Augmentum Fintech plc

Annual Report

For the year ended 31st March 2021

Augmentum

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31st March 2021

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".

Augmentum
investing in Fintech

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From left to right: 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.

CHAIRMAN'S STATEMENT

Financial Highlights

	31 March 2021	31 March 2020
NAV per Share	130.4p	116.1p
NAV per Share Total Return*	12.3%	5.9%
Total Shareholder Return*	128.8%	(41.6%)
Ongoing Charges Ratio*	1.9%	2.1%

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

To read more about our KPIs see pages 20 and 21.

I am pleased to present our third annual report since the launch of the Company in March 2018. This report covers the year ended 31 March 2021.

Investment Policy

Your Company invests in early stage European fintech businesses which have disruptive technologies and offer the prospect of high growth with scalable opportunities, a policy consistent with our objective to provide long term capital growth to shareholders.

Performance

In what has been a challenging year for many businesses, I am pleased to report that your Company's diverse portfolio of investments have performed well with an increase in the Company's NAV* per share of 12.3%.

The trend towards a digital economy has accelerated during the pandemic and our portfolio companies have generally been beneficiaries of this. By way of example: Tide, Farewill, interactive investor and Grover have all expanded rapidly, enjoying customer numbers and revenue growth ahead of expectations.

There is a full review of the portfolio and investment transactions in the year in the Portfolio Manager's Review beginning on page 14.

Portfolio Changes

Given the uncertainty caused by the pandemic, we took a cautious approach to cash deployment in the first half of the year under review to ensure we would be in a position to support the existing portfolio. In the event, the need for support was minimal. We made net investments of £14.3 million during the year, a mix of two new and eleven follow-on to support existing portfolio growth.

After the year end, we added two new investments, the first in Epsor, a French workplace savings platform with international potential, followed by Cushon, a workplace pensions and payroll-linked ISA provider with more than 200,000 members across 8,000 UK employers. We also made our first disposal with the sale of Dext (previously Receiptbank) realising a 30.5% IRR* over an investment period of just 15 months. The proceeds from the sale will be reinvested in opportunities over the coming year.

Valuations

Together with our advisors, we have carefully reviewed both the status and the forecasts of the portfolio companies. We have used a variety of 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. The Portfolio Manager will, where possible, structure investments to afford downside protection* through mechanisms such as a liquidation preference and/or anti-dilution provisions.

Articles of Association

In case we should face restrictions on public gatherings similar to those imposed by the UK Government last year, we have reviewed the Company's Articles of Association to enable us to hold general meetings remotely, or in a hybrid format, should the need arise. Pursuant to this, a resolution to adopt amended Articles is included in the Notice of the Annual General Meeting ("AGM") for approval by shareholders.

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 do so in order to maintain the Company's investment trust status.

Share Capital and Share Premium

Shareholders will recall that at the onset of pandemic concerns early in 2020 markets were substantially down and the Company's share price was adversely affected, falling as low as 57.5p per share shortly before the last year end. The price during that first lockdown period represented a substantial discount to the underlying NAV. The Company took advantage of this to buy back 195,000 shares into treasury in March and April 2020 at an average discount of 47.6% to the 31 March 2020 NAV per share, benefitting the NAV per share of remaining shareholders. As I reported in my half year statement, the share price recovered strongly thereafter and indeed has continued to rise to the date of this report.

In November 2020, we raised £27.5 million of new capital, net of costs. In December, we sold, at a premium, the 195,000 shares held in treasury for £0.2 million, slightly more than double the cost of the associated buy-backs.

* See Glossary on page 78.

CHAIRMAN'S STATEMENT continued

At 31 March 2021, the share price stood at 159.0p per share, which represented a premium of 21.9% to the year-end NAV per share of 130.4p. This substantial premium to NAV reflects heightened interest in the fintech sector and a view that the Company's portfolio has significant potential for further growth.

Circular to Shareholders

Augmentum is the only London listed fintech specialist and given the demand for our shares and the strong pipeline of investment opportunities that the team has access to, we are seeking to raise further capital this year. To this end a circular will be sent to shareholders on or around the date this annual report is published seeking approval to issue new ordinary shares. We aim to build your Company to a scale that enhances its attractiveness to institutional investors and benefits all shareholders by diluting fixed costs. The circular will also include a resolution to adjust the investment policy as outlined below. As set out in the circular, a General Meeting is being convened on 8 July 2021, at which the resolutions included therein will be put to shareholders. Details of how shareholders may vote at the General Meeting will be set out in the circular. The Board recommends that shareholders vote in favour of the resolutions, as they intend to do in respect of their own shares.

Investment Policy Change

As the fintech sector evolves and the scale of the market opportunity becomes more apparent, an increasing volume of investment capital is drawn to the sector. As a result, competition to access some of the most attractive businesses is increasing. One way to get a foot in the door at the Series A or sometimes later rounds is to be an existing seed stage investor. However, at this early seed stage, companies tend to be financed at a local level.

The Portfolio Manager has therefore recommended the launch of a "**Scout Programme**" which will engage a group of individuals who are embedded within the seed stage ecosystem throughout Europe to act as introducers to earlier stage opportunities than those in which the Company would usually invest. These may well be in locations where the Portfolio Manager does not have a permanent physical presence.

This strategy will require the Company's investment policy to be amended to allow seed stage investment.

As businesses at this seed stage are inherently more risky aggregate investment in companies still at the seed stage will not exceed 1 per cent. of the Company's NAV at the time of investment and, if shareholders approve the policy change, this limit will be incorporated into the investment policy. It is expected that initial investments into seed stage businesses introduced through the Scout Programme will be relatively small in size, typically less than £100,000 each.

Separately, to reflect the growth of the Company since its launch, guidance as to the amount of cash as a percentage of Gross Assets that the Company expects to hold at any given time (primarily for making follow-on investments) is reduced from 10-20% to 5-15%.

These changes to the Company's investment policy require the approval of shareholders.

Board

The Board's main role is to promote the success of the Company in the best interest of all stakeholders. It seeks, individually and collectively, to act with independence, diligence and integrity to produce high standards of governance and to provide support and constructive challenge to the Portfolio Manager.

To perform this role effectively the Board needs to be adequately resourced. Our recent review of Board performance concluded that we need to supplement our three person team to reflect the workload created by the Board, its four committees and the Company's regular fund raising events. Over the course of the next year, we intend to add one or two new directors with a passion for fintech who can also bring new skills and experience and a different perspective to our discussions.

AGM

The third AGM of the Company will be held on Tuesday, 21 September 2021 at 11.00 a.m. It is hoped to hold this year's AGM in a normal format, at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL. However, it is possible that the UK Government will continue to mandate restrictions on public gatherings. In either case, the Board strongly encourages all 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 you hold your shares.

The Notice of the AGM is being published as a separate document and will be sent to shareholders with the Annual Report. Both documents will also be available to view on or download from the Company's website at www.augmentum.vc. Updates on any restrictions to admittance to the Meeting will be published on the website.

The Directors consider that all the resolutions listed are in the best interests of the Company and its shareholders and recommend a vote in favour of each, as the Directors intend to do in respect of their own holdings.

Outlook

The recovery from the lows of last spring has continued and the European economy appears set to rebound in the coming year, driven by increases to consumer spending from a position of record personal savings.

Along with this, your Directors expect the recent strong growth of the digital economy to continue. As the acknowledged specialist in early stage fintech, Augmentum should benefit from that. Your Company's well regarded team continue to see the vast bulk of the opportunities in the sector and it is expected this will provide a number of compelling new investment opportunities. This should enable the Company to effectively deploy capital over the coming months.

We may also have an opportunity to realise value from one or two of the more mature investments this year. This capital will increase the resources available to focus on earlier stage fintech businesses with higher growth potential.

Your Directors and the Portfolio Manager have confidence in the Augmentum model as evidenced by their own shareholdings and are positive about the near and long term prospects for the Company.

Neil England
Chairman

11 June 2021

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 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;
- the aggregate value of seed stage investments will represent no more than 1 per cent. of Net Asset Value^; and
- at least 80 per cent. of Net Asset Value will be invested in businesses which are headquartered in or have their main centre of business in the UK or wider Europe.

* Please refer to the Glossary on page 78.

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

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

Hedging and derivatives

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

^ As mentioned in the Chairman's Statement the policy has been amended to incorporate changes being put to shareholders at a General Meeting convened for 8 July 2021 to permit limited seed stage investment and to amend the cash management guidelines. Should the amendments not be approved by shareholders the policy will revert to proscribing seed stage investment and the associated limit will be deleted.

PORTFOLIO REVIEW

	Fair value of holding at 31 March 2020 £'000	Net investments/ (realisations) £'000	Investment return £'000	Fair value of holding at 31 March 2021 £'000	% of portfolio
Interactive Investor^	21,807	667	10,157	32,631	19.9%
Tide	14,221	2,000	2,741	18,962	11.6%
Onfido	10,867	-	3,984	14,851	9.0%
Grover	6,267	2,631	4,039	12,937	7.9%
BullionVault^	11,191	(1,068)*	1,342	11,465	7.0%
Farewill	7,216	2,572	803	10,591	6.5%
Dext (formerly Receipt Bank)	7,500	-	3,036	10,536	6.4%
Monese	10,159	1,000	(818)	10,341	6.3%
Zopa^	7,930	1,173	398	9,501	5.8%
Iwoca	7,600	252	119	7,971	4.9%
Top 10 Investments	**104,758**	**9,227**	**25,801**	**139,786**	**85.3%**
Other Investments**	18,374	5,041	926	24,341	14.7%
Total Investments	**123,132**	**14,268**	**26,727**	**164,127**	**100.0%**

^ Held via Augmentum I LP

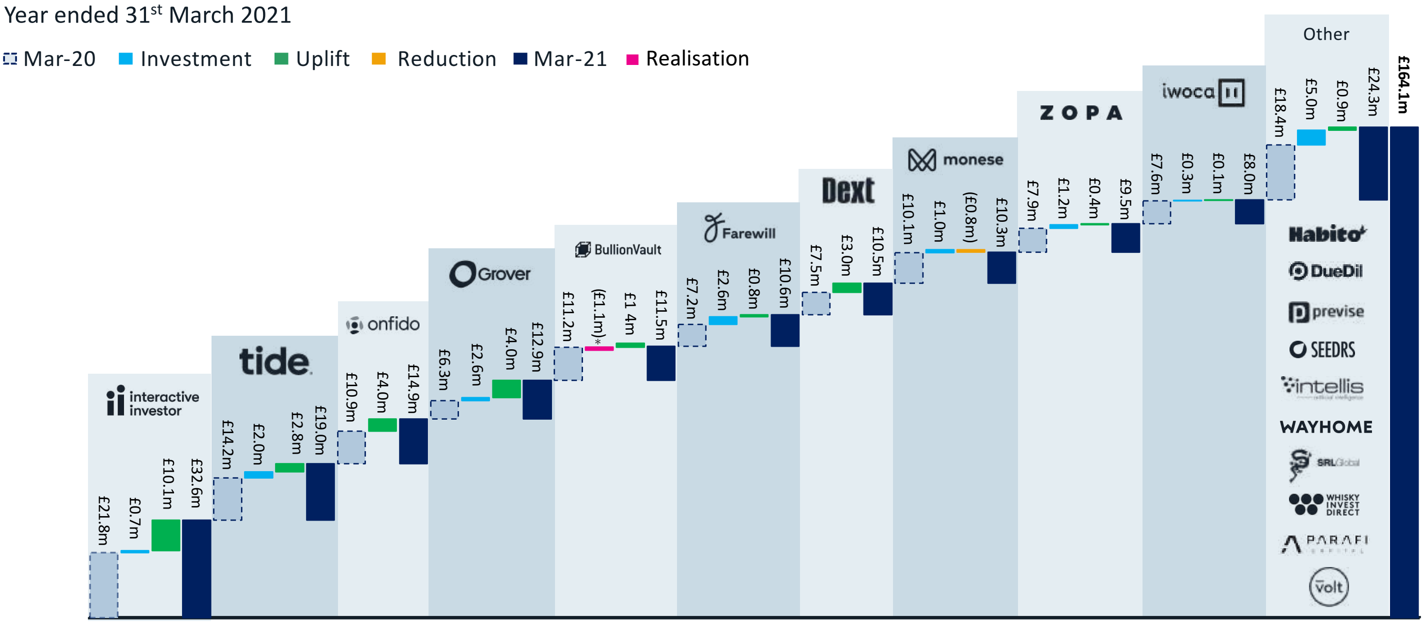
* During the year WhiskyInvestDirect was spun out of BullionVault, when its valuation was £446,000, and is now held directly by Augmentum I LP. In addition, £622,000 of dividends were received from BullionVault during the year.

** There are ten other investments (31 March 2020: seven) including WhiskyInvestDirect at its current fair value of £545,000. See pages 12 and 13 for further details.

KEY INVESTMENTS

Portfolio valuation changes

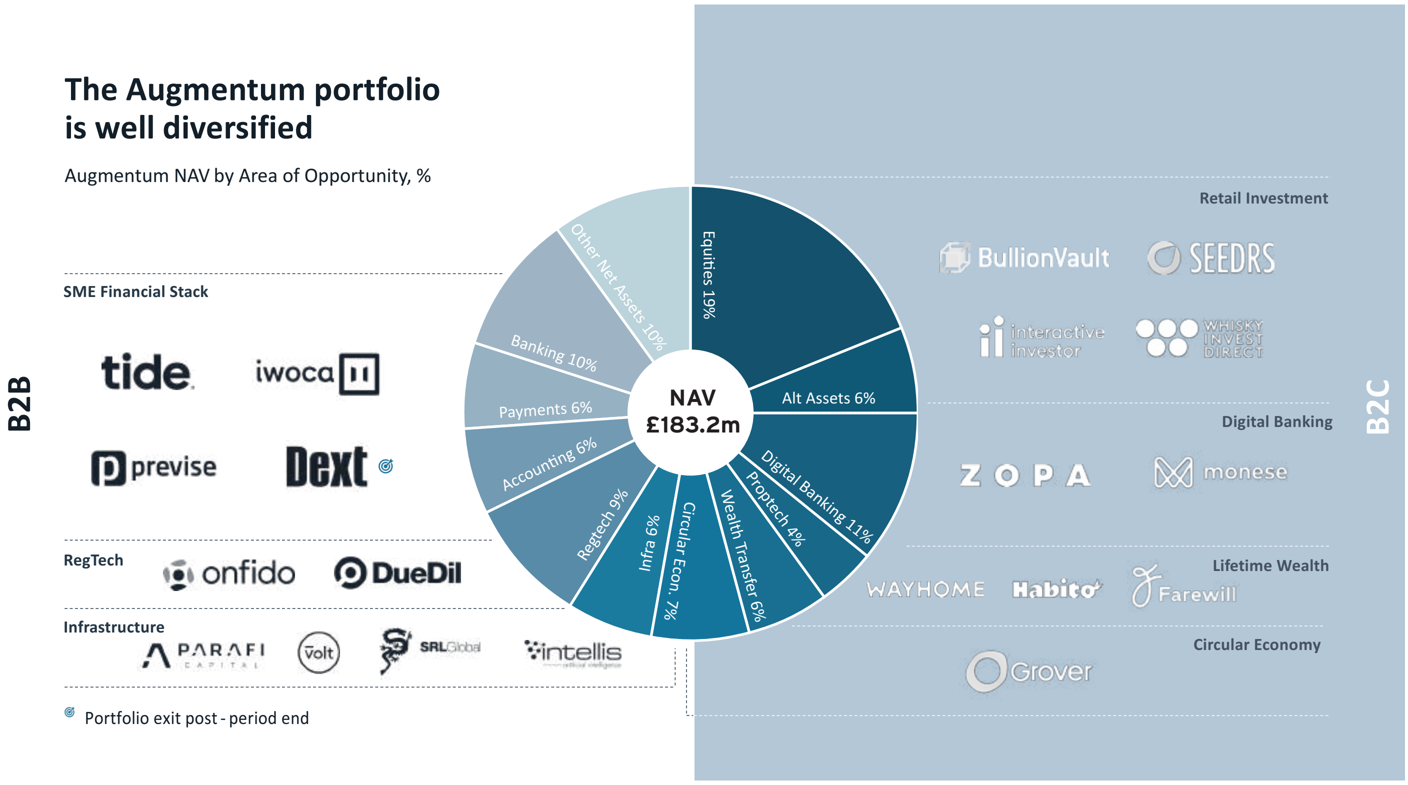
Year ended 31st March 2021



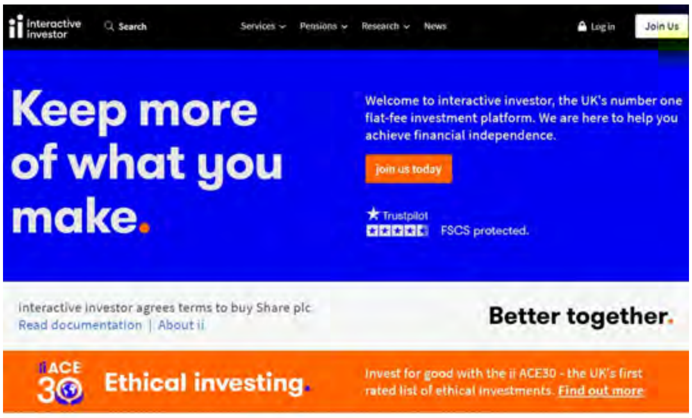
* During the year WhiskyInvestDirect was spun out of BullionVault at a valuation of £446,000. In addition, £622,000 of dividends were received from BullionVault during the year.

The Augmentum portfolio is well diversified

Augmentum NAV by Area of Opportunity, %



KEY INVESTMENTS continued



interactive investor

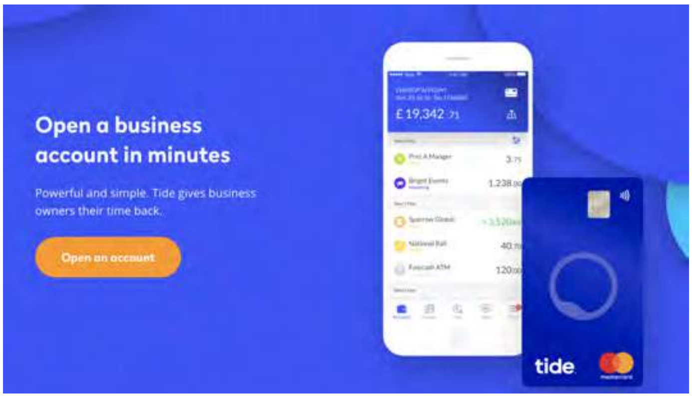
interactive investor is the No.1 UK direct-to-consumer fixed fee investment platform, with over £45 billion of assets under administration and over 350,000 customers across its general trading, ISA and SIPP account. It accounts for a fifth of UK retail equity trading. The company offers execution-only 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, and in 2020 completed the acquisition of Share plc. In March 2021 interactive investor announced the acquisition of D2C investment platform Equinti for £48.5m, which is expected to increase its assets under administration to £50 billion and customers to 400,000.

Source: ii	**31 March 2021 £'000**	**31 March 2020 £'000**
Cost:	3,843	3,175
Value:	32,631	21,807
% ownership (fully diluted)	3.8%	3.7%

As per last filed audited accounts of the investee company for the year to 31 December 2019:

	2019 £'000	**2018 £'000**
Turnover	90,170	72,956
Pre tax profit	13,933	8,925
Net assets	128,005	116,624



tide

Tide's mission is to help SMEs save time and money in the running of their businesses. Customers are set up with an account number and sort code in as little as 5 minutes, and the company is building a comprehensive suite of digital banking services for businesses, including automated accounting, instant access to credit, card control and quick, mobile invoicing. Tide has passed 5% market share of business accounts in the UK, a key milestone in the business's growth, serving over 320,000 SMEs.

In September 2019 Augmentum led Tide's £44.1m first round of Series B funding, alongside Japanese investment firm The SBI Group. Tide appointed Sir Donald Brydon as its first independent Non-Executive Chair in September 2020; Sir Donald brings extensive experience to the Board, previously chairing the London Stock Exchange, the Royal Mail and Sage. In the same month Tide also won a second major BCR grant in partnership with ClearBank.

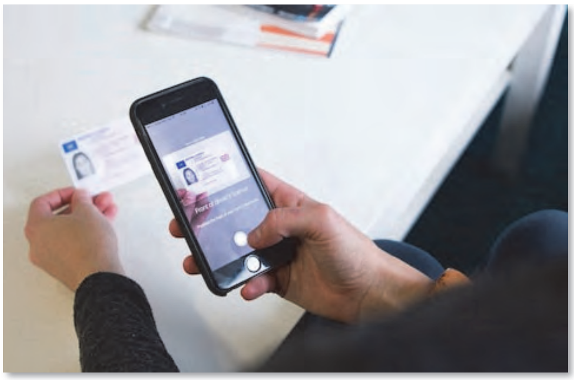
Source: Tide	**31 March 2021 £'000**	**31 March 2020 £'000**
Cost:	11,000	9,261
Value:	18,962	14,221
% ownership (fully diluted)*:	5.9%	5.9%

* £2.5m (2020: nil) is in a convertible loan note.

As per last filed audited accounts of the investee company for the year to 31 December 2019:

	2019 £'000	**2018 £'000**
Turnover	4,860	1,858
Pre tax loss	(20,821)	(9,558)
Net assets	26,021	1,595

KEY INVESTMENTS continued



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.

Onfido was founded in 2012 and has offices in London, San Francisco, New York, Lisbon, Paris, New Delhi and Singapore. The company has attracted over 1,500 customers in 60 countries worldwide, including industry leaders such as Remitly, Bitstamp and Revolut. 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 November 2020 Onfido appointed Mike Tuchen as CEO, a highly experienced executive with a track record of scaling software businesses globally.

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 2021 £'000**	**31 March 2020 £'000**
Cost:	7,750	7,750
Value:	14,851	10,867
% ownership (fully diluted)*:	2.6%	1.7%*

* 2020: £5.7m of investment was in a convertible loan note.

As per last filed audited accounts of the investee company for the year to 31 December 2019:

	2019 £'000	**2018 £'000**
Turnover	27,561	18,591
Pre tax loss	(26,488)	(17,265)
Net (liabilities)/assets	(9,494)	13,576

Grover

Grover brings 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 2,000 products including smartphones, laptops, virtual reality technology and wearables. The Grover service allows users to keep, switch, buy, or return products depending on their individual needs. The company has over 800,000 users and surpassed €50 million in Annual Recurring Revenue in 2020.

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.

Source: Grover	**31 March 2021 £'000**	**31 March 2020 £'000**
Cost:	7,978	5,347
Value:	12,937	6,267
% ownership (fully diluted)*:	8.3%	N/A

* 2020: Investment was via a convertible loan note.

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

KEY INVESTMENTS continued

BullionVault

BullionVault 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 95,000 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 2021 £'000	31 March 2020 £'000
Cost:	8,424	8,424
Value:	11,465	11,191*
% ownership (fully diluted):	11.1%	11.1%
Dividends paid:	622	360

* 31 March 2020 value includes WhiskyInvestDirect, which during the year was spun out of BullionVault at a valuation of £446,000.

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

	2020 £'000	2019 £'000
Gross profit	15,707	9,340
Pre tax profit	10,703	5,197
Net assets	34,851	35,712

Farewill

In the next 10 years, £1 trillion of inheritance will pass between generations in the UK. Farewill is a digital, all-in-one financial and legal services platform for dealing with death and after-death services, including wills, probate and cremation. "The nation's favourite will writer" according to Trustpilot reviews, Farewill aims to be the first major consumer brand in death services.

Farewill accounts for one out of every ten wills written, or a 10% market share, and has raised £340 million for charity in pledged income.

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.

Source: Farewill	31 March 2021 £'000	31 March 2020 £'000
Cost:	6,573	4,000
Value	10,591	7,216
% ownership (fully diluted):	14.1%	13.4%

Farewill is not currently required to file audited accounts.

KEY INVESTMENTS continued

Dext

Dext (formerly Receipt Bank) was founded in 2010 out of frustration from the amount of time and money lost in forgotten expenses, lost receipts and weekends spent sorting through paperwork. The founders decided there must be a better way to track business expenses and share them with accountants.

With over 400,000 businesses using the platform, Dext has processed over 250 million receipts, bills and bank statements. It uses powerful machine learning technology to connect accountants, bookkeepers and businesses to unlock the value of accounting data. It employs 450 people in offices across 4 continents. Dext now has over 1 million users, with 250,000 of those joining in 2020. The business rebranded from Receipt Bank to Dext in February 2020.

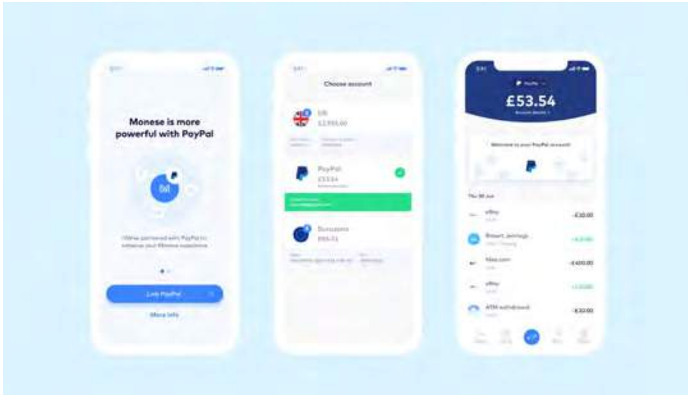
Augmentum's £7.5 million investment in January 2020 was part of Dext's £55 million Series C round led by US based Insight Partners.

Following the year end Dext was sold for £10.5 million realising a 30% IRR over an investment period of just 15 months. The proceeds from the sale will be reinvested in opportunities over the coming year.

Source: ReceiptBank	31 March 2021 £'000	31 March 2020 £'000
Cost:	7,500	7,500
Value:	10,536	7,500
% ownership (fully diluted):	3.7%	3.7%

As per last filed audited accounts of the investee company for the year to 31 December 2019:

	2019 £'000	2018 £'000
Turnover	28,537	18,619
Pre tax loss	(12,383)	(17,619)
Net (liabilities)/assets	(9,981)	3,601



monese

With Monese 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 already 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.

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

Source: Monese	31 March 2021 £'000	31 March 2020 £'000
Cost:	10,261	9,261
Value:	10,341	10,159
% ownership (fully diluted)*:	7.5%	5.4%

* £0.9m (2020: £4.0m) of investment in a convertible loan note.

As per last filed audited accounts of the investee company for the year to 31 December 2019:

	2019 £'000	2018 £'000
Turnover	10,297	5,485
Pre tax loss	(38,061)	(12,663)
Net (liabilities)/assets	(17,398)	18,101

KEY INVESTMENTS continued

ZOPA

Zopa built the first peer-to-peer (P2P) lending company to give people access to simpler, better-value loans and investments. Silverstripe invested £140 million in April 2020 following which Zopa have now been granted their full UK banking license.

Zopa's proprietary technology has contributed to their leading digital acquisition position. The company has lent over £5 billion in personal loans since inception and generated positive returns every year through the cycle. New products include a fixed term savings product protected by the Financial Services Compensation Scheme (FSCS), a credit card, a money management product and motor finance.

In March 2021, Augmentum participated in a £20m funding round led by Silverstripe.

Source: Zopa	31 March 2021 £'000	31 March 2020 £'000
Cost:	19,670	18,500
Value:	9,501	7,930
% ownership (fully diluted):	3.0%	6.1%

As per last filed audited accounts of the investee company for the year to 31 December 2019:

	2019 £'000	2018 £'000
Operating income	33,464	24,020
Pre tax loss	(18,136)	(18,295)
Net assets	36,535	48,903

iwoca

Founded in 2011, iwoca 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 leverage 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.

Source: iwoca	31 March 2021 £'000	31 March 2020 £'000
Cost:	7,880	7,600
Value:	7,971	7,600
% ownership (fully diluted)*:	2.5%	2.5%

* £0.4m (2020: nil) of investment in a convertible loan note.

As per last filed audited accounts of the investee company for the year to 31 December 2019:

	2019 £'000	2018 £'000
Turnover	68,587	47,534
Pre tax (loss)/profit	(1,427)	506
Net assets	43,051	28,957

OTHER INVESTMENTS

DueDil

DueDil is a predictive company intelligence platform whose mission is to inform and connect the economy by telling the story behind every business. DueDil's purpose-built matching technology links together data from authoritative sources, helping its clients find, verify and monitor opportunities and risks. More than four hundred B2B financial services and technology companies rely on DueDil's web platform and application programming interface as an end-to-end solution for go to market execution, compliant on-boarding and lifecycle risk assessment.

DueDil ingests billions of data points a day and surfaces more than 270 million connections. Alongside Augmentum, major investors include Notion Capital and Oak Investment Partners.

previse

Previse 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.

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.

SRL Global

SRL Global focuses on assisting owners and operators of private wealth with the problems of financial data management, portfolio valuation and reporting by combining cutting-edge technology with back-office and middle-office operations. SRL Global's Nexus Platform provides access to an entire wealth picture on demand by creating an encompassing relationship between every part of the investment process.

Serving as an enterprise business intelligence platform, the solution provides clients with a single investment repository and reporting platform that helps enforce consistency and accuracy by standardising the way information is accessed, analysed and shared. SRL Global is profitable, has served 290 family offices in 18 countries worldwide and offers 24/7 online access.

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

Augmentum invested £5 million in August 2019. In August 2020, Augmentum led Habito's £35 million Series C funding round.

SEEDRS

Seedrs is the leading online platform for investing in the equity of startups and other growth companies in Europe, and has been named the most active investor in private companies in the UK.

Seedrs allows all types of investors to invest in businesses they believe in and share in their success, and allows all types of growth-focused businesses to raise capital and business community in the process. The Seedrs Secondary Market (launched in June 2017) enables investors to buy and sell shares from each other, and has served over 11,000 buyers and sellers, with £12.9 million traded. £1.1 billion has been invested into pitches to date with over 1,324 total deals funded.

WAYHOME

Wayhome (previously 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.

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.

Intellis

Intellis 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.

OTHER INVESTMENTS continued

Volt 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. Volt has connectivity to over 3,500 banks, 27 geographies, 9 currencies and 5 networks.

Augmentum invested in Volt in December 2020.

ParaFi Capital 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), and Synthetix (synthetic asset trading), MakerDAO (stablecoins). ParaFi also supports its protocols as a liquidity provider and governance participant.

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

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.

PORTFOLIO MANAGER'S REVIEW

Overview

The period since our last review has been a time of radical change as governments, societies and businesses around the world have grappled with the challenges of the COVID-19 pandemic. Wholesale disruption to daily life has driven long term changes to customer behaviour, and businesses have needed to adapt in order to survive.

Fintech has been a major growth driver for European venture capital, with its share of total European venture capital deployment increasing from 13% to 22% in the 5 years to 2020. This is the premise on which Augmentum was built. The disruption caused by the pandemic has significantly accelerated this growth. Businesses have been forced to evaluate old ways of thinking, inefficient processes have been exposed, and new innovation opportunities have been identified. In response large swathes of capital have come into the market to meet new opportunities, partly through the schemes ushered in by government to address the pandemic, and partly as private sector investors have recognised the opportunities at hand.

A number of sectors within Fintech have become mainstream, while other emerging technologies such as open banking and digital currencies have enjoyed significant momentum. Broadening institutional interest in the digital assets space suggests that the asset class has crossed the point of no return, despite ongoing price volatility. The industry is now attracting attention from regulators and central banks and opportunities are arising both in the emerging infrastructure necessary to handle the assets, and the new applications a fully digital store of value can enable.

Exits

Shortly after the year end, in April, we announced the first exit from the Augmentum portfolio when **Dext** was acquired by Hg Capital. Whilst this was earlier than we had planned, the transaction returns £10.5 million to the Augmentum portfolio, realising a 40% uplift and an IRR of 30.5% on an investment made as recently as January 2020.

Investments

The year ended 31 March 2021 has been a period of transition. Having ensured portfolio liquidity throughout 2020 and completed our placing and retail offer in late October, our focus has once again been on growing the portfolio. Over the full reporting period we deployed a net total of £14.3 million of capital across thirteen companies, two of which were new additions to the portfolio. Additionally, since the year end we have invested a further £15.4 million in two new companies and four existing portfolio companies.

New Investments

In December we welcomed **VOLT** to the portfolio. VOLT is a leading provider of account-to-account payments orchestration for international merchants and payment service providers. Broadly, this means they are providing resilient payment networks using open banking 'rails' as an alternative to traditional card 'rails'. The company is operating in a nascent and rapidly growing market, driving our decision to engage at an earlier stage than we typically would. The investment was structured as a convertible loan note. This converted into equity in the company's funding round which closed in June 2021 and in which we invested a further £4 million.

Our aim at Augmentum is to invest ahead of popular adoption of mainstream technologies in fintech, and we are fortunate to benefit from wide experience amongst our advisory and broader networks. During the latter half of 2020 we invested time to understand the opportunities in DeFi (Decentralised Finance); an ecosystem of applications and protocols built on blockchains, primarily Ethereum, which support smart contracts. DeFi provides many of the same services as classical finance, namely borrowing, lending, and saving, but in an autonomous and decentralised manner. The segment is entirely nascent and therefore requires deep knowledge and a portfolio of investments to diversify individual risk. In January, we invested in **Parafi Capital**, a US managed fund of DeFi investments, with an initial investment totalling US$3.9 million. This relationship is already bearing fruit in terms of new deal flow and opportunities.

Since the year end, we closed a €2.5 million new investment into the French company **Epsor**, in a competitive €20 million financing round. Epsor have developed a next generation workplace savings platform in France, providing facilities for both pension contributions and a French specific tax advantaged bonus savings scheme. The market is poorly served by a range of legacy providers who have failed to adapt to the digital age, providing Epsor with an opportunity to build a large wealth management proposition in France and adjacent international territories.

In addition, we led **Cushon**'s Series A fundraising round of £26 million with an investment of £5 million. Cushon are targetting a parallel workplace savings opportunity to Epsor but with focus on the UK market. Distributed through employers, the company provides integrated pensions and payroll-linked ISAs to employees, with a strong focus on the quality of user experience which is delivered through the Cushon app and desktop portal. As of April 2021, Cushon is authorised by The Pensions Regulator as a Master Trust following their acquisition of the Salvus Master Trust. Industry dynamics in the Master Trust space are geared towards further consolidation, which the company will look to leverage as it scales.

PORTFOLIO MANAGER'S REVIEW continued

The Existing Portfolio

Over the reporting period we have been particularly focused on the existing portfolio, ensuring the companies in it had sufficient runway at the start of the pandemic as well as supporting growth rounds for those that have seen accelerated growth. Over the year we invested a net total of £10.9 million across the existing portfolio.

In July we supported **Farewill**'s £20 million Series B round with an investment of £2.6 million. 2020 proved to be a breakout year for Farewill who delivered year-on-year revenue growth of over 524%. The company continues to drive innovation and digitisation across the fragmented, inefficient and expensive wills, probate and funerals markets.

Tide had a successful 2020 despite the pandemic, emerging with 6% market penetration and over 400,000 members. Tide is now the joint first SME challenger bank, with only the incumbent Big 5 banks serving more SMEs in the UK. Recognising this growth and the opportunity available to the business, we agreed in January to contribute £2 million as part of an advanced subscription agreement that will convert into the company's next financing round.

In February we took the opportunity to increase our stake in **Interactive Investor** in a small secondary transaction. 2020 was a record year for new client acquisition with the company adding 170% more new customers and 150% more assets than it did in the prior year, bringing Assets Under Management to over £38 billion and total customers to more than 400,000. Continued strong trading volumes and foreign exchange revenues combined to deliver 46% year-on-year growth in revenues in 2020, 25% ahead of budget. The company remains focused on growth and the completion of a number of strategic projects are already well underway.

Following the receipt of a full banking licence from the Prudential Regulation Authority in June last year, we supported **Zopa**'s £20 million fundraising round in March. Zopa Bank is now fully launched, making them the only truly multi-product neo-bank serving personal loans, auto finance and credit cards funded through fixed term savings and P2P investments. These new product categories have seen an encouraging early trajectory, booking over 30,000 credit card customers and raising over £180 million in fixed-term deposits. The business is on the threshold of profitability and looks set to break even by the end of 2021.

Grover completed its Series B funding round in March, raising €60 million to further develop the rental platform and expand into new geographies. We added a further €2 million in the round and converted our existing €7 million convertible loan note at a 1.8 times uplift to our investment cost (part of this uplift was captured in our September 2020 valuation). Grover enjoyed another year of excellent performance in the period delivering 2.5 times year-on-year growth in annual subscription value to over €70 million as of March 2021.

Habito launched its first residential lending product in March, Habito One – the UK's first long-term (40 year) fixed rate mortgage. The offering has no early repayment charges or exit fees, enabling customers to safeguard against future interest rate rises, while maintaining "flexibility and freedom" over their home finances. It provides compelling differentiation versus other products available in the market.

Onfido continues to build on the foundation it laid in its US$100 million financing round completed in April 2020. Their combination of technology, talent and capital has enabled them to harness new opportunities arising from the pandemic, which saw enterprises across many industries accelerate digital transformation projects which in turn drove demand for digital identity verification services. The company delivered 82% year-on-year growth in annual recurring revenues in 2020 with a doubling of sales in the US, one of the company's fastest growing regions, and the addition of 320 new clients in the year. In November Founder/CEO Hussayn Kassai stepped aside for new CEO Mike Tuchen, an experienced US enterprise software executive with a track record of scaling software businesses globally.

Monese was quick to respond to the impact of the pandemic on trading, adjusting focus towards improving unit economics and reducing the cost base. The business continues to develop its technology platform and product, which is now available in 31 countries across Europe. In October 2020, Monese and Mastercard announced a multi-year strategic partnership, with Monese now operating as a principal Mastercard issuer. During the period and post-year end Augmentum has supported Monese with £2.1 million of follow-on investment alongside co-investors PayPal and Kinnevik.

In the face of market uncertainty and low interest rates **BullionVault** delivered an exceptional year as private investors moved capital into precious metals and the gold price touched record levels. Pre-tax profits for its financial year ended October 2020 grew 99% year-on-year and the business recorded an increase of 115% in new user registrations. The company is now very well established and as market conditions have stabilised has continued to trade well, albeit at lower volumes than those seen across 2020. In September 2020, **WhiskyInvestDirect** was spun out of BullionVault to become a standalone company and we now hold our investment in it directly.

Operating as an SME lender across the UK and Germany, **iWoca**'s market and target customer group were impacted by the pandemic. New loan originations and the existing loan book were challenged as the pandemic took hold and the roll out of significant Government support funding distorted the lending market further. iWoca proved nimble in response to the unprecedented situation and secured accreditation from the British Business Bank for distribution of the Coronavirus Business Interruption Loan Scheme through which the business has now distributed over £300 million of capital. As economies emerge from the pandemic and Government support measures reduce, we expect iWoca to see a return in demand for its core loan products. The business is well capitalised having raised further capital in July 2020 which Augmentum supported.

Fund Performance

Performance of the portfolio has benefitted from an acceleration of the trend to digital. For the year to 31 March 2021, we are reporting gains on investments of £26.7 million (2020: £12.6 million). Since IPO this represents an IRR of 19.0% on the capital that we have deployed.

PORTFOLIO MANAGER'S REVIEW continued

Outlook

Fintech is coming of age with multiple multi-billion pound fintechs now established across Europe. Dealflow is at record levels, but so too is the appetite to fulfil them. Given the opportunity at hand, private venture rounds in fintechs are getting both larger and earlier in a company's maturity profile. The competition to participate in these rounds has also increased as new investors are increasingly recognising the size of the opportunity and this is being reflected at the margin in the pricing of deals. We have remained disciplined and have stepped away from opportunities we judged to be over-priced.

Our task at Augmentum is to continue to navigate this evolving investment landscape as we have done to date. Our portfolio is well placed to benefit from this new wave of interest, deploying at the point of maximum opportunity, and we remain focused on ensuring they execute to their potential. We invest in exceptional companies where we have high conviction and where we see significant potential returns. We anticipate that over the coming 12 months we will see opportunities for M&A and exits within the portfolio, and opportunities for investment in new assets across the maturity profile. With our platform, our reach, our network and our capabilities we are well positioned for this next phase of growth.

Tim Levene CEO

Augmentum Fintech Management Ltd

11 June 2021

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 24 and 25.

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 UK version of the alternative investment fund managers' directive ("AIFMD") and has appointed Frostrow Capital LLP as its alternative investment fund manager ("AIFM").

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.

Other than the risks associated with the COVID-19 pandemic, 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. Its detailed risk map is reviewed regularly by the Audit Committee.

Further details on the financial risks are included in Note 13 starting on page 62.

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

Principal Risks and Uncertainties	Mitigation
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 be influenced by the ongoing pandemic and potential fallout from Brexit. They may have an impact on the Group's ability to realise a return from its investments and cannot be directly controlled by the Group.	◄► 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.
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.	◄► A robust and sustainable corporate governance structure has been implemented with the Board responsible for continuing to act in the best interests of shareholders. Experienced fintech Portfolio Managers have been retained in order to deliver the strategy.

Change in assessment of risk over last financial year

◄► No change ▲ Increased ▼ Decreased

STRATEGIC REPORT continued

Principal Risks and Uncertainties	Mitigation
Investment Risks The performance of the Group's portfolio is influenced by a number of factors. These include, but are not limited to: (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; and (vi) the macroeconomic risks described above. 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. 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.	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. 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. As noted above the Portfolio Manager provides a detailed update at each Board meeting, including, inter alia, investee company developments, funding requirements and the pipeline of potential new investments.
Portfolio Diversification Risk The Group is subject to the risk that its portfolio may not be diversified, being heavily concentrated in the fintech sector, with the investments primarily located in the UK and that the portfolio value may be dominated by a single or limited number of companies.	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. Given the nature of the Company's Investment Objective this remains a significant risk.
Cash Risk 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. 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 which 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.	To mitigate this risk the Board has agreed prudent cash management guidelines with the AIFM and Portfolio Manager. 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.

Change in assessment of risk over last financial year

No change Increased Decreased

STRATEGIC REPORT continued

Principal Risks and Uncertainties	Mitigation
Credit Risk As noted the Company may hold significant cash balances. There is a risk that the banks with which the cash is deposited fail and the Company could be adversely affected through either delay in accessing the cash deposits or the loss of the cash deposit. When evaluating counterparties there can be no assurance that the review will reveal or highlight all relevant facts and circumstances that may be necessary or helpful in evaluating the creditworthiness of the counterparty.	No change Set limits are agreed on the maximum exposure to any one counterparty and require all counterparties 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.
Valuation Risk The valuation of investments in accordance with IFRS 13 and International Private Equity and Venture Capital (IPEV) Valuation Guidelines requires considerable judgement and is explained in Note 19.17. 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.	No change 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.
Operational Risk 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.	No change To manage these risks the Board: • receives a quarterly compliance report from the AIFM and the Portfolio Manager, which includes, *inter alia*, 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 the controls operation; and • receives updates on pending changes to the regulatory and legal environment and progress towards the Group and Company's compliance with these.

Change in assessment of risk over last financial year

No change   Increased   Decreased

STRATEGIC REPORT continued

Principal Risks and Uncertainties	Mitigation
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.	No change The Board manage 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.

Change in assessment of risk over last financial year

No change   Increased   Decreased

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 (reemerging). 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 a risk map at its half-yearly meetings. 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 market and operational risks and financial impact as a result of the COVID-19 pandemic, and the measures introduced to combat its spread, have been discussed by the Board, with updates on operational resilience being received from the Company's principal services providers.

The Company's Portfolio Manager continues to provide 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.

Performance and Prospects

Performance

As set out in the Chairman's Statement on page 2, considering the opportunities and challenges faced during the year, relative to the wider market, the Board is satisfied with the Company's performance and believes it to be a good result when considering its Key Performance Indicators ("KPIs").

The Board assesses the Company's performance in meeting its objective against the following KPIs. Due to the unique nature and investment policy of the Company, with no direct listed competitors or comparable indices, the Board consider 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 total return***

  The Directors regard the Company's net asset value per share total return as being the critical measure of value delivered to shareholders over the long term.

  This is an Alternative Performance Measure ("APM") and its calculation is explained in the Glossary on page 78. Essentially, it adds back distributions made in the period to the change in the net asset value to arrive at a total return.

  The Group's NAV per share total return for the year was 12.3% (2020: 5.9%). This result is discussed in the Chairman's Statement (beginning on page 2).

STRATEGIC REPORT continued

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

  The Directors also regard the Company's TSR as a key indicator of performance. Like the NAV per share 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 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 Group's TSR for the year was 128.8% (2020: (41.6%)).

- **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 reasons for the continued appointment of the Company's AIFM and the Portfolio Manager, together with their terms are set out on page 22. In reaching this decision, the Board took into account the ongoing charges ratio of other investment companies with specialist mandates.

  The Group's OCR for the year was 1.9% (2020: 2.1%). The Board aims for this ratio to reduce over time.

* Alternative Performance Measure (see glossary on page 78).

Prospects

The Company's current position and prospects are described in the Chairman's Statement and Portfolio Review sections of this Annual Report and Financial Statements.

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, and market background during the year, as well as the outlook, is provided in the Chairman's Statement on pages 2 and 3 and the Portfolio Manager's Review on pages 14 to 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 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.

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 have increased as a result of the pandemic, based on the results of its review, and taking into account the long-term nature of the Company, the Board has a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for the foreseeable future, taken to mean at least the next five years. The Board has chosen this period because, whilst it has no information to suggest this judgement will need to change in the coming five years, forecasting over longer periods is imprecise. The Board's long-term view of viability will, of course, be updated each year in the Annual Report.

Going Concern

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

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 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.

STRATEGIC REPORT continued

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.

Portfolio Manager Fees

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.

The Portfolio Manager is entitled to a carried interest fee in respect of the performance of any investments and follow-on investments. Each carried interest 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 carried interest fee shall 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 carried interest 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 carried interest 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 carried interest fees as calculated following the relevant period.

Based on the investment valuations as at 31 March 2021 the hurdle has been met, on an unrealised basis, and as such a carried interest 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 2021 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:

* See Glossary on page 78

STRATEGIC REPORT continued

- 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.

Depositary

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

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

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

The notice period on the Depositary 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 commits to return to Shareholders up to 50 per cent. of the gains realised by the disposal of investments in each financial year. It is expected that such returns of capital would be made annually. 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.

Company Promotion

The Company has appointed Peel Hunt LLP and N+1 Singer 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 two male Directors and one female Director (being 33% female representation) on the Board. 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, including gender. In addition, the Board encourages diversity in the management team at AFML and the promotion of the benefits of diversity in portfolio companies. Further details are included on page 27.

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	Clear communication of the Company's strategy and the performance against objective can help the share price trade at a narrower discount or a wider premium to its net asset value which benefits shareholders. 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.	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. **Key mechanisms of engagement included:** • 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	Engagement with our managers is necessary to evaluate their performance against their stated strategy and to understand any risks or opportunities this may present to the Company. It also gives them clarity on the Board's expectations. This also helps ensure that Portfolio Management costs are closely monitored and remain competitive.	The Board meets regularly with the Company's Portfolio Managers 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. 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.
Service Providers	The Company contracts with third parties for other services including: depositary, investment accounting & administration, company secretarial and registrars. To ensure the third parties to whom we have outsourced services complete their roles diligently and correctly is necessary for the Company's success. The Company ensures all service providers are paid in accordance with their terms of business. The Board closely monitors the Company's Ongoing Charges Ratio.	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.

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	Attract and retain talent to ensure the Group has the resources to successfully implement its strategy and manage third-party relationships.	In normal times all employees of AFML sit in one open plan office, facilitating interaction and engagement. Notwithstanding remote working, interaction has continued during the lockdown conditions faced over the last year. The senior team report to the Board at each meeting.
COVID-19/well being of employees		Given the small number of employees, engagement is at an individual level rather than as a group.
Portfolio companies	Incorporating consideration of ESG factors into the investment process assists in understanding and mitigating risks of an investment and potentially identifying future opportunities.	The Board encourages the Company's Portfolio Managers 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 26 to 28. for further detail on AFML's ESG approach to investing.

What? WHAT WERE THE KEY TOPICS OF ENGAGEMENT?	Outcomes and actions WHAT ACTIONS WERE TAKEN, INCLUDING PRINCIPAL DECISIONS?
Key topics of engagement with investors **Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio.**	• 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, particularly with respect to prospects for increasing the scale of the Company, but did not otherwise lead to specific actions.
Key topics of engagement with the external managers on an ongoing basis are portfolio composition, performance, outlook and business updates.	
• The impact of Brexit upon their business and the portfolio.	• No specific action required.
• The impact of COVID-19 upon their business and the portfolio.	• Regular Board calls with representatives of the Portfolio Manager and AIFM. • All of the Company's service providers successfully implemented remote working with no adverse impact on service delivery.
• The integration of environmental, social and governance ('ESG') into the Portfolio Manager's investment processes.	• The portfolio manager reports regularly any ESG issues in the portfolio companies to the Board. Please see pages 26 to 28 for further details of AFML's ESG policies.
• Performance and compensation of Group employees is decided by the Management Engagement & Remuneration Committee with the Directors of AFML.	• See the Remuneration Policy on pages 44 to 48.

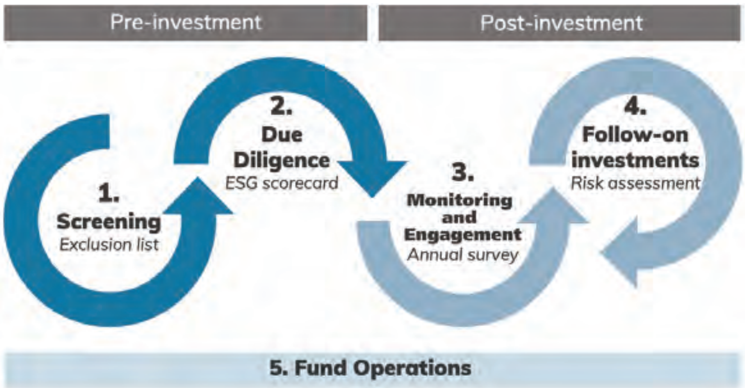
STRATEGIC REPORT continued

Approach to Responsible Investing

Augmentum Fintech Management Limited ("AFML") is 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.

Five-Stage Approach to Future-Proofing the Portfolio

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



1. Screening

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

2. Due Diligence

An ESG Due Diligence (DD) survey is completed 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:

- Incorporating environmental considerations into operating decisions, from limiting unnecessary printing and encouraging recycling in the office to a Bike2Work scheme for staff and using a sustainable clothing company for branded merchandise;
- Maintaining 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, as well as charity partnerships and other initiatives including TeenVC (see page 27).

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

ESG in Action

Advancements continue to be seen in ESG practices across the portfolio, both in business models and operating procedures. Below we highlight some examples.

Farewill

2020 alone saw £150 million pledged to cancer, homelessness, military and health charities through gifts in Farewill wills. The company helped over 5,000 NHS staff members to write a free will during lockdown and continues to offer them a 10% discount.

Grover

"Making technology accessible to everyone" remains at the core of Grover's circular economy business model. By the end of 2020 Grover had seen 175,000 devices refurbished and recirculated since their launch, saving 775 tons of e-waste in the process. Through Grover Business, the company equipped thousands of businesses with the tech they needed to keep their wheels turning while teams shifted to remote working in the wake of COVID-19.

Habito

In August 2020, Habito the first mortgage company in the UK to secure the B Corp accreditation, joining a community of companies "using the power of business to make the world a better place". In March 2021, Habito demonstrated their commitment to transparency, certainty and flexibility for their customers by launching the UK's longest-ever fixed rate mortgage, 'Habito One'.

interactive investor

interactive investor was awarded "Best Sustainable ISA" and "Best Sustainable Pension" in the 2021 Boring Money Best Buys awards. Their ACE 40 list and Ethical Growth portfolio remain carefully-curated options for ethically-minded customers.

Encouraging a Diverse Fintech Industry: Progress highlights

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

Diverse Dealflow and Events

AFML have been involved in multiple diversity-focused events including numerous Female Founder Office Hours, 'Power to Black Founders', The Sutton Trust's Banking and Finance pathway sessions (championing social mobility) and supporting a 24 hour virtual investment hackathon for students through Project Venture.

TeenVC

In 2020 AFML launched TeenVC (www.teen-vc.com), a free online education platform for students from all backgrounds to learn about venture capital, technology and entrepreneurship. AFML have continued to engage with students through the platform itself, hosting students across a number of educational sessions and offering ongoing internships and career support through a dedicated LinkedIn group. The initial phase of the initiative saw over 10,000 students around the world engaging with the content, and The TeenVC Challenge saw entries being submitted from as far as San Francisco, South Africa, Bangladesh and Scotland.

ESG Awards and Recognition

- **Diversity VC Standard Level 1**

  Augmentum was one of just 11 VC funds across the UK and Canada to be awarded Level 1 of the Diversity VC Standard, championing diversity and inclusion across investment and internal fund processes. Details on this standard can be found at their website – www.diversity.vc/the-diversity-vc-standard/.

- **Fintech for All Charter**

  AFML is a founding signatory of the Fintech for All Charter, aimed at tackling harassment and promoting diversity within the fintech sector. The Charter has been led by InChorus and supported by Innovate Finance, the FinTech Alliance, and Level39, with the Financial Conduct Authority supporting the steering committee.

STRATEGIC REPORT continued

- **ESG Investing Awards**

  AFML was a finalist in the ESG Investing Awards, in the "Best Corporate Sustainability Strategy" and "Most Innovative ESG Initiative" categories. The ESG Investing Awards exist to assess and evaluate the best companies involved in all areas of ESG investing across the globe. They are designed exclusively for banks, investment managers, research houses, ratings agencies, index and ETF providers and exchanges. Further detail on the ESG Investing Awards can be found at www.esginvesting.co.uk/awards/.

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

Neil England
Chairman
11 June 2021

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.

Neil is Chairman of Schroder British Opportunities Trust plc and has been Chairman of a number of other companies, most recently ITE Group plc, Blackrock Emerging Europe plc and three private businesses.

Remuneration: £45,000 pa*

Shareholding in the Company: 110,000

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 (Commonwealth Development Corporation), 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.

Karen has been an adviser to hedge funds, family offices and private equity houses. 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: 32,234

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: 85,983

Standing for re-election: yes

* With effect from 1 April 2021, see Remuneration Report on page 43 for the years to 31 March 2021 and 2020.

CORPORATE GOVERNANCE

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

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

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

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

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.

DIRECTORS' REPORT

The Directors present the audited Financial Statements of the Group and the Company for the year ended 31 March 2021 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 2021, 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 43.

The Corporate Governance Statement starting on page 35 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 4.

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 investment manager of the Company.

The Partnership, Augmentum I LP, a limited partnership registered in Jersey 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 current Directors of the Company are listed on page 29. They have all served as Directors from appointment on 12 February 2018, including throughout the current and prior years.

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

No other person was a Director of the Company during any part of the period up to the approval of this Report on 11 June 2021.

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

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 2022 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 41 to 48.

Directors' Responsibilities

The Statement of Directors Responsibilities is to be found on page 52 and is included in this Directors' Report by reference.

Portfolio Managers

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

During the year the Company raised £27.5 million, net of costs, and as at 31 March 2021 there were 140,423,291 shares of 1p each in issue.

As at 11 June 2021 the number of voting rights was 140,423,291. The voting rights of the shares on a poll are one vote for every share held.

At the end of the year under review, the Directors had shareholder authority to issue a further 11,685,691 shares, which will expire at the forthcoming Annual General Meeting.

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

Substantial Interests

The Company was aware of the following interests in voting rights of 3% or more of the Company as at 31 March 2021 and 31 May 2021, being the latest practicable date before publication of the Annual Report.

	31 May 2021		31 March 2021	
Shareholder	**Number of Ordinary Shares**	**% of Issued Share Capital**	**Number of Ordinary Shares**	**% of Issued Share Capital**
Canaccord Genuity Wealth Management - Institutional	15,377,687	11.0	14,979,999	10.7
EFG Harris Allday, stockbrokers	9,051,838	6.4	8,953,773	6.4
Rathbones	7,369,019	5.2	7,325,219	5.2
Interactive Investor	6,869,289	4.9	6,766,381	4.8
Hargreaves Lansdown, stockbrokers	6,542,950	4.7	6,507,789	4.6
Close Brothers Asset Management	6,446,899	4.6	6,888,085	4.9
South Yorkshire Pension Authority	5,698,937	4.1	6,000,000	4.3
Wellian Investment Solutions	5,682,767	4.0	5,682,767	4.1
Charles Stanley	5,403,819	3.8	5,337,712	3.8
Brewin Dolphin, stockbrokers	4,273,173	3.0	4,268,252	3.0

Percentage shown as a percentage of 140,423,291 ordinary shares, being the number of shares in issue at 31 March 2021 and to the date of this report.

Interests in the Company's shares of key management personnel of its subsidiary at 31 March 2021 are shown below:

Tim Levene	2,657,303	1.8%
Richard Matthews	575,000	0.4%

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.

Articles of Association

A special resolution will be proposed at the forthcoming annual general meeting to adopt updated articles of association that have been amended to permit the Company to hold virtual and/or hybrid shareholder meetings, including AGMs. There are no other amendments.

The Board believes that virtual and/or hybrid meetings will allow for greater shareholder and stakeholder engagement over the coming years in a way that is more convenient for all parties, particularly if there is a recurrence of restrictions on physical meetings.

This flexibility is particularly necessary at the moment given the ongoing uncertainty as regards the duration of social distancing measures and restrictions on gatherings, and the need to maintain open channels of communication between shareholders, directors and stakeholders. These changes to the articles of association will allow the Board to continue to fulfil its legal obligation to hold shareholder meetings irrespective of any legislation or government guidance preventing physical meetings taking place or limiting the number of people who may attend a physical meeting.

If the Board determines that a virtual or hybrid meeting is the most appropriate form of shareholder meeting in any circumstances, the Board will seek to ensure the meeting continues to fulfil its purpose of facilitating shareholder engagement and Board scrutiny and will observe any applicable codes of best practice.

If it appears to the chair of the general meeting that an electronic facility has become inadequate for the purposes referred to above then the chair may, without having to seek the consent of the meeting given that this may not be practicable in the circumstances, exercise his or her rights to manage the meeting (for example, under the Company's articles) to pause, interrupt or adjourn the general meeting. All business conducted at that general meeting up to the time of that adjournment (or an earlier time if determined by the chair to be appropriate) will be valid. The usual provisions of the articles relating to the adjournment of general meetings will apply to any such adjournment.

Global Greenhouse Gas Emissions for the year ended 31 March 2021

At the date of this report, the Group has a staff of eight 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,

DIRECTORS' REPORT continued

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.

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 following disclosure is made in accordance with this requirement:

(i) details of the Company's Carried Interest Plan are set out in the Directors' Remuneration Policy.

The Directors confirm that there are no further disclosures to be made in this regard.

Securities Financial Transactions Regulation ('SFTR') Disclosure (unaudited)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include 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. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31 March 2021.

Alternative Performance Measures

The Financial Statements (on pages 53 to 69) 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 pages 20 and 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 49 to 51.

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 system 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 webcast on Tuesday, 21 September 2021. 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 2021.

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

The Board considers that the proposed resolutions are in the best interests of the shareholders as a whole. Accordingly, the Board unanimously recommends to the 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 21,049,451 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 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 would 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 shareholders to vote in favour of this resolution.

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
11 June 2021

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 the Company as an investment company.

The Board considers that reporting against the principles and provisions of the AIC Code will provide the best information to shareholders and the Financial Reporting Council has confirmed that by following the AIC Code, boards of investment companies will meet their obligations in relation to the UK Corporate Governance Code and paragraph 9.8.6 of the UK Listing Rules.

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 recommendations of the AIC Code and the relevant provisions of the UK Code, except the need for an internal audit function.

For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers this provision is not relevant to the position of the Company and the Group. Further details are provided on page 51.

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 24 and 25.

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 4.

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 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 greater 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 38 under Board evaluation.

Audit Committee

As expanded in the Report of the Audit Committee starting on page 49, 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.

CORPORATE GOVERNANCE REPORT continued

Management Engagement & Remuneration Committee

The Management Engagement & Remuneration 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 2021, 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 on the remuneration of Directors and the need to appoint external remuneration consultants. The Committee met twice in the year and considered the Director's Remuneration Policy, AFML remuneration matters and the Carried Interest Plan. 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 below sets out the number of formal Board and Committee meetings held during the year ended 31 March 2021 and the number of meetings attended by each Director.

In addition to the scheduled Board and Committee meetings, Directors attended a number of ad hoc Board and Committee meetings to consider matters such as the impact of the pandemic and associated lockdowns (in addition to receiving regular updates), the fundraise in October 2020 and more routine matters such as approval of regulatory announcements.

	Board (including ad hoc)	Audit Committee	ME&R Committee	Valuations Committee	Nomination Committee
Neil England	10	3	2	2	1
Karen Brade	10	3	2	2	1
David Haysey	10	3	2	2	1

All the Directors attended the Annual General Meeting in September 2020.

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 are made available to shareholders. In the event of a significant (defined as 20% or more) vote against any resolution proposed at the Annual General Meeting, the Board would consult 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 belongs to the Association of Investment Companies which publishes information to increase investors' understanding of the sector.

CORPORATE GOVERNANCE REPORT continued

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 24 and 25.

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 eight 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 21 to 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 page 21.

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 Portfolio Manager's commitment to responsible investing is set out on pages 26 to 28.

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.

CORPORATE GOVERNANCE REPORT continued

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, but will address this after the planned board recruitment.

Directors' Interests

The beneficial interests of the Directors in the Company are set out on page 43 of this annual report.

Directors' Independence

The Board consists of three 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

During the year, Neil England was appointed as chairman of Schroder British Opportunities Trust plc and Karen Brade was appointed as a non-executive director of HeiQ plc. Each of the other Directors 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 Board effectiveness checklist, tailored to suit the nature of the Company, followed by discussions between the AIFM and each of the Directors. The performance of the Chairman was evaluated by the other Directors under the leadership of David Haysey.

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 re-election. It was however apparent from the review that the workload associated with the Board, its four committees and the regular fund raising events is making significant demands on non-executive time and additional Board resources are required. A recruitment company with experience of fintech is in the process of being engaged to assist with identification of appropriate candidates.

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.

CORPORATE GOVERNANCE REPORT continued

During the year, the Board reviewed the policy on Directors' tenure and considered the overall length of service of the Board as a whole. As all of the Directors have been appointed since the launch of the Company, the Board has committed to review the long-term succession plan in order to ensure that there is an orderly succession when the time comes for the Directors to retire from the Board.

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. No new appointments were made during the year. Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two.

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.

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 will be a key consideration in any Director search process.

The gender balance of two men and one woman meets the original recommendation of Lord Davies' report on Women on Boards. The Board is aware that new gender representation objectives have been set for FTSE 350 companies and that targets concerning ethnic diversity have been recommended for FTSE 250 companies. While the Company is not a FTSE 350 constituent the Board will continue to monitor developments in this area and will consider diversity during any director search process.

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 will be 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 37.

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.

CORPORATE GOVERNANCE REPORT continued

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 21 and 22. 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 page 22.

Audit, Risk and Internal Control

The Statement of Directors' Responsibilities on page 52 describes the Directors' responsibility for preparing this report.

The Report of the Audit Committee, beginning on page 49, 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.

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 form of proxy, 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 third AGM of the Company will be held on Tuesday, 21 September 2021 at 11.00 a.m. at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL.

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 8 Authority to allot shares

Resolution 9 Authority to disapply pre-emption rights

Resolution 10 Authority to sell shares held in Treasury on a non pre-emptive basis

Resolution 11 Authority to buy back shares

Resolution 12 Amend the Company's Articles

Resolution 13 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

11 June 2021

DIRECTORS' REMUNERATION REPORT

Statement by 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 2021. 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

The other members of the Committee are Karen Brade and Neil England, who are both 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 Directors of the Company, and key personnel of Augmentum Fintech Management Limited ("AFML") and recommending the total remuneration packages (including bonuses, incentive payments or other awards) for those key personnel; and
- reviewing management engagement terms in place with the Company's AIFM and Portfolio Manager.

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

The activity of the Committee during the year was focused on remuneration matters. The Committee also approved the salary of the directors 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.

Remuneration Policy Overview

The objective of the Group's executive remuneration policy is to attract, motivate and retain high calibre, qualified, executives with the necessary skills and experience in order for the Company to achieve its strategic objectives. The Directors also recognise the importance of ensuring that employees are incentivised and identify closely with the success of the Company.

Accordingly, the Committee's aim is to provide a framework for remuneration which creates an appropriate balance between fixed and performance-related elements.

It is the Committee's intention that performance-related remuneration is linked to the achievement of objectives which are aligned with shareholders' interests over the medium term.

The main elements of the remuneration package for key personnel of AFML are:

- Base salary.
- Performance-related annual bonus.
- Other benefits (including life and health insurance).
- Participation in AFML's carried interest plan.

Annual Discretionary Bonus

Key personnel of AFML may be awarded a discretionary bonus of up to 50% of base salary in such amount and on such terms as may be decided from time to time by the Committee. Any bonus payment made shall be purely discretionary in all respects and shall not form part of contractual remuneration. There is no obligation on the Group to award a bonus and any bonus awarded in one year shall not give rise to any expectation of or right to any bonus in the following or subsequent years.

There are no provisions for the annual discretionary bonus to be clawed back from key personnel.

Carried Interest Plan ("CIP")

The Company's subsidiary, AFML, has established a carried interest plan for its employees (together, the "Plan Participants") in respect of any investments and follow-on investments made from Admission. Each carried interest plan 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 carried interest plan shall be in respect of investments acquired using 80% of the net proceeds of the IPO (including the Initial Portfolio), and related follow-on investments.

Subject to certain exceptions, Plan Participants will receive, 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 and follow-on investments made during the relevant period. The participants' returns are subject to a "catch-up" provision in their favour. Plan Participants' carried interests vest over a maximum of three years for each carried interest plan and are subject to good and bad leaver provisions. Any unvested carried interest resulting from a Plan Participant becoming a leaver can be reallocated by the Committee.

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.

DIRECTORS' REMUNERATION REPORT continued

The Committee assesses the workload and responsibilities of the non-executive directors and reviews, annually, the fees paid to them in accordance with the policy set out on pages 44 to 48.

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 carried interest plan. 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.

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 2021.

At the most recent review of Directors' fees, held in March 2021, it was agreed that Directors' fees would increase, with effect from 1 April 2021, as follows:

Chairman of the Board: from £35,000 to £45,000 per annum; Additional fees paid to Audit and Valuation Committee Chairs: from £5,000 to £8,000 per annum; Directors fees: from £25,000 to £27,000 per annum. This is the first increase since 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 2021 in respect of the fees payable to the non-executive Directors.

The Company's existing remuneration policy was subject to a binding shareholder vote at the Annual General Meeting in 2019. No changes were made to the existing remuneration policy. The Committee is required to submit its remuneration policy to a shareholder vote every three years and accordingly will next be putting a resolution to approve the remuneration policy to shareholders at the Annual General Meeting to be held in 2022.

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 were no substantial shareholder votes against the resolutions at the Annual General meetings held in 2019 and 2020.

At the Annual General Meeting held on 29 September 2020 an ordinary resolution to approve the Directors' Remuneration Report for the year ended 31 March 2020 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 2020 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 2020	25,659,048	99.8	59,414	0.2	25,718,462	99,876
Approval of the Directors' Renumeration Policy	21,638,197	99.8	38,899	0.2	21,677,096	32,305

DIRECTORS' REMUNERATION REPORT continued

Single total figure of remuneration (Audited)

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

	Role	2021 Fixed fees £'000s	2020 Fixed fees £'000s	% change
Neil England	Chairman of the Board and Nominations Committee	35	35	0%
Karen Brade	Chairman of the Audit Committee	30	30	0%
David Haysey	Chairman of the Management Engagement & Remuneration Committee and Valuations Committee	30	30	0%
Total		**95**	**95**	0%

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.

Directors' share interests (Audited)

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

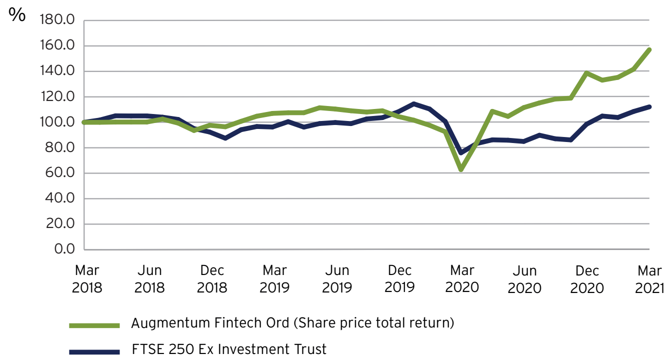
	Role	Number of ordinary shares as at 31 March 2021	Number of ordinary shares as at 31 March 2020
Neil England	Chairman of the Board and Nominations Committee	110,000	100,000
Karen Brade	Chairman of Audit Committee	32,234	32,234
David Haysey	Chairman of Management Engagement & Remuneration Committee and Valuations Committee	85,983	85,983

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

There are no changes to Directors' share interests from 31 March 2021 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 2021 against the FTSE 250 Ex Investment Trust Index.



Relative importance of spend on pay

Spend	2021 £'000	2020 £'000
Fees of non-executive Directors	95	95
Remuneration paid to or receivable by all employees of the Group in respect of the year**	1,530	1,081
Total Expenses**	2,879	2,622

** excludes carried interest provision and other capital expenses.

Conclusion

I believe that our policy on pages 44 to 48 creates a strong alignment between the key personnel of AFML, non-executive directors and shareholders and is relevant and aligned with our expectations for the Company.

David Haysey
Chairman of the Management Engagement & Remuneration Committee

11 June 2021

CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION POLICY

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 shareholder vote every three years. An ordinary resolution for the approval of the current policy was put to members at the Annual General Meeting on 11 September 2019 and passed by the members. No changes were made to the policy. The policy will continue to apply until the Annual General Meeting in 2022, when it will next be voted on by shareholders.

The policy is set out below.

1. Key objectives of the Augmentum Fintech plc Directors' Remuneration Policy

The Directors' Remuneration Policy aims to deliver three core objectives:

- 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;
- Enable the Company's subsidiary Augmentum Fintech Management Limited ("AFML") to attract, retain, and incentivise the best talent for its business; and
- Create alignment with shareholders' interests.

To deliver these objectives the Directors' Remuneration Policy seeks to reward the achievement of Augmentum's strategic objectives.

Pay and Employment Conditions Across the Group

While the Group does not formally consult employees in determining the Directors' Remuneration Policy, structures, and practices, the Management Engagement & Remuneration Committee takes into consideration the pay and employment conditions applied across the organisation to ensure that pay structures are suitably aligned and that absolute remuneration levels remain appropriate. The Committee reviews the pay ratios between the Directors and the broader workforce, and also takes into account the general basic salary increases for employees across the organisation when determining Director salary increases.

Consideration of Shareholder Views

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.

2. Remuneration Policy for the Chairman of the Board and Non-Executive Directors

The Group's policy on Director remuneration is to set both the structure and level of fees to reflect the need to attract high-calibre Board members, and the scope of the responsibilities, time commitment, and market practice.

Terms of appointment

The appointment of both the Chairman and Directors are subject to letters of appointment. Service contracts are not used for Board members. The letters of appointment 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.

DIRECTORS' REMUNERATION POLICY continued

Director Remuneration Policy

The table below sets out the Group's policy for Director 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	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 The Chairman's and Directors' fee are determined by the Management Engagement & Remuneration Committee Fees are reviewed annually to ensure that they remain in line with market practice and are paid in equal monthly instalments	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 for their Chairmanship of a Board Committee	See page 42
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 To date no such costs have been reimbursed	No maximum set

3. Key management personnel for AFML ('KMP') Remuneration Policy table

i. Salary

Purpose and link to strategy	• To provide competitive fixed remuneration that will attract, retain and motivate high calibre executives and reflect their experience, duties and location
Operation	• Salaries are reviewed annually, and any increases take account of a broad range of factors including: – The salary increases awarded across the organisation – Economic conditions – Inflation/cost of living – Individual performance, skills and experience – Financial performance of the Group – Pay levels in comparative companies
Maximum opportunity	• The maximum salary under this policy is currently £220,000 (2020: £200,000) and the Committee retains discretion to increase salaries for the duration of this policy. However, increases will normally be in line with salary increases to the broader workforce • Increases beyond those linked to the workforce (in percentage of salary terms) may be awarded in certain circumstances at the Board's discretion (based on the recommendation of the Committee) such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group. Any increases beyond the increments awarded across the broader workforce will be explained in the relevant year's Directors' Remuneration Report

DIRECTORS' REMUNERATION POLICY continued

ii. Benefits

Purpose and link to strategy	• To provide competitive benefits in line with market practice
Operation	• The Benefits provision will be reviewed annually • The Group typically provides the following benefits: – Private health insurance – Death in service cover • The Committee has the ability to reimburse reasonable business-related expenses and any tax thereon
Maximum opportunity	• The cost of some of these benefits is not pre-determined and may vary from year to year based on the overall cost to the Group in securing these benefits for a population of employees (particularly health insurance and death-in-service cover) • The Committee has discretion to approve an additional allowance in exceptional circumstances (such as relocation), or where factors outside the Committee's control have changed materially (such as increases in insurance premiums)

iii. Pension

Purpose and link to strategy	To provide a competitive, yet cost-effective, appropriate long-term retirement benefit
Operation	KMP may receive a company contribution to a defined contribution scheme
Maximum opportunity	Company contributions of up to 15% of base salary

iv. Discretionary Bonus

Purpose and link to strategy	To incentivise annual delivery of performance objectives relating to the short-term goals of the Company, driving strong financial performance for investors balanced with effective long-term decision making and prudence
Operation	• KMP may be awarded an annual discretionary bonus of up to 50% of base salary and on such terms as may be decided from time to time by the Management Engagement and Remuneration Committee of Augmentum Fintech plc. Any bonus payment made to KMP shall be purely discretionary in all respects and shall not form part of contractual remuneration. • There is no obligation on the Company to award a bonus and any bonus awarded in one year shall not give rise to any expectation of or right to any bonus in the following or subsequent years.
Maximum opportunity	• 50% of base salary

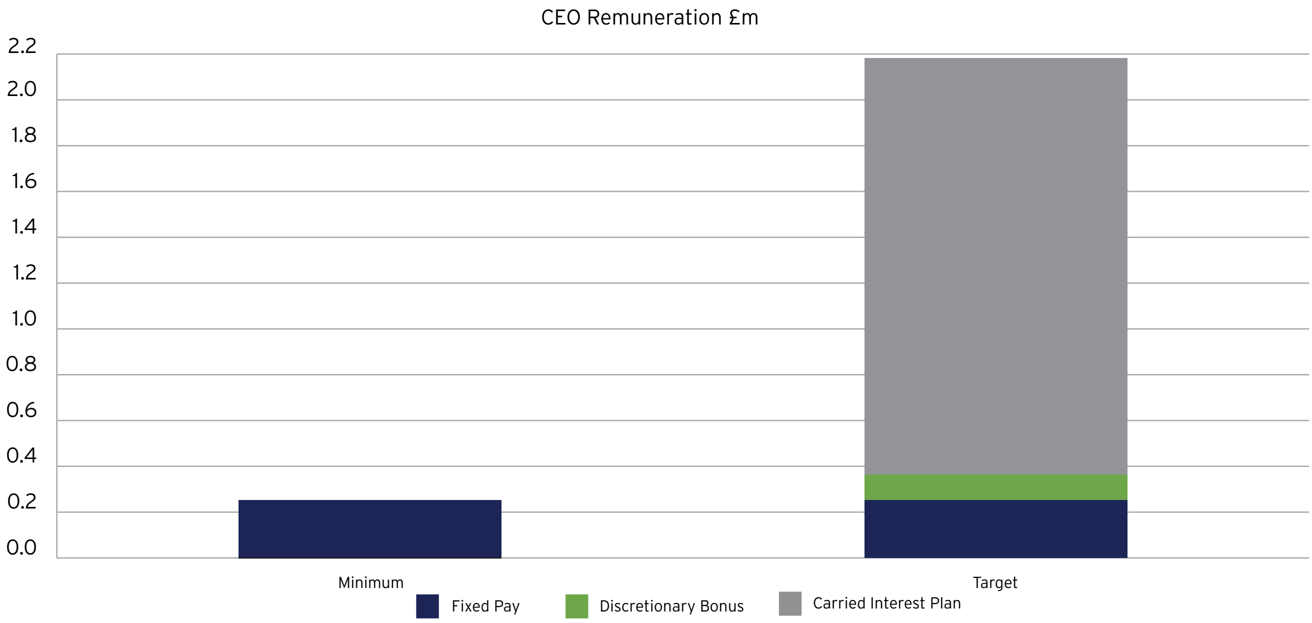
v. Carried Interest Plan ("CIP")

Purpose and link to strategy	To align performance related remuneration with shareholders interests over the medium to longer term.
Operation	• KMP participate in the CIP. The allocations between Plan Participants are set by the Management Engagement and Remuneration Committee at the start of each plan. See the 'Carried interest plan' section of the Directors Remuneration Report for further details. • Where the performance conditions of the CIP are met the Group is contractually obliged to pay the CIP fee.
Maximum opportunity	• There is no maximum payout to Plan Participants under the CIP and it is the Group's policy not to cap individual variable pay. The maximum amount payable is dependent on the timing and amount of future investment realisations.

DIRECTORS' REMUNERATION POLICY continued

Illustration of the remuneration packages for key management personnel of AFML under different performance scenarios

The chart below illustrates the minimum fixed remuneration and provides a good indication of the total remuneration for a year of good performance using the base salary and maximum discretionary bonus effective 1 April 2020 and shows potential pay-outs at different levels of performance. The value of each element has been included.



Notes

- Under the Target scenario a fifth of the anticipated pay-out is attributed to each year. The carried interest plan is projected to last five years for the purposes of this illustration. The anticipated pay-out assumes that a target IRR of 20% is met with all investment realisations occurring at the end of the five year period.
- No maximum payment scenario has been shown as there is no maximum payment specified under the carried interest plans and the Group's policy is to not cap individual variable pay. The maximum amount payable is dependent on the timing and amount of future investment realisations.

Approach to Recruitment Remuneration

The Committee is responsible for setting the package for any new KMP. On appointment of new KMP, the Committee would seek to offer a remuneration package which can secure an individual of the calibre and skillset required to fulfil the role successfully to help drive long-term value for shareholders.

In determining the appropriate remuneration package for new KMP, the Committee will consider the calibre of the candidate, the level of their existing remuneration, the jurisdiction from which the candidate is recruited and their skills and experience. Additionally, decisions will be informed by consideration of market data for companies of a similar size and complexity and contextual information regarding remuneration paid to employees elsewhere in the organisation.

Any remuneration package would be in line with the parameters set out in the Directors' Remuneration Policy. In the event of recruitment of new KMP, the rationale behind the package offered will be explained in the subsequent Annual Report.

Where an individual forfeits outstanding incentive awards with a previous employer as a result of accepting an appointment from the Group, the Committee may offer compensatory awards to facilitate recruitment in the form of a 'buy-out' award. These awards would be in such form as the Committee considers appropriate taking into account all relevant factors including the form, expected value, performance conditions, anticipated vesting and timing of the forfeited awards. The expected value of any compensatory awards would be no higher than the value forfeited, and, where possible, the Committee would aim to reflect the nature, timing, and value of awards forgone in any replacement, compensatory awards.

While cash may be included to reflect the forfeiture of cash-based incentive awards, the Committee does not envisage that 'golden hello' cash payments would be offered.

For internal promotions, any commitments made prior to appointment may continue to be honoured as the KMP is transitioned to the new remuneration arrangements.

CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION POLICY continued

KMP service contracts

It is the Group's policy to enter into contracts of employment with KMP which may be terminated at any time by either the Group or the KMP upon six months' notice. A summary of the way in which each element of remuneration is treated on loss of office is included in the table below.

Loss of office policy

In the event that the employment of KMP is terminated, any compensation payable will be determined in accordance with the terms of the employment contract as well as the rules of any relevant incentive plans. The Committee carefully considers compensation commitments in the event of a KMP's termination. The aim is to avoid rewarding poor performance and to reduce compensation to reflect the departing executive's obligations and to mitigate losses.

The main elements of remuneration would typically be treated in the following ways:

Element	"Good leaver"*	All other leavers
Fixed pay during the notice period	Save for summary dismissal, KMP will receive base pay and other benefits over their notice period including any period where they are not required to work. Alternatively, the Committee may elect to make a payment in lieu of notice; typically amounts will be paid in monthly instalments and reduce, or cease, in the event that remuneration from new employment is received.	
Bonus for final year of service	The Committee may award KMP an annual bonus payment in respect of their final year of service (while they are under notice). This payment will usually be pro-rated to reflect the portion of the financial year for which they were in active employment. Pay-outs will be calculated with reference to individual and financial performance measures in the usual way. The Committee may determine that a portion of such a bonus must be deferred.	No bonus payment will be made if the KMP is under notice.

* The Committee may determine that the KMP is a good leaver if they leave the Company as a result of either death, retirement (with the agreement of the Committee), injury, disability or for any other reason as determined by the Committee.

Other payments may be made to compensate KMP for the loss of employment rights on termination. Payments may include amounts for agreeing to non-solicitation and confidentiality clauses, reimbursement of legal fees and/or for settlement of any claim arising in connection with the termination of the KMP's employment.

In the event of a change of control, the Carried Interest Plan would continue in accordance with their terms, subject to the Committee's discretion to determine otherwise.

External Appointments of KMP

It is the Company's policy to allow KMP to accept and fulfil non-executive directorships of another company, although the Board retains the discretion to adjust this policy on a needs-basis. KMP are permitted to retain any fees received in respect of any such external appointment, the details of which will be set out in the Directors' Remuneration Report each year.

David Haysey
Chairman of the Management Engagement & Remuneration Committee

11 June 2021

REPORT OF THE AUDIT COMMITTEE

Statement from the Chairman

On behalf of the Board, I am pleased to present my report as Chairman of the Audit Committee. The members of the Committee are Neil England and David Haysey. 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 Directors 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 this 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 audit 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
- To consider the Valuation 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 each time it meets, 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.

Financial Reporting Council ("FRC") review of the Company's Annual Report & Accounts to 31 March 2020

During the year the FRC carried out a review of the Company's Annual Report and Accounts to 31 March 2020.

The review was based on the document itself and did not benefit from detailed knowledge of the Company. However, it was conducted by staff of the FRC who had an understanding of the relevant legal and accounting framework. The Committee was pleased to note that, based on the FRC's review, while there were a small number of minor disclosure matters that required, and have received, consideration there were no questions that the FRC wished to raise.

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 Valuation 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 Valuation 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 page 21. The Committee reviewed the Company's financial position expected future cash flows and position, together with the principal risks and uncertainties, including those experienced recently in connection with the pandemic. 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.

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.

External Auditor

In addition to the reviews undertaken at Committee meetings, I communicated with BDO LLP on 8 June 2021 to discuss the progress of the audit and the draft Annual Report. The Committee also communicated with BDO LLP without Frostrow or the Portfolio Manager being present to discuss the outcome of the audit on 11 June 2021.

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.

REPORT OF THE AUDIT COMMITTEE continued

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.

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. 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 investment 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 has been 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

11 June 2021

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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the group 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.

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.

Responsibility Statement

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

Each of the Directors, whose names and functions are listed under the 'Board of Directors' on page 29 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

11 June 2021

Note to those who access this document by electronic means:

The Annual Report for the year ended 31 March 2021 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.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March 2021			Year ended 31 March 2020		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains on Investments	8	–	26,727	26,727	-	12,683	12,683
Interest Income		7	-	7	106	-	106
Expenses	2	(2,879)	(4,179)	(7,058)	(2,579)	(2,410)	(4,989)
(Loss)/Return before Taxation		**(2,872)**	**22,548**	**19,676**	**(2,473)**	**10,273**	**7,800**
Taxation	6	–	–	–	-	-	-
(Loss)/Return for the year		**(2,872)**	**22,548**	**19,676**	**(2,473)**	**10,273**	**7,800**
(Loss)/Return per Share (pence)	7	**(2.3)p**	**18.2p**	**15.9p**	**(2.2)p**	**9.2p**	**7.0p**

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. There are no non-controlling interests.

The notes on pages 59 to 69 are integral to and form part of these Financial Statements.

FINANCIAL STATEMENTS

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

Group	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
			Year ended 31 March 2021			
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**

Group	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
			Year ended 31 March 2020			
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)
Purchase of own shares into Treasury	–	–	(68)	–	–	(68)
Return/(loss) for the year	–	–	–	10,273	(2,473)	7,800
At 31 March 2020	**1,171**	**24,760**	**92,033**	**22,328**	**(4,499)**	**135,793**

Company	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
			Year ended 31 March 2021			
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**

Company	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
			Year ended 31 March 2020			
Opening Shareholders funds	**940**	**-**	**92,101**	**12,055**	**(2,053)**	**103,043**
Issue of shares following placing and offer for subscription	231	25,587	–	–	–	25,818
Costs of placing and offer for subscription	–	(827)	–	–	–	(827)
Purchase of own shares into Treasury	–	–	(68)	–	–	(68)
Return/(loss) for the year	–	–	–	10,273	(2,637)	7,636
At 31 March 2020	**1,171**	**24,760**	**92,033**	**22,328**	**(4,690)**	**135,602**

The notes on pages 59 to 69 are integral to and form part of these Financial Statements.

CONSOLIDATED BALANCE SHEET

as at 31 March 2021

	Note	2021 £'000	2020 £'000
Non-Current Assets			
Investments held at fair value	8	164,127	123,132
Property, plant & equipment		6	17
Current Assets			
Right of use asset	5	145	333
Other receivables	10	47	112
Cash and cash equivalents		27,433	15,111
Total Assets		**191,758**	**138,705**
Current Liabilities			
Other payables	11	(1,940)	(212)
Lease liability	5	(148)	(333)
Provisions	12	(6,508)	(2,367)
Total Assets less Current Liabilities		**183,162**	**135,793**
Net Assets		**183,162**	**135,793**
Capital and Reserves			
Called up share capital	15	1,405	1,171
Share premium		52,151	24,760
Special reserve		92,101	92,033
Retained earnings:			
Capital reserves		44,876	22,328
Revenue reserve		(7,371)	(4,499)
Total Equity		**183,162**	**135,793**
Net Asset Value per share (pence)	**16**	**130.4p**	**116.1p**

The Financial Statements on pages 53 to 58 were approved by the Board of Directors on 11 June 2021 and signed on its behalf by:

Neil England
Chairman

The notes on pages 59 to 69 are integral to and form part of these Financial Statements.

Augmentum Fintech plc
Company Registration Number: 11118262

COMPANY BALANCE SHEET

as at 31 March 2021

	Note	2021 £'000	2020 £'000
Non-Current Assets			
Investments held at fair value	8	164,127	123,132
Investment in subsidiary undertakings	9	500	500
Current Assets			
Other receivables	10	17	83
Cash and cash equivalents		26,533	14,387
Total Assets		**191,177**	**138,102**
Current Liabilities			
Other payables	11	(1,910)	(133)
Provisions	12	(6,508)	(2,367)
Total Assets less Current Liabilities		**182,759**	**135,602**
Net Assets		**182,759**	**135,602**
Capital and Reserves			
Called up share capital	15	1,405	1,171
Share premium		52,151	24,760
Special reserve		92,101	92,033
Retained earnings:			
Capital reserves		44,876	22,328
Revenue reserve		(7,774)	(4,690)
Total Equity		**182,759**	**135,602**

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

The Company return for the year was £19,464,000 (2020: £7,636,000). 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 53 to 58 were approved by the Board of Directors on 11 June 2021 and signed on its behalf by:

Neil England
Chairman

The notes on pages 59 to 69 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 2021 £'000	Year ended 31 March 2020 £'000
Operating activities		
Purchases of investments	(12,538)	(32,849)
Acquisition of property, plant and equipment	(2)	(13)
Interest income received	68	70
Expenses paid	(2,758)	(2,454)
Lease payments	(141)	(158)
Net cash outflow from operating activities	**(15,371)**	**(35,404)**
Issue of shares following placing and offer for subscription	28,046	25,818
Costs of placing and offer for subscription	(546)	(827)
Purchase of own shares into Treasury	(51)	(68)
Issue of shares from Treasury	244	-
Net cash generated from financing activities	**27,693**	**24,923**
Net increase/(decrease) in cash and cash equivalents	**12,322**	**(10,481)**
Cash and cash equivalents at start of year	**15,111**	**25,592**
Cash and cash equivalents at end of year	**27,433**	**15,111**

The notes on pages 59 to 69 are integral to and form part of these Financial Statements.

COMPANY CASH FLOW STATEMENT

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Operating activities		
Purchases of investments	(12,538)	(32,849)
Interest income received	66	70
Expenses paid	(3,075)	(2,803)
Net cash outflow from operating activities	**(15,547)**	**(35,582)**
Issue of shares following placing and offer for subscription	28,046	25,818
Costs of placing and offer for subscription	(546)	(827)
Purchase of own shares into Treasury	(51)	(68)
Issue of shares from Treasury	244	-
Net cash generated from financing activities	**27,693**	**24,923**
Net increase/(decrease) in cash and cash equivalents	**12,146**	**(10,659)**
Cash and cash equivalents at start of year	**14,387**	**25,046**
Cash and cash equivalents at end of year	**26,533**	**14,387**

The notes on pages 59 to 69 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 and the US.

2 Expenses

	2021			2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
AIFM fees	334	–	334	278	–	278
Administrative expenses	817	39	856	1,016	43	1,059
Directors fees*	95	–	95	95	–	95
Carried Interest (see Note 4)^	–	4,140	4,140	–	2,367	2,367
Staff costs (see Note 4)	1,535	–	1,535	1,081	–	1,081
Auditors' remuneration	98	–	98	109	–	109
Total expenses	**2,879**	**4,179**	**7,058**	**2,579**	**2,410**	**4,989**

£197,000 of interest and depreciation relating to a lease (2020: £158,000) 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 43.

^ Carried Interest is calculated based on the valuation of the Company's investments as at the year end, assuming all the investments were converted to cash at that point, less estimated selling costs. The actual amount payable will be dependent on the amount and timing of the actual realisations of the portfolio investments. See page 22 and Notes 4 and 12 for further details.

Auditors' Remuneration

	2021		2020	
	Group £'000	**Company £'000**	**Group £'000**	**Company £'000**
Audit of Group accounts pursuant to legislation*	66	66	64[1]	64[1]
Audit of subsidiaries accounts pursuant to legislation*	14	–	12	-
Audit related assurance services*	18	15	33[2]	30[2]
Total auditors' remuneration	**98**	**81**	**109**	**94**

1 Includes £4,000 payable to PWC relating to overruns on the 2019 audit.
2 Includes £30,000 payable to PWC in relation to the review of the Interim Report to 30 September 2019.

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 auditors are given in the Report of the Audit Committee beginning on page 49. BDO LLP were paid £nil (2020: £25,000) for reporting accountant services. These expenses are included within the costs of placing and offer for subscription in the Statement of Changes in Equity. BDO LLP were not the Group or Company's auditor at the time of their engagement as reporting accountants.

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.

	2021 Salary/Fees £'000	2021 Other benefits £'000	2021 Total £'000	2020 Salary/Fees £'000	2020 Other benefits £'000	2020 Total £'000
Key management personnel remuneration	755	78	833	495	73	568
Carried Interest Allocation*	2,640	–	2,640	1,656	–	1,656
	3,395	**78**	**3,473**	**2,151**	**73**	**2,224**

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

* Allocation of the carried interest provision to the directors of the Company' subsidiary. See Note 4 for further details of the carried interest arrangements.

4 Staff Costs

The monthly average number of employees for the Group during the year was eight (2020: seven). All employees are within the investment and administration function and employed by the Company's subsidiary.

	2021 £'000	2020 £'000
Wages and salaries	1,254	876
Social security costs	179	114
Other pension costs	78	68
Other staff benefits	24	23
Staff costs	**1,535**	**1,081**
Carried Interest (charged to capital)*	4,140	2,367
Total	**5,675**	**3,448**

* Carried interest is only payable once the Group has received an aggregate annualised 10% realised return on investments (the 'hurdle'). Based on the investment valuations as at 31 March 2021 the hurdle has been met, on an unrealised basis, as such carried interest has been provided for. This will only be payable if the hurdle is met on a realised basis and a carried interest fee is paid by the Company to AFML, its subsidiary. See page 22 and Note 19.9 for further details.

The carried interest arrangements have been set up with aim of incentivising employees of AFML and aligning them with shareholders through participation in the realised investment profits of the Group. The Management Engagement & Remuneration Committee determine the allocation of the carried interest amongst employees of AFML and any unallocated carried interest on receipt of a carried interest fee from the company, or unvested carried interest resulting from a participant becoming a leaver, is expected to be allocated to remaining participants. Non-executive Directors of the Company are not eligible to participate in the carried interest arrangements.

5 Leases

Leasing activities

The Group, through its subsidiary AFML, has leased an office, in both 2021 and 2020, in the UK from which it operates for a fixed fee. The Group had no other leases in 2021 and 2020. When measuring lease liabilities for leases that were classified as operating leases, the Group discounts lease payments at a rate of 5%.

Right of Use Asset

	2021 Group Office Premises £'000	2020 Group Office Premises £'000
As at 1 April	333	–
Addition – Recognised on initial adoption of IFRS 16 on 1 April 2020	–	164
Addition	–	320
Depreciation	(188)	(151)
At 31 March	**145**	**333**

Lease Liability

	2021 Group Office Premises £'000	2020 Group Office Premises £'000
As at 1 April	333	–
Addition – Recognised on initial adoption of IFRS 16 on 1 April 2020	–	164
Addition	–	320
Interest Expense	9	7
Lease Payments	(194)	(158)
At 31 March	**148**	**333**

5 **Leases** (continued)

Maturity Analysis

At 31 March 2021	**Up to 3 months £'000**	**Group 3 - 12 months £'000**	**Between 1 - 2 years £'000**
Lease payments	34	104	10

The aggregate lease liability recognised in the statement of financial position at 1 April 2019 and the Group's operating lease commitment at 31 March 2019 can be reconciled as follows:

	Group £'000
Operating lease commitment at 31 March 2019	172
Effect of discounting those lease commitments	(8)
Lease liability recognised on initial adoption of IFRS 16 on 1 April 2019	**164**

6 Taxation Expense

		2021			**2020**	
For the year ended 31 March	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**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% (2020: 19%) to the (loss)/return before tax is as follows:

		2021			**2020**	
For the year ended 31 March	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
(Loss)/return before taxation	(2,872)	22,548	19,676	(2,473)	10,273	7,800
(Loss)/return before tax multiplied by the effective rate of UK corporation tax of 19% (2020: 19%)	(546)	4,284	3,738	(470)	1,952	1,482
Effects of: Non-taxable capital returns	–	(5,078)	(5,078)	-	(2,410)	(2,410)
Excess management expenses	546	794	1,340	470	458	928
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 £9,998,000 (2020: £7,089,000). 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:

	2021 £'000	**2020 £'000**
Net revenue loss	(2,872)	(2,473)
Net capital return	22,548	10,273
Net total return	**19,676**	**7,800**

Weighted average number of ordinary shares in issue	123,553,057	111,066,278

	Pence	**Pence**
Revenue loss per share	(2.3)	(2.2)
Capital return per share	18.2	9.2
Total return per share	**15.9**	**7.0**

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

8 Investments Held at Fair Value

Non-current Investments Held at Fair Value

As at 31 March	2021 Group and Company £'000	2020 Group and Company £'000
Unlisted at fair value	164,127	123,132

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

	Group and Company £'000	Group and Company £'000
As at 1 April	123,132	77,600
Purchases at cost	14,268	32,849
Gains on investments	26,727	12,683
As at 31 March	**164,127**	**123,132**

9 Subsidiary undertakings

The Company has an investment of £500,000 (2020: £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 5-23 Old Street, London EC1V 9HL.

10 Other Receivables

As at 31 March	2021 Group £'000	2021 Company £'000	2020 Group £'000	2020 Company £'000
Other receivables	47	17	112	83

11 Other Payables

As at 31 March	2021 Group £'000	2021 Company £'000	2020 Group £'000	2020 Company £'000
Purchases payable	1,730	1,730	-	-
Other payables	210	180	212	133
	1,940	**1,910**	**212**	**133**

12 Provisions

As at 31 March	2021 Group and Company £'000	2020 Group and Company £'000
Carried Interest provision*	6,508	2,367

* See page 22 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 (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. Cash was held with the following banks.

Bank Credit Ratings at 31 March 2021	**2021 £'000**	**2020 £'000**	**Moody's**
Barclays Bank plc	27,433	4,095	**A1**
Santander International*	–	11,016	**Aa3**
	27,433	**15,111**	

*Rating is for the parent company

(ii) Financial Assets and Liabilities

As at 31 March	**Group Fair value 2021 £'000**	**Company Fair value 2021 £'000**	**Group Fair value 2020 £'000**	**Company Fair value 2020 £'000**
Financial Assets				
Unlisted equity shares	157,719	157,719	103,991	103,991
Unlisted convertible loan notes	6,408	6,408	19,141	19,141
Cash and cash equivalents	27,433	26,533	15,111	14,387
Other assets	47	17	112	83
Financial Liabilities				
Other payables	(1,940)	(1,910)	(212)	(133)

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 2021. Note 8 on page 62 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 Weighed 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 £26,727,000 (year ended 31 March 2020: £12,683,000).

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 2021 £'000	Fair Value 2020 £'000	Unobservable Inputs	Reasonably possible shift in input +/-	Change in valuation +/(-) £'000
Multiple methodology	75,461	34,554	Multiple	10%	5,427/(5,444)
			Illiquidity adjustment	30%	(7,422)/8,333
CPORT*	69,536	69,437	Transaction price	10%	6,088/(5,917)
PWERM**	4,503	19,141	Probability of conversion	25%	265/(503)
NAV	4,091	-	Discount to NAV	30%	(1,228)
Sales Price	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.

	2021		2020	
	% ownership (fully diluted)	% of portfolio	% ownership (fully diluted)	% of portfolio
Interactive Investor*	3.8	19.9	3.7	17.7
BullionVault*	11.1	7.0	11.1	9.1
Zopa*	3.0	5.8	6.1	6.4
Augmentum I LP **	**100.0**	**34.8**	**100.0**	**36.1**
Tide	5.9	11.6	5.9	11.5
Grover	8.3	7.9	-	-
Monese	7.5	6.3	5.4	8.3
Dext (formerly Receipt Bank)	3.7	6.4	3.7	6.1
Farewill	14.1	6.5	13.4	5.9

* 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

	2021 Ordinary Shares No.	2021 Ordinary Shares £'000	2020 Ordinary Shares No.	2020 Ordinary Shares £'000
Opening issued and fully paid ordinary shares of 1p each	116,931,911	1,171	94,000,000	940
Issue of shares from public offering	23,371,380	234	23,051,911	231
Ordinary shares purchased into treasury	(75,000)	–	(120,000)	–
Issue of shares from Treasury	195,000	–	–	–
Closing issued and fully paid ordinary shares of 1p each	**140,423,291**	**1,405**	**116,931,911**	**1,171**

On 4 July 2019 23,051,911 ordinary shares were issued. The nominal value of the shares issued was £231,000 and the total gross cash consideration received was £25,818,000. This consideration has been offset against costs of issue, which totalled £827,000.

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.

At 31 March 2021 there were no shares held in treasury (2020: 120,000).

16 Net Asset Value per Share

The Net Asset Value ("NAV") per share of 130.4p (2020: 116.1p) is calculated by dividing the NAV of £183,162,000 (2020: £135,793,000) by the number of ordinary shares in issue at the year end amounting to 140,423,291 (31 March 2020: 116,931,911).

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 59.

Details of the remuneration of all Directors can be found on page 43. Details of the Directors' interests in the capital of the Company can also be found on page 43.

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 carried interest 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 22 in the Strategic Report. During the year the Portfolio Manager received a portfolio management fee of £2,235,000 (2020: £1,861,000), which has been eliminated on consolidation and therefore does not appear in these accounts. A carried interest provision of £6,508,000 (2020: £2,367,000) has been accrued. No carried interest fee is payable or has been paid. There were no outstanding balances due to the Portfolio Manager at the year end (2020: nil).

18 Capital Risk Management

	Group 2021 £'000	Group 2020 £'000
Equity		
Equity share capital	1,405	1,171
Retained earnings and other reserves	181,757	134,622
Total capital and reserves	**183,162**	**135,793**

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.

There is a mis-match between accounting standards which requires the Company's subsidiary, AFML, to recognise carried interest potentially payable to employees based on current investment valuations but is not permitted to recognise the matching carried interest fee payable from the Company to AFML until it is virtually certain to be paid. As a result of this mis-match AFML has a net deficit position on both an accounting and regulatory capital basis. The Board have reviewed this matter and consider that the solvency of AFML is not affected by this as it would only, under the carried interest arrangements, pay carried interest to employees after receipt of the carried interest from the Company.

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 2021 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRS").

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 50. 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 October 2019 (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 2020

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 April 2020 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 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.

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 falls through the related cost is charged to the revenue column of the Income Statement.

19.9 Carried Interest Fee

The Group offers certain employees the opportunity to participate in the returns from successful investments. "Carried Interest Fee" is the term used for amounts accruing to or payable to employees on investment-related transactions. Dependent on the timing of the investment, investments will be allocated to a basket and each basket will be subject to its own carried interest fee as set out on page 22.

Carried interest is accrued 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. Carried interest is equal to the share of profits in excess of the performance conditions in the basket.

The Group accounts for the carried interest fee as an other long term employment benefit and the cost, or reversal, of the employment benefit is recognised as an expense over the relevant vesting period with a corresponding liability.

The Company accrues for the Carried Interest Fee in full.

Carried Interest 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.

The Group has adopted the modified retrospective approach when adopting IFRS 16. A reconciliation between the operating lease commitment disclosed in the 31 March 2019 financial statements and the aggregate lease liability recognised in the statement of financial position at 1 April 2019 on adoption of IFRS 16 is shown in note 5.

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 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 £(208,000) (2020: £(171,000)) representing transaction 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 auditors 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

There are no significant events after the end of the reporting period requiring disclosure.

INDEPENDENT AUDITORS' 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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Augmentum Fintech plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated Income Statement, Consolidated and Company Statement of Changes in Equity, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, 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 members in February 2020 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 31 March 2020 to 31 March 2021. 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:

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 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. We remodelled stress testing of extreme downside scenarios and cash flow forecasts, as well as conducting a robust review of the Group and Parent Company's liquidity position.

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 or Parent's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC continued

Overview

Coverage*	100% (2020: 100%) of Group profit before tax 100% (2020: 100%) of Group revenue 100% (2020: 100%) of Group total assets		
Key audit matters		2021	2020
	Valuation of unquoted investments	Yes	Yes
Materiality	Group financial statements as a whole £3.65m (2020:£2.69m) based on 2% (2020: 2%) of net assets.		

*% coverage of Group components subject to full scope audit by BDO LLP

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 audit of the Parent Company and the subsidiary using the local statutory audit materiality as discussed in the materiality section.

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 AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC continued

Key audit matter	
Valuation of unquoted investments (Group and Company) 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 Investment 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 investments. The Group's accounting policy for assessing the fair value of investments is disclosed on page 67 in note 19.4 and disclosures regarding the fair value estimates are given on page 69 in note 19.17.	*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 unquoted investments: • We considered whether the assumptions and underlying evidence supporting the year end valuations are in line with IFRS 9 and IFRS 13 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 28 May 2021 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 Calibrated Price of Recent Transaction valuations, we agreed the price of 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 level of adjustment, if any, made to the recent transaction price. In particular, we challenged management in respect of the impact of the Covid-19 pandemic on the prospects of investee companies 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;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC continued

Key audit matter

How the scope of our audit addressed the key audit matter

- 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 to understand the performance of the portfolio company, the potential impact of the Covid-19 pandemic, including its cash runway, and challenged estimates used in the valuations of the investments. These included, but were not restricted to, a review of the appropriateness of the basket of comparable companies, the rationale for and consistency of discounts or premiums applied and the basis for budgeted revenue figures used
- 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 weighed probability of the various scenarios.
- For investments based on 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 Investment Manager's reasonableness testing of the market value of the underlying assets using information obtained from the due diligence procedures performed by the Investment 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 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 AUDITORS' 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	
	2021	2020	2021	2020
	£m	£m	£m	£m
Materiality	3.65	2.69	3.47	2.55
Basis for determining materiality	2% of net assets	2% of net assets	95% Group materiality	95% Group materiality
Rationale for the benchmark applied	• The nature of the investment portfolio and the level of judgement inherent in the valuation. • The range of reasonable alternative valuations.	• The nature of the investment portfolio and the level of judgement inherent in the valuation. • The range of reasonable alternative valuations.	Relative difference between Group and Parent Company figures	Relative difference between Group and Parent Company figures
Performance materiality	2.56	1.88	2.42	1.79
Basis for determining performance materiality	70% of materiality based on risk assessment of control environment and consideration of number of historical errors identified.	70% of materiality based on risk assessment of control environment and consideration of number of historical errors identified.	70% of materiality based on risk assessment of control environment and consideration of number of historical errors identified	70% of materiality based on risk assessment of control environment and consideration of number 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 subsidiary is £44,000 (2020: £27,000), which is equal to its local statutory audit materiality. We further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £183,000 (2020: £135,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITORS' 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.

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

In our opinion, based on the work undertaken in the course of the audit:

- 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.

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.

Directors' remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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:

- 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 AUDITORS' 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 focused on laws and regulations that could give rise to a material misstatement in the company financial statements and obtained 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 company which were contrary to applicable laws and regulations, including fraud. These included compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, and applicable accounting standards.

Our tests included, but were not limited to:

- enquiries of management;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

We addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud, in particular in respect of the most significant accounting estimate, being the valuation of investments as discussed in the key audit matter.

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

11 June 2021

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 relationship to non-mainstream investment procedures 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
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
The Share Centre	www.share.com
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	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.

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 EU 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.

Average net assets

The average net assets figure is the average of the net assets of the Group 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 existing shareholders, 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 Alternative Investment Fund Managers (AIFM) Directive, 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 on a **gross** and a **commitment** method.

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 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. 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.

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 2021 £'000	period ended 31 March 2020 £'000
Operating expenses	7,058	4,989
Less: due diligence costs	(39)	(43)
Less: cash management fee^	(7)	(27)
Less: carried interest fee	(4,140)	(2,367)
Recurring operating expenses	**2,872**	**2,552**
Average net assets	148,348	123,130
Ongoing charges ratio	**1.9%**	**2.1%**

^ 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 government regulations.

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.

* Alternative Performance Measure.

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)*

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

Joint Corporate Brokers

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT
United Kingdom

N+1 Singer
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London
EC2N 2AX
United Kingdom

Depositary

IQ EQ Depositary 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

aic
The Association of Investment Companies

A member of the Association of Investment Companies

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;
- 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:

213800OTQ44T555I8S71

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 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 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.

www.augmentum.vc

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