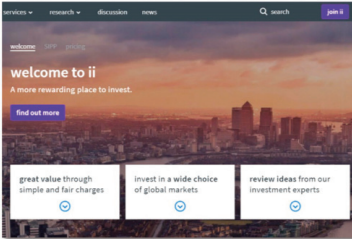
Augmentum is building a diversified portfolio of high growth fintechs across the sector



Portfolio value movement period to 30 September 2019



# KEY INVESTMENTS BACKGROUND continued



interactive investor (ii) is a flat-fee investment platform, offering a wealth of unbiased information, analysis, tools and expert ideas to help customers make better informed investment decisions. Its trading platform provides access to an extensive choice of markets, instruments and currencies within Trading, ISA and SIPP accounts.

ii is 100% equity funded with no external debt, and with net assets of over £100 million.

Since 2013 the investment platforms market has almost doubled in size to £500 billion AUM, with an extra 2.2 million customer accounts opened in the same period. ii has approximately 10% of the UK direct to consumer investment platform market and is the second-largest player in this space.

In October 2018, ii agreed to acquire Alliance Trust Savings (ATS) subject to regulatory approval. The transaction brings together the two largest fixed price retail investment platforms. In an increasing technology and data-driven environment, the increased scale will support the sustained investment in technology and talent necessary to provide the best customer experience and service in the sector.

Source: ii

**30 Sept  
2019**

Cost:	£3.2m
Value:	£14.8m
% ownership (fully diluted)	3.7%
Dividends paid:	-
Turnover <sup>1</sup> :	£72,956,000
Pre-tax profits <sup>1</sup> :	£8,925,000
Net assets <sup>1</sup> :	£116,624,000



Tide's mission is to help SMEs save time (and money) in the running of their businesses.

The Tide platform not only offers business bank account and related banking services, but also a comprehensive set of highly usable administrative solutions, such as full integration with accounting systems. Using advanced technology, all solutions are designed with SMEs in mind. Tide is rapidly approaching a 1% market penetration and is estimated to have a share of around 10% of new business current accounts. Tide believes that truly serving SMEs well requires relentless focus on their needs.

Founded by George Bevis and launched in January 2017, Tide is now led by Oliver Prill. Early backers of Tide include LocalGlobe, Passion Capital, Anthemis and Creandum. Augustum invested in August 2018.

Source: Tide

**30 Sept  
2019**

Cost:	£9.0m
Value:	£14.2m
% ownership (fully diluted)	6.3%
Dividends paid:	-
Turnover <sup>1</sup> :	£1,858,000
Pre-tax profits <sup>1</sup> :	(£9,558,000)
Net assets <sup>1</sup> :	£1,595,000

1 As per last filed audited accounts of the investee company for the year to 31 December 2018.

1 As per last filed audited accounts of the investee company for the year to 31 December 2018.

## KEY INVESTMENTS BACKGROUND continued



### ZOPA

Zopa is the world's first and one of Europe's leading peer-to-peer consumer lending platforms. It directly matches people looking for a competitive rate loan with investors looking for a higher rate of return, offering great products and an award-winning customer experience.

Founded in 2004, Zopa has helped half a million customers take the stress out of money by building a business on fair value, transparency, and trust. To date, Zopa has lent more than £3.7 billion, and more than £1 billion in the last 12 months, to low risk UK borrowers. The company has been voted Moneywise's Trusted Loan Provider nine years in a row, awarded Moneyfact's Best Customer Service 2018 title and scooped MoneySuperMarket's Best Personal Loans Provider 2016.

Zopa is on the road to launching a next generation bank alongside its peer-to-peer business. At launch it will focus on credit cards, auto finance, deposits and open banking in addition to loans and P2P investments.

Source: Zopa

	<b>30 Sept 2019</b>
Cost:	£18.5m
Value:	£11.7m
% ownership (fully diluted)	6.2%
Dividends paid:	-
Turnover:	£47,584,000
Pre-tax profits:	£145,000
Net assets:	£16,159,000

1 As per last filed audited accounts of the investee company for the year to 31 December 2018.



### monese

Monese offers a smart and globally connected banking service for internationally mobile individuals, be they locals or foreign born. These are 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 20 countries, and both the app and its customer service available in 11 languages, Monese already allows people and businesses to bank like a local across the UK and Europe. Founded by Norris Koppel, after his first-hand experience of the hassle involved with opening a bank account in a new country, Monese launched in late 2015. Now, with more than 600,000 sign-ups, 75% of incoming funds being from salary payments, and a 9.2/10 TrustPilot score, Monese has become one of the most popular and trusted banking services in the UK and Europe. Customers are now moving over £2 billion annually through their Monese accounts.

Augmentum participated in the company's recent £45 million funding round alongside Kinnevik, Paypal and International Airlines Group.

Source: Monese

	<b>30 Sept 2019</b>
Cost:	£7.8m
Value:	£11.4m*
% ownership (fully diluted)	5.4%*
Dividends paid:	-
Turnover:	£5,485,000
Pre-tax losses:	(£12,663,000)
Net assets:	£18,100,000

1 As per last filed audited accounts of the investee company for the year to 31 December 2018.

\* £2.7 million of investment in a convertible loan note.

# KEY INVESTMENTS BACKGROUND continued



Founded by Paul Tustain in 2005, BullionVault has enabled more than 70,000 private investors across 183 countries to benefit from the low dealing costs, deep liquidity and ultra-high security of the wholesale bullion market. BullionVault users - 89% of whom live in North America or Western Europe - today own \$1.5 billion worth of gold bullion between them, more than is held by most of the world's central banks, plus a further \$350 million in physical silver and \$17 million of physical platinum. In 2008, BullionVault became a full member of professional trade body the London Bullion Market Association (LBMA).

In 2011, it was one of only four businesses to feature on both The Sunday Times' Fast Track and Top Track league tables of private companies by growth and by size. Winner of a 2009 Queen's Award for Enterprise Innovation, BullionVault received a second award in 2013, this time for International Trade after growing overseas sales by 140% in four years.

Alongside Augustum, BullionVault's investors include The World Gold Council and Piton Capital.

Source: BullionVault

	<b>30 Sept 2019</b>
Cost:	£8.4m
Value:	£10.2m
% ownership (fully diluted)	11.0%
Dividends paid <sup>1</sup> :	£228,000
Turnover <sup>2</sup> :	£6,668,000
Pre-tax profits <sup>2</sup> :	£3,129,000
Net assets <sup>2</sup> :	£33,569,000

1 In the period to 31 March 2019.

2 As per last filed audited accounts of the investee company for the year to 31 October 2018.



WhiskyInvestDirect, a subsidiary of Bullion Vault, is the online market for buying and selling Scotch whisky as it matures in barrel - a compelling new asset class showing better than 7% annual appreciation after storage costs and inflation over the last decade. Accounting for 25% of UK food and drink exports by value, sales of Scotch whisky overseas equal 35 bottles per second. WhiskyInvestDirect supports this centuries-old business by providing cash-flow to distillers, and by introducing for the first time an electronic exchange where brand-owners can then source a range of high-quality single malts and grain whiskies.

Funded with a £2 million cash investment from BullionVault and co-founded by CEO Rupert Patrick - a 25-year drinks industry veteran - WhiskyInvestDirect launched in September 2015. A convertible preference share issue made available to the general public raised an additional £1.5 million from 60 angel investors. Employing BullionVault's proven trading and custody technology, WhiskyInvestDirect now cares for more than 6 million Litres of Pure Alcohol (the industry's standard wholesale unit) for its users, who each own £8,000 worth of maturing spirit on average. Worth over £20 million at current wholesale prices, that's enough spirit to make almost 17 million bottles of Scotch once mature. WhiskyInvestDirect wholly owns James Eadie Limited, a bottler of a selection of aged single malts now distributed in 10 export markets and has revived James Eadie's original Trade Mark 'X' blended Scotch, first registered in 1877.

Value included within the BullionVault valuation.

Source: BullionVault

## KEY INVESTMENTS BACKGROUND continued



iwoca is fixing small business lending. Using award-winning technology they offer loans of up to £200,000 through their website or via the ecosystem through their innovative APIs\*.

Since launching in 2012, iwoca has helped over 25,000 European businesses and raised £350 million in equity and debt finance from VCs and banks.

In January 2019 Augmentum led a £20 million Series D equity investment with £7.5 million. This was part of a broader equity and debt investment totalling £150 million, including participation from NIBC Bank and Prime Partners.

Source: iwoca

	30 Sept 2019
Cost:	£7.6m
Value:	£7.6m
% ownership (fully diluted)	2.4%
Dividends paid:	-
Turnover:	£47,534,000
Pre-tax losses:	(£806,000)
Net assets:	£28,957,000

1 As per last filed audited accounts of the investee company for the year to 31 December 2017.

\* See Glossary of Terms on pages 34 and 35.



Grover gives the freedom of renting by bringing the access economy (think Netflix and Spotify) to the consumer electronics market. It enables both B2C and B2B customers to subscribe monthly for a wide range of tech products (including smartphones, laptops, virtual reality, and wearables), thereby granting flexibility in the term of utility to the customer at a fraction of the outright purchase price. Grover was founded in 2015 by Michael Cassau and Thomas Antonioli and is based in Berlin. It has grown rapidly in Germany during 2019, bringing together the on and offline worlds through partnership with Mediamarkt, a leading German retailer of consumer electronics.

Early backers include Samsung NEXT, Coparion, and Circularity Capital.

Augmentum's €6 million investment was the leading component of a €11 million round which enabled the release of further €30 million of SPV debt finance through Varengold Bank.

Source: Grover

	30 Sept 2019
Cost:	£5.3m
Value:	£5.3m
% ownership (fully diluted)*	0.0%
Dividends paid:	-
Turnover:	N/A <sup>^</sup>
Pre-tax losses:	N/A <sup>^</sup>
Net assets:	N/A <sup>^</sup>

\* Investment in convertible loan notes.

<sup>^</sup> No audited accounts publicly available.

# KEY INVESTMENTS BACKGROUND continued



## HABITO

Habito 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 over 200,000 people better understand their mortgage needs and completed £2.4 billion in mortgage submissions. Habito launched their own buy-to-let mortgages in July 2019 and have company buy-to-let and portfolio landlord mortgages in the pipeline for later this year.

Source: Habito

	<b>30 Sept 2019</b>
Cost:	£5.0m
Value:	£5.0m
% ownership (fully diluted)	3.2%
Dividends paid:	-
Turnover <sup>1</sup> :	£2,715,000
Pre-tax profits <sup>1</sup> :	(£13,819,000)
Net assets <sup>1</sup> :	£4,737,000

<sup>1</sup> As per last filed audited accounts of the investee company for the year to 31 January 2019.



## onfido

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

With a 342% year-over-year sales growth, Onfido has attracted over 1,500 customers worldwide – including industry leaders such as Drivy, DraftKings, Europcar Mobility Group, Indiegogo, Revolut, Remitly, and Zipcar. These customers are choosing Onfido over others because of its ability to scale, speed in on-boarding new customers, preventing fraud, and its advanced biometric technology.

Onfido was founded in 2012 and has offices in London, San Francisco, New York, Lisbon, Paris, New Delhi and Singapore.

Augustum Fintech participated in the company's recent \$50 million round alongside SBI, Salesforce Ventures, M12 (formerly Microsoft Ventures) and FinVC.

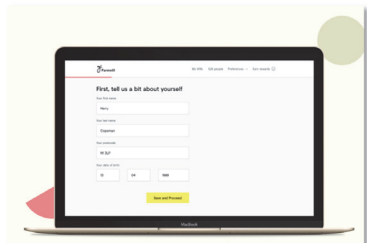
	<b>30 Sept 2019</b>
Cost:	£4.0m
Value:	£4.6m*
% ownership (fully diluted)	1.5%*
Dividends paid <sup>1</sup> :	-
Turnover <sup>1</sup> :	£7,927,000
Pre-tax losses <sup>1</sup> :	(£8,827,000)
Net assets <sup>1</sup> :	(£15,460,000)

<sup>1</sup> As per last filed audited accounts of the investee company for the year to 31 December 2018.

\* £2.0 million of the investment is in a convertible loan note.



## KEY INVESTMENTS BACKGROUND continued



Farewill is the UK's largest will writer, and aims to change the way the world deals with death. Launched by a small team of designers, engineers and lawyers in December of 2016, Farewill has rapidly grown to lead their market.

Offering stress-free legal services through live support, the team writes tens of thousands of wills per year and has recently launched their probate service - helping bereaved families deal with the estate administration process.

Over the next ten years, more than £1 trillion in assets will be passed between generations. Currently this is all done offline and face to face. Farewill aims to change this, and the complexity of the process that sits alongside it.

With early backing by the founders of Zoopla and Transferwise alongside seed funds Kindred Capital and SAATCHINVEST, Farewill closed a £7.5 million funding round led by Augmentum in January 2019.

Source: Farewill

	<b>30 Sept 2019</b>
Cost:	£4.0m
Value	£4.0m
% ownership (fully diluted)	14.0%
Dividends paid!:	-
Turnover:	N/A <sup>^</sup>
Pre-tax profits:	N/A <sup>^</sup>
Net assets:	N/A <sup>^</sup>

<sup>^</sup> No audited accounts filed.

## KEY INVESTMENTS BACKGROUND continued

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Previs is an AI powered platform that gives corporate buyers the tools and incentives to pay all of their suppliers instantly on receipt of invoice. They have one of the few truly innovative products in B2B commerce, a \$127 trillion market.

Previs's smart tech, analyses the data of a large company to predict the very few invoices that are unlikely to get paid, so that they can pay the rest instantly. The 1% fee paid by suppliers who opt for instant payment is shared between the buyer, the funder and Previs.

Previs was founded in late 2016 by a team of senior industry specialists. It has signed up eight multinational clients, including in the US, UK and Australia.

Augmentum led the Series A issue in August 2018, investing £2.0 million as part of a £5.3 million round. Other investors include Bessemer Venture Partners, Hambro Perks and Founders Factory.

Source: Previs



Founded in 2007, SRL Global serve the interests of the most prominent and distinguished families and their private investment offices around the world, providing clarity, control and certainty around a family's wealth.

By working as an extension to their investment office, SRL's unique combination of enterprise data management, portfolio reporting technology and world-class operations support offer a critical and comprehensive financial decision-making tool to transform the way families and their private offices view and manage wealth.

Source: SRL Global



Seedrs is a leading European marketplace for private equity investment. It operates an online platform which provides investors of all shapes and sizes (including retail, intermediary and institutional) a transparent, straightforward and cost-efficient way to invest in the equity of private companies; at the same time offering growing private companies (from seed-stage to pre-IPO) access to a broad base of investors who can provide patient capital together with community engagement.

To date Seedrs has seen over £450 million invested on its platform and has funded over 700 deals, including many high-profile ventures like Revolut, Perkbox, Tossed, and Wealthify (since sold to Aviva). Seedrs was named one of the 50 fastest growing tech companies in the UK in 2017 by Deloitte, and the most active funder of UK private companies in 2016 and 2017 by Beahurst.

Alongside Augmentum Fintech, Seedrs' investors include Woodford Investment Management, Faber Ventures and over 2,500 of Seedrs' own users.

Source: Seedrs



Intellis is an automated forex trading platform governed by AI.

Augmentum led a Series A issue with €1 million with an option of committing another €1 million after 12 weeks of trading.

Source: Intellis

## KEY INVESTMENTS BACKGROUND continued

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DueDil is a predictive company intelligence platform building the world's most complete source of information on companies and the people behind them. It uses proprietary matching technology to link billions of company data points from authoritative sources, providing unique insight through its Business Information Graph. DueDil's powerful API and web platform provide its clients with the data and tools to target, assess and on-board SMEs at scale.

In the last three years, DueDil has expanded its client base to more than 400 clients across the Financial Services, Fintech, and Technology sectors, including notable brands such as Santander, Transferwise and Growth Street. The company has grown 80%+ year-on-year for three years in a row as it adds to the depth and breadth of its offering. Alongside Augmentum, major investors include Notion Capital and Oak Investment Partners.



Wayhome (formerly known as Unmortgage) 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. Launching in Summer 2019, Wayhome opens up owner-occupied residential property as an asset class for pension funds, who will earn inflation-linked rent on the portion the occupier doesn't own.

In the last ten years the number of families in rented accommodation in the UK has increased from 3 million to 5.5 million. By renting many of these families are in fact paying off someone else's mortgage when they would prefer to be paying off their own, yet the public policy response has failed to address this growing problem.

Wayhome, with significant backing from the government and institutional investors, has found a market solution to this issue by replacing mortgage debt with institutional equity finance. At the heart of the Wayhome proposition is the principle that if someone can afford to rent, they should be able to buy.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Note	Six months ended 30 September 2019			Six months ended 30 September 2018		
		Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains on investments held at fair value		-	4,646	4,646	-	5,840	5,840
Investment income		57	-	57	144	-	144
AIFM, Investment Advisory and Carried Interest fees	2	(130)	(182)	(312)	(888)	-	(888)
Other expenses		(1,052)	(38)	(1,090)	(292)	(61)	(353)
<b>Return before taxation</b>		<b>(1,125)</b>	<b>4,426</b>	<b>3,301</b>	<b>(1,036)</b>	<b>5,779</b>	<b>4,743</b>
Taxation		-	-	-	-	-	-
<b>Return attributable to equity shareholders of the parent company</b>		<b>(1,125)</b>	<b>4,426</b>	<b>3,301</b>	<b>(1,036)</b>	<b>5,779</b>	<b>4,743</b>
<b>Earnings per share*</b>	3	<b>(1.1)p</b>	<b>4.2p</b>	<b>3.1p</b>	<b>(1.6)p</b>	<b>8.7p</b>	<b>7.1p</b>
<b>Earnings per share since IPO*</b>	3	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>(1.1)p</b>	<b>6.1p</b>	<b>5.0p</b>

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

The revenue return and capital return 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 income is attributable to the equity holders of Augmentum Fintech plc, the parent company. There are no non-controlling interests.

\*The earnings per share is the figure calculated in accordance with IAS 33 'Earnings per share'. In line with the requirements of IAS33 the comparative figures are calculated from incorporation.

The earnings per share from IPO figure has been disclosed for the comparative period as all earnings were earned subsequently to the IPO, and the issue of 94,000,000 shares. The Directors have decided to disclose this as it better reflects the return generated for Shareholders.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the six months ended 30 September 2019**

	Six months ended 30 September 2019					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening shareholders funds	940	-	92,101	12,055	(2,026)	103,070
Issue of shares following placing and offer for subscription	231	25,587	-	-	-	25,818
Costs of placing and offer for subscription	-	(827)	-	-	-	(827)
Return for the period	-	-	-	4,426	(1,125)	3,301
<b>At 30 September 2019</b>	<b>1,171</b>	<b>24,760</b>	<b>92,101</b>	<b>16,481</b>	<b>(3,151)</b>	<b>131,362</b>

	Period ended 30 September 2018				
	Ordinary share capital £'000	Share premium account £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Issue of shares following placing and offer for subscription	940	93,060	-	-	94,000
Costs of placing and offer for subscription	-	(959)	-	-	(959)
Return for the period	-	-	5,779	(1,036)	4,743
<b>At 30 September 2018</b>	<b>940</b>	<b>92,101</b>	<b>5,779</b>	<b>(1,036)</b>	<b>97,784</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2019

	Note	30 September 2019 £'000	31 March 2019 £'000
<b>Non current assets</b>			
Investments held at fair value	8	101,392	77,600
Fixed assets		114	39
<b>Current assets</b>			
Other receivables		112	56
Cash and cash equivalents		35,485	25,592
<b>Total assets</b>		<b>137,103</b>	<b>103,287</b>
<b>Current liabilities</b>			
Other payables		(5,741)	(217)
<b>Total assets less current liabilities</b>		<b>131,362</b>	<b>103,070</b>
<b>Net assets</b>		<b>131,362</b>	<b>103,070</b>
<b>Capital and reserves</b>			
Share capital	4	1,171	940
Share premium account	4	24,760	-
Special reserve		92,101	92,101
Retained earnings:			
Capital reserves		16,481	12,055
Revenue reserve		(3,151)	(2,026)
<b>Total equity</b>		<b>131,362</b>	<b>103,070</b>
<b>Net asset value per share</b>	5	<b>112.2p</b>	<b>109.6p</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	30 September 2019 £'000	Period ended 30 September 2018 £'000
<b>Cash flows from operating activities</b>		
Purchases of investments	(13,850)	(26,646)
Interest received	1	85
Operating expenses paid	(1,249)	(1,143)
<b>Net cash outflow from operating activities</b>	<b>(15,098)</b>	<b>(27,704)</b>
<b>Cash flow from financing activities</b>		
Issue of shares following placing and offer for subscription	25,818	72,550
Costs of placing and offer for subscription	(827)	(959)
<b>Net cash inflow from financing</b>	<b>24,991</b>	<b>71,591</b>
<b>Increase in cash and cash equivalents</b>	<b>9,893</b>	<b>43,887</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>25,592</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>35,485</b>	<b>43,887</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## For the six months ended 30 September 2019

### 1.a General information

Augmentum Fintech plc is a company limited by shares, incorporated and domiciled in the UK. Its registered office and principal place of business is at 25 Southampton Buildings, London WC2A 1AL, UK. Its shares are listed on the London Stock Exchange.

These condensed interim financial statements were approved for issue on 3 December 2019. These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 March 2019 were approved by the board of directors on 11 June 2019 and delivered to the Registrar of Companies.

The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The financial statements have been reviewed, not audited.

### 1.b Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 30 September 2019 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and Accounting Standard IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

### 1.c New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, and the group had to change its accounting policies as a result of adopting IFRS 16, 'Leases'. The impact of the adoption of the leasing standard, IFRS 16, was immaterial. The other standards, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customer did not have any impact on the group's accounting policies and did not require retrospective adjustments

### 1.d Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing these condensed consolidated financial statements, as the Board considers the Group has sufficient liquid financial resources to continue in business for the foreseeable future.



## 2 AIFM and Investment Advisory Fees

	Revenue £'000	Capital £'000	Period ended 30 September 2019 £'000	Revenue £'000	Capital £'000	Period ended 30 September 2018 £'000
AIFM fees	130	-	130	116	-	116
Investment Advisory fees*	-	-	-	772	-	772
Carried Interest <sup>^</sup>	-	182	182	-	-	-
	<b>130</b>	<b>182</b>	<b>312</b>	<b>888</b>	<b>-</b>	<b>888</b>

\* For the period from 13 March 2018 to 30 September 2018, and subsequently up to 31 October 2018, Augmentum Capital LLP was employed as the Company's Investment Advisor. With effect from 1 November 2018 Augmentum Fintech Management Limited, a subsidiary of the Company, became the Company's delegated Portfolio Manager and the Investment Advisory Agreement was terminated.

<sup>^</sup> Carried Interest is calculated based on the valuation of the Company's investments as at the period end, assuming all the investments were converted to cash of that point, less estimated selling costs. The actual amount payable is dependent on the amount and timing of actual realisations of the portfolio investments.

## 3 Earnings per share

The earnings per share figures are based on the following figures:

	Period ended 30 September 2019 £'000	Period ended 30 September 2018 £'000
Net revenue return	(1,125)	(1,036)
Net capital return	4,426	5,779
<b>Net total return</b>	<b>3,301</b>	<b>4,743</b>
Weighted average number of ordinary shares in issue	<b>105,085,072</b>	<b>66,294,737</b>
	Pence	Pence
Revenue earnings per share	<b>(1.1)</b>	<b>(1.6)</b>
Capital earnings per share	<b>4.2</b>	<b>8.7</b>
<b>Total earnings per share</b>	<b>3.1</b>	<b>7.1</b>

The earnings per share is the figure calculated in accordance with IAS 33 'Earnings per share'.

Weighted average number of ordinary shares in issue during the period from the IPO of the Company on 13 March 2018 to 30 September 2018

**94,000,000**

The earnings per share from IPO figure has been disclosed for the comparative period as all earnings in that period were earned subsequently to the IPO on 13 March 2018, and the issue of the 94,000,000 shares. The Directors have decided to disclose this as it better reflects the return generated for Shareholders in the comparative period.

### 3 Earnings per share (continued)

	Pence
Revenue earnings per share from IPO	(1.1)
Capital earnings per share from IPO	6.1
<b>Total earnings per share from IPO</b>	<b>5.0</b>

### 4 Share capital

On 13 March 2018 94,000,000 ordinary shares were issued.

The nominal value of the shares issued was £940,000 and the total consideration received was £94,000,000. 72,549,697 shares were issued in exchange for gross cash proceeds of £72,549,697. 21,450,303 shares were issued to the Limited Partners of Augmentum I LP (the 'LP') in exchange for their interests in the LP totalling £21,450,303.

The balance of the Limited Partners interests in the LP was acquired for £11,858,170 in cash. The amount paid to one of the Limited Partners was reduced by £930,299 to reflect their contribution to the costs of the issue. This contribution has been offset against the costs of the issue, which totalled £1,889,000, in the Consolidated Statement of Changes in Equity. The net costs of the issue were £959,000.

On 4 July 2019 23,051,911 ordinary shares were issued. The nominal value of the shares issued was £230,519 and the total gross cash consideration received was £25,818,140. This consideration has been offered against costs of issue, which totalled £826,523.

At 30 September 2019 there were 117,051,911 shares in issue and no shares were held in treasury.

### 5 Net asset value per share

The net asset value per share is based on the net assets attributable to the equity shareholders of £131,362,000 and 117,051,911 shares being the number of shares in issue at the period end.

### 6 Subsidiary undertakings

The Company has an investment in the issued ordinary share capital of its wholly owned subsidiary undertaking, Augmentum Fintech Management Limited, which is registered in England and Wales, operates in the United Kingdom and is regulated by the Financial Conduct Authority as of 1 November 2018.

### 7 Acquisition of Augmentum I LP

Immediately following the Company's successful IPO, on 13 March 2018, the Company acquired 100% of the interests in Augmentum Capital I LP (the LP) for consideration of £33,308,473. The consideration for the LP was made up of 21,450,303 ordinary shares, worth £21,450,303 based on their issue price of £1, and cash of £11,858,170.

The acquisition provided the Company with the portfolio of investments held by the LP. The fair value of the LP's investments equalled the consideration paid.

### 8 Principal Risks and Uncertainties

The principal risks which the Company faces from its financial instruments are:

- Market Price Risk
- Liquidity Risk; and
- Credit Risk

## **8 Principal Risks and Uncertainties (continued)**

### **Market Price Risk**

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

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

### **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 (with credit ratings above A3, based on Moodys ratings or the equivalent from another ratings agency) are used for cash deposits and the level of cash is reviewed on a regular basis.

Further details of the Company's management of these risks can be found in note 13 of the Company's 2019 Annual Report.

There have been no changes to the management of or the exposure to credit risk since the date of the Annual Report.

### **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.

## 8 Principal Risks and Uncertainties (continued)

All investments were classified as Level 3 investments as at, and throughout the period to, 30 September 2019. Details of movements in, and changes in value of the, Level 3 investments are included on the next page.

All investments were valued in accordance with accounting policy set out in note 19.4 of the Company's Annual Report for the period ended 31 March 2019.

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

The main inputs into the calibration exercise, and for the valuation models using multiples, are revenue, EBITDA 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 or the anticipated price of the next funding round/deal. This methodology was used to value the convertible loan notes held in the portfolio. Under the PWERM methodology potential scenarios are identified. Under each scenario the value of the investment is estimated and a probability for each scenario selected. The fair value is then calculated as the sum of the value under each scenario multiplied by its probability.

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 period was £4,646,000 (period ended 30 September 2018: £5,840,000).

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 30 Sept 2019 £'000	Unobservable Inputs	Reasonably possible shift in input +/-	Change in valuation +/- £'000
Multiple methodology	28,632	Multiple	10%	2,833
		Illiquidity adjustment	30%	4,548
Calibrated PORT*	54,395	Transaction price	10%	5,440
PWERM**	6,686	Probability of conversion	50%	468
		Anticipated price	10%	1,007

\* Price of recent transaction.

\*\* Probability weighted expected return methodology.

Valuation Technique	Fair Value 31 March 2019 £'000	Unobservable Inputs	Reasonably possible shift in input +/-	Change in valuation +/- £'000
Multiple methodology	21,081	Multiple	10%	1,646
		Illiquidity adjustment	30%	2,658
PORT*	51,544	Transaction price	10%	5,154
PWERM**	4,975	Probability of conversion	50%	488

\* Price of recent transaction.

\*\* Probability weighted expected return methodology.

The following table presents the movement of investments measured at fair value, based on fair value measurement levels.

	Level 3	
	30 Sept 2019 £'000	31 March 2019 £'000
Opening balance	77,600	-
Investments fair value on acquisition on 13 March 2019	-	33,308
Purchases	19,146	32,109
Gains on investments held at fair value	4,646	12,183
<b>Closing balance as at 30 September</b>	<b>101,392</b>	<b>77,600</b>

# INDEPENDENT REVIEW REPORT TO AUGMENTUM FINTECH PLC

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## Report on the Interim condensed financial statements

### Our conclusion

We have reviewed Augmentum Fintech plc's Interim condensed financial statements (the "interim financial statements") in the Half Year Report & Financial Statements of Augmentum Fintech plc for the 6 month period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 September 2019;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report & Financial Statements have been prepared in accordance with

International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### Responsibilities for the interim financial statements and the review

#### Our responsibilities and those of the directors

The Half Year Report & Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year Report & Financial Statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report & Financial Statements based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# INDEPENDENT REVIEW REPORT

## TO AUGMENTUM FINTECH PLC continued

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### **What a review of interim financial statements involves**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Report & Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London

3 December 2019

# INTERIM MANAGEMENT REPORT

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## Going concern

The Directors consider it is appropriate to adopt the going concern basis in preparing the financial statements as the Group has adequate resources to continue in operational existence for the foreseeable future. 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.

## Related party transactions

During the first six months of the current financial year no material transactions with related parties have taken place which have affected the financial position or the performance of the Group during the period.

## Principal risks and uncertainties

A review of the half year, including reference to the risks and uncertainties that existed during the period and the outlook for the Company can be found in the Chairman's Statement and in the Portfolio Manager's Review. The principal risks faced by the Company fall into the following broad categories: macroeconomic risk, Strategy implementation risk; investment risk; portfolio diversification risk, cash risk, credit risk, valuations risk, operational risk and key person risk. Information on each of these areas is given in the Strategic Report/Business Review within the Annual Report and Accounts for the year ended 31 March 2019. In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

The Board is aware that the UK's exit from the EU could introduce an element of political and economic uncertainty for the sector in which the company operates and developments continue to be closely monitored by the Board.

## Alternative performance measures

The Financial Statements (on pages 19 to 22) set out the required statutory reporting

measures of the Group's financial performance. In addition, the Board assesses the Group's performance against a range of criteria which are viewed as particularly relevant for investment trusts, further details of these are included within the latest Annual Report.

## Directors' responsibility statement

The Directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- (i) an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- (ii) material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the Augmentum Fintech plc website is the responsibility of the Directors; the work carried out by the authors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the interim financial statements since they were initially presented on the website.

For and on behalf of the Board

**Neil England**  
Chairman

3 December 2019



# DIRECTORS AND OTHER INFORMATION

## 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*)

## Registered Office

Augmentum Fintech plc  
 25 Southampton Buildings  
 London WC2A 1AL  
 United Kingdom

*Incorporated in England and Wales with company no. 11118262 and registered as an investment company under Section 833 of the Companies Act 2006*

## AIFM, Company Secretary and Administrator

Frostrow Capital LLP  
 25 Southampton Buildings  
 London WC2A 1AL  
 United Kingdom  
 Tel: 0203 008 4910  
 Email: info@frostrow.com

## Portfolio Manager

Augmentum Fintech Management Limited  
 5-23 Old Street  
 London EC1V 9HL  
 United Kingdom

## Corporate Broker

Peel Hunt LLP  
 Moor House  
 120 London Wall  
 London EC2Y 5ET  
 United Kingdom

## Depository

IQ EQ Depository Company (UK) Limited  
 2 London Bridge  
 London SE1 9RA  
 United Kingdom

## Legal Adviser to the Company

Stephenson Harwood LLP  
 1 Finsbury Circus  
 London EC2M 7SH  
 United Kingdom

## Independent Auditors

PricewaterhouseCoopers LLP  
 7 More London Riverside  
 London SE1 2RT  
 United Kingdom

**aic**

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 Investment Companies

A member of the Association of Investment Companies



## Registrar

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

Link Asset Services  
 The Registry  
 34 Beckenham Road  
 Beckenham  
 Kent BR3 4TU

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

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

† Calls outside the UK will be charged at the applicable International rate and may be recorded for training purposes. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

## Shareholder Portal

You can register online to view your holdings using the Share Portal, a service offered by Link Asset Services at [www.signalshares.com](http://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;
- Update your address;
- Register and change bank mandate instructions so that dividends can be paid directly to your bank account;
- Elect to receive shareholder communications electronically; 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:

2138000TQ44T55518571

## Global Intermediary Identification 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 Asset Services, 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 intermediary 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.

# WARNING TO SHAREHOLDERS

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers of shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Link Asset Services, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

Shareholders who suspect they may have been approached by fraudsters should advise the Financial Conduct Authority ('FCA') using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams) or call the FCA Consumer Helpline on 0800 111 6768. You may also wish to contact either the Company Secretary or the Registrar (details provided on page 32).

## Investment scams are often sophisticated and difficult to spot

### How to avoid investment scams

- 1 Reject unexpected offers**  
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- 2 Check the FCA Warning List**  
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without FCA authorisation.
- 3 Get impartial advice**  
Get impartial advice before investing – don't use an adviser from the firm that contacted you.

### If you're suspicious, report it

You can report a firm or scam to the Financial Conduct Authority on 0800 111 6768 or through [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or [www.actionfraud.police.uk](http://www.actionfraud.police.uk)



**Be ScamSmart and visit**  
[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



# GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

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Within this Half Year Report 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.

## **API's**

Application Programming Interface

## **Regtech**

Computer programs and other technology used to help banking and financial companies comply with government regulations.

## **Admission**

Admission to trading, when the Company's shares were listed and admitted for trading on an official stock exchange.

## **Alternative Investment Fund Managers Directive ("AIFMD")**

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the 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.

## **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.

## **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 per share is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which are in issue. 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.

## **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.

# GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES continued

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**Internal Rate of Return (“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.

**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.

## Financial Calendar

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Financial Year End	31 March
Financial Results Announced	June
Annual General Meeting	September
Half Year End	30 September
Half Year Results Announced	December

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## To view the report online

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If you would like to view video updates about the company, please visit:

[www.augmentum.vc](http://www.augmentum.vc)

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