AUGMENTUM FINTECH PLC

ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

ABOUT AUGMENTUM FINTECH PLC

Augmentum Fintech plc (the "Company") invests in fast growing fintech businesses that are disrupting the financial services sector. The Company is the UK's only publicly listed investment company focusing on the fintech sector in the UK and wider Europe, having launched on the main market of the London Stock Exchange in 2018, giving businesses access to patient capital and support, unrestricted by conventional fund timelines and giving public markets investors access to a largely privately held investment sector during its main period of growth.

The Company is an investment trust listed on the London Stock Exchange. The Company has an independent Board of Directors.

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".

As a subsidiary of the Company AFML, the Portfolio Manager, is focused on the Company and aligned with the interests of shareholders.

Governance

The Company is directed by the Board, which consists of three non-executive directors who have the requisite balance of skills required to manage an investment company. In accordance with AIFM Regulations, Frostrow Capital LLP ("Frostrow") acts as the Alternative Investment Fund Manager.

CONTENTS

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

CHAIRMAN'S STATEMENT

Financial Highlights

	31 March 2020	31 March 2019**
NAV per Share Total Return*	5.9%	10.7%
Total Shareholder Return*	(41.6%)	9.4%
Ongoing Charges*	2.1%	2.1%

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

** for the period from incorporation on 19 December 2017 to 31 March 2019.

I am pleased to present our second annual report since the launch of the Company in March 2018. This report covers the year ended 31 March 2020.

Investment Policy

Your Company is set up to invest in early stage (post-seed capital) European Fintech businesses which have disruptive technologies and offer the prospect of high growth with scalable opportunities. All of this is consistent with our objective to provide long term capital growth to shareholders.

Performance

Our diverse portfolio of investments, which we have added to in the year, have performed largely to expectations in the run up to the Covid-19 crisis. I am pleased to report that all of these companies have grown their revenues, in several cases substantially, and a number are building a strong market position in their respective sectors. The Portfolio Review on pages 15 to 16 gives a comprehensive analysis of all the factors contributing to the Company's performance during the year.

Our level of investment is on plan and we have the cash reserves in place for the follow on investments that we expect to make.

The Covid-19 crisis was clearly not part of these forecasts. This crisis has provided opportunities, and in some instances challenges, for your portfolio companies.

It is clear that the shared experience of work and life generally under lockdown combined with social distancing are accelerating the trend towards a digital economy, not least in financial services where many products are already virtual or digitally based. This is an unequivocal boost to the fintech sector. Indeed, some of our portfolio companies saw an increased demand for their services as a result of the crisis. Farewill, BullionVault and Onfido are examples of these.

Equally, for some of our investments, especially those involved in the provision of credit, there has been a significant impact on their business as economies decelerated rapidly and some sectors ceased activity altogether. The team at Augmentum have worked closely with management at portfolio companies in these cases to help ensure that they have adapted to weather this difficult period, not least to ensure that they have sufficient balance sheet reserves to be able to continue to grow.

Valuations

Together with our advisors, we have carefully reviewed the status of all of our portfolio companies in light of recent events. This is reflected in the revised valuations in this report. The Board have looked at different methodologies and outcomes to validate our conclusions.

For several of our portfolio companies the crisis has had a positive impact with record levels of trading. Where the impact has been negative, our stake is often protected by the structure of the deal. In many of our investments we benefit from a senior position in the capital structures, providing downside protection. Further details on our investments in individual companies are set out in the Portfolio Manager's Review.

I am pleased to confirm, that despite the impact of the crisis and the general fall in public market indices, we are reporting an increase in the Company's NAV* per share of 5.9%.

Auditor

Your Board is conscious of its role to keep costs as low as possible while maintaining high standards of governance. During the year, we undertook a review of the Company's auditor by way of a competitive tender process. The result of the review was the appointment of a new external auditor, BDO LLP. Further details can be found in the Report of the Audit Committee beginning on page 49.

Dividend

No dividend is declared for the year. Your Company is focused on providing capital growth and will only pay an ordinary dividend in order to maintain the Company's investment trust status.

Share Capital and Discount

As I reported at the half year, in July 2019 the Company issued 23,051,911 shares and raised £25.8 million for new investments and to support the existing portfolio.

CHAIRMAN'S STATEMENT continued

Towards the end of the year under review, in common with many other listed private equity vehicles, the Company's share price discount widened to a significant discount to NAV per share. Your Board monitor discounts closely and during March 2020 when the discount was wide, took the opportunity to buy back 120,000 shares, at an average discount to the historic NAV per share of 50.1%, to the benefit of shareholders. A further 75,000 shares were bought back in April at a similar discount level. The shares bought back are held in Treasury and are available for reissue at a premium to net asset value per share in the future.

As at 31 March 2020 the share price stood at a deep discount of 41.6% to NAV per share. Since then the share price has recovered well and currently stands at a discount of 7.8%, as at the close of business on 14 July 2020. Your Board believes that this level of discount undervalues the Company given its potential.

Non material change to the investment policy

Under the Company's previous investment policy, no single investment may represent more than 15% of NAV, with the exception that one single investment may represent up to 20% of NAV, measured at the time of investment. With the development of the Company since its initial public offering and the Company now holding investments in 17 fintech companies, the Board has concluded it is now appropriate to remove the exception that one single investment may represent up to 20% of NAV, and accordingly has made a non material change to the investment policy. Under the revised policy no single investment may represent more than 15% of NAV, measured at the time of investment. The amended investment policy is set out on page 4 of the Annual Report and is also available on the Company's website.

Annual General Meeting

The second Annual General Meeting of the Company will be held on Tuesday, 29 September 2020 at 11.00 a.m. The Notice of Annual General Meeting is in a separate document.

Your Board is keen to allow as many shareholders as possible to participate in the proceedings and have the opportunity to and to ask any questions you may have of our Portfolio Manager or the Board. We do recognise however that some shareholders may be reticent to travel and attend public meetings; for the near future at least.

We have therefore decided to take advantage of recent legislation which allows us to webcast the meeting in place of a physical meeting and provide a live link for any shareholder questions or comments. We will attempt to answer questions received remotely during the meeting itself but if that is not possible then they will be answered later that day. It would be appreciated if any questions or comments are tabled in advance of the meeting via the Company Secretary. Details for joining the Annual General Meeting will be posted on the Company's website on Friday, 25 September 2020.

The Board strongly encourages all shareholders to exercise their votes in advance, or by proxy to the Chairman if preferred, to ensure your vote is counted. We have not included paper forms of proxy to accompany the Notice of Annual General Meeting. Shareholders can vote online in advance by visiting www.signalshares.com and following instructions. If you require assistance with this or a hard copy form of proxy please refer to the Notice of Annual General Meeting or contact our registrar, Link Asset Services, whose contact details are set out on page 79.

The Directors consider that all the resolutions detailed in the formal notice are in the best interests of the Company and the shareholders taken as a whole and therefore unanimously recommend to shareholders that they vote in favour of each resolution, as the Directors intend to do in respect of their own holdings.

Outlook

As I write, it appears that Europe is slowly emerging from the worst of the crisis, markets are cautiously positive and consumer spending is starting to increase. Much has been written about the 'new normal' and how this might impact businesses. What we do know is that much of our portfolio was more resilient during this crisis than many other companies in financial services but clearly any outlook needs to take account of the macro-economic position.

Your Board believe that there is likely to be further market volatility but the overall portfolio will continue to be resilient to the short and medium term impact of the current crisis. We believe there are compelling reasons to be confident in our long term prospects. Carefully selected European fintech businesses should provide a platform for the Company to experience substantial long-term growth and value accretion. Combined with the industry leading expertise that exists in our Portfolio Manager and advisory group, we remain positive about our future.

Neil England
Chairman

15 July 2020

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 (but not seed) or later stage investments in unquoted fintech businesses. The Company intends to realise value through exiting the investments over time.

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

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

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

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

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

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

Investment restrictions

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

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

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

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 10 and 20 per cent. of its Gross Assets in cash or cash equivalent investments, for the purpose of making follow-on investments in accordance with the Company's investment policy and to manage the working capital requirements of the Company.

Changes to the investment policy

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

* Please refer to the Glossary on page 78.

PORTFOLIO REVIEW

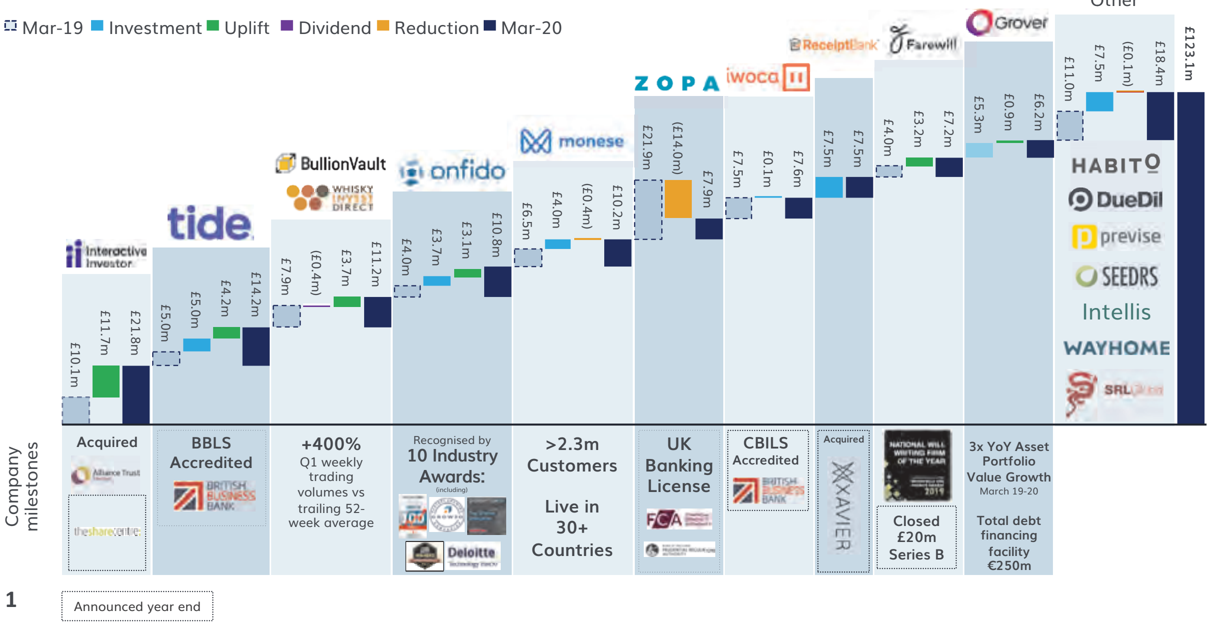
	Fair value of holding at 31 March 2019 £'000	Net investments/ (realisations) £'000	Gain/(loss) on investments £'000	Fair value of holding at 31 March 2020 £'000	% of portfolio
interactive investor^	10,060	49	11,698	21,807	17.7%
Tide	4,975	5,000	4,246	14,221	11.5%
BullionVault*^	7,621	(360)[1]	3,930	11,191	9.1%
Onfido	3,972	3,750	3,145	10,867	8.8%
Monese	6,524	4,000	(365)	10,159	8.3%
Zopa^	21,954	-	(14,024)	7,930	6.4%
Iwoca	7,500	100	-	7,600	6.2%
Receipt Bank	-	7,500	-	7,500	6.1%
Farewill	4,000	-	3,216	7,216	5.9%
Grover	-	5,347	920	6,267	5.1%
Top 10 Investments	**66,606**	**25,386**	**12,766**	**104,758**	**85.1%**
Other Investments	10,994	7,463	(83)	18,374	14.9%
Total Investments	**77,600**	**32,849**	**12,683**	**123,132**	**100.0%**

* includes WhiskyInvestDirect
^ Held via Augmentum I LP
1 Dividend paid

KEY INVESTMENTS

Portfolio valuation changes

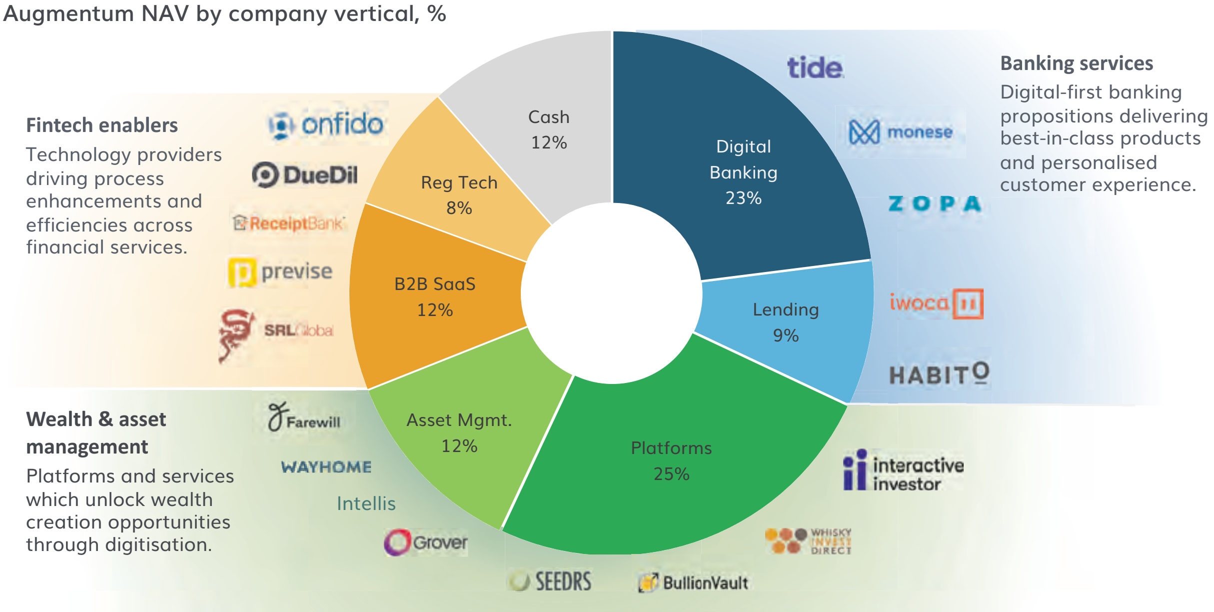
Year ended 31st March 2020



1

The Augmentum portfolio is diversified across key fintech verticals

Augmentum NAV by company vertical, %



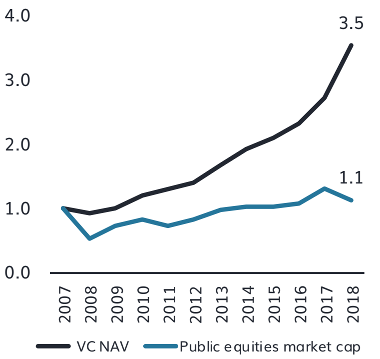
2

KEY INVESTMENTS continued

Venture investment has outperformed public markets since 2007 with European VC and fintech delivering compelling returns

Venture backed companies have appreciated 3.5x since 2007, outpacing public equities

Public equities and VC Net Asset Valuations 2007-18 indexed to 2007

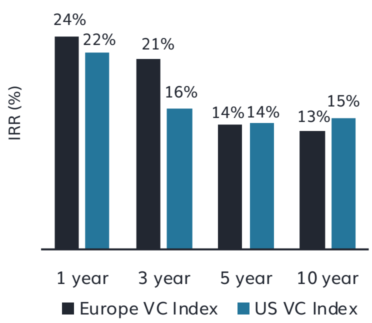


1. Net asset value (NAV) = AUM less dry powder. Total market cap. Covers companies listed globally

Source: Preqin Global Venture Capital Perspectives 2019; World Bank Dataset

European VC performance matches or outperforms US VC

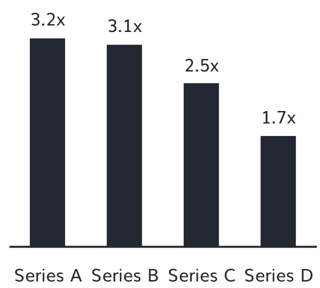
Horizon pooled return (net) by fund index, as of Q2 2019



Source: Cambridge Associates; State of European Tech 2019

Fintech companies are delivering the biggest returns for investors, particularly at the early stages

Multiple of fintech VC adjusted annualised return compared to Tech VC adjusted annualised return by stage



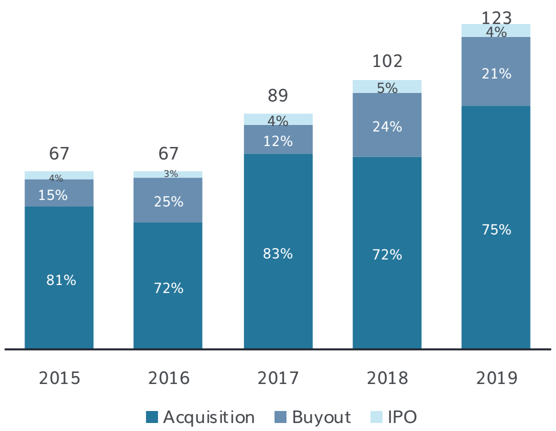
Source: Pitchbook

3

The majority of the most valuable Fintechs will never reach public markets

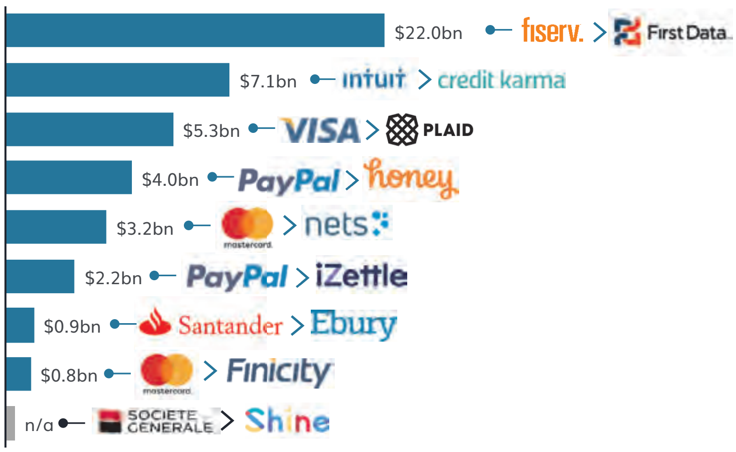
Less than 5% of Fintech exits in the past 5 years have come to market through IPO

Global Fintech Exits by Exit Route, 2015-19, #



Source: Pitchbook.

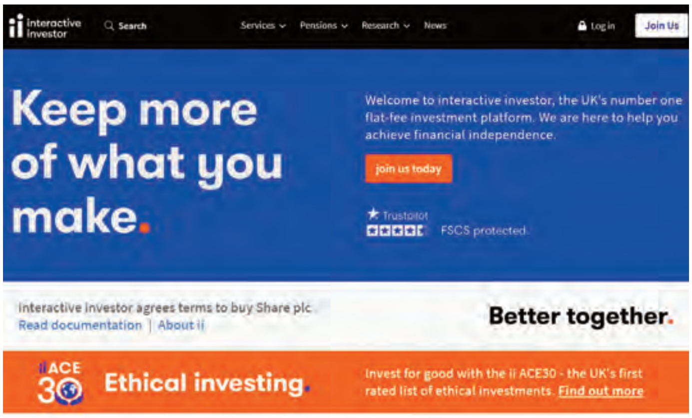
Notable Fintech Acquisitions, 2018-20



Source: Company press releases

4

KEY INVESTMENTS continued

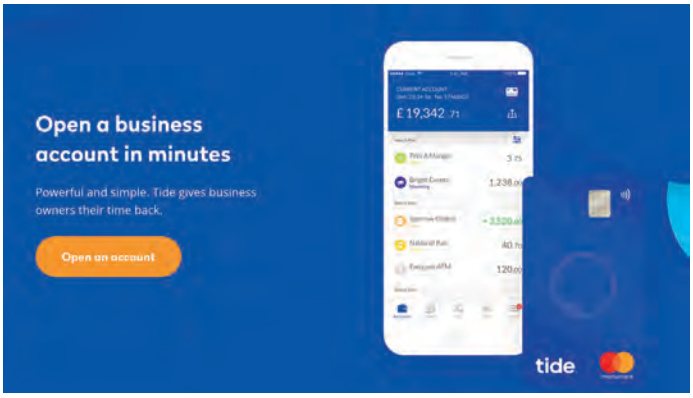


interactive investor is the No.1 UK direct-to-consumer fixed fee investment platform, with over £30 billion of assets under administration and over 300,000 customers across its general trading, ISA and SIPP account. It has a 14% share of UK retail equity trading. The company offers execution-only trading 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 February 2020 reached an agreement to acquire Share PLC.

Source: ii	31 March 2020 £'000	31 March 2019 £'000
Cost:	3,175	3,175
Value:	21,807	10,060
% ownership (fully diluted)	3.7%	3.7%
Turnover[1]:	72,956	47,901
Pre tax profits[1]:	8,925	10,198
Net assets[1]:	116,624	95,386

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



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 is the fifth largest business banking challenger in the UK (by volume of customers), and the largest digital challenger. Tide has 2% market penetration and is estimated to have a share of 12-15% of new-to-market business current accounts.

In September 2019 Augmentum led Tide's £44.1m first round of Series B funding, alongside Japanese investment firm The SBI Group.

Source: Tide	31 March 2020 £'000	31 March 2019 £'000
Cost:	9,261	5,261
Value:	14,221	6,524
% ownership (fully diluted)	5.9%	5.9%
Turnover[1]:	5,485	1,662
Pre tax losses[1]:	(12,663)	(7,261)
Net assets[1]:	18,101	385

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

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 $2 billion of assets under administration and over $100 million worth of gold and silver traded monthly.

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 2020 £'000	31 March 2019 £'000
Cost:	8,424	8,424
Value:	11,191	7,621
% ownership (fully diluted)	11.1%	11.1%
Dividends paid[1]:	360	448
Turnover[2]:	9,341	6,668
Pre tax profits[2]:	5,198	3,129
Net assets[2]:	35,712	33,569

1 In the year to 31 March 2020 and the period from 13 March 2018 to 31 March 2019.

2 As per last filed audited accounts of the investee company for the year to 31 October 2019.

WHISKY INVEST DIRECT

Founded in 2015, WhiskyInvestDirect, a subsidiary of BullionVault, 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 2,500 bulk-stockholding clients, the equivalent of 25 million bottles of whisky stored in barrels and 7 million litres of Pure Alcohol under Management. 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.

Source: BullionVault

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.

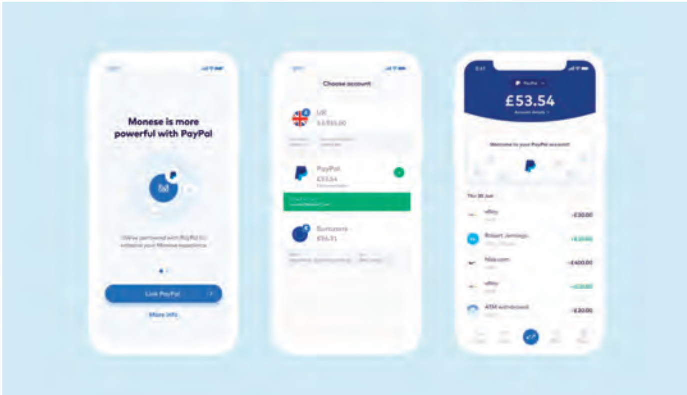
Onfido was founded in 2012 and has offices in London, San Francisco, New York, Lisbon, Paris, New Delhi and Singapore. The company has attracted over 1,500 customers in 60 countries worldwide, including industry leaders such as GoCardless, Nutmeg, Bitstamp and Revolut. These customers are choosing Onfido 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.

Augmentum invested an additional £3.7 million in a convertible loan note ("CLN") 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 2020 £'000**	**31 March 2019 £'000**
Cost:	7,750	3,972
Value:	10,867	3,972
% ownership (fully diluted)	1.7%	1.5%*
Turnover[1]:	18,591	7,927
Pre tax losses[1]:	(17,265)	(8,827)
Net assets[1]:	12,776	15,460

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

* £5.7m (2019: £2.0m) is in a convertible loan note.



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 30 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. Monese has become one of the most popular and trusted banking services in the UK and Europe. Customers move over £5 billion annually through their Monese accounts.

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

Source: Monese	**31 March 2020 £'000**	**31 March 2019 £'000**
Cost:	9,261	5,261
Value:	10,159	6,524
% ownership (fully diluted)	5.4%*	5.4%
Turnover[1]:	5,485	1,662
Pre tax losses[1]:	(12,663)	(7,261)
Net assets[1]:	18,101	385

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

* £4m of investment in a convertible loan note.

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 £140m 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 and a money management product.

Source: Zopa	**31 March 2020 £'000**	**31 March 2019 £'000**
Cost:	18,500	18,500
Value:	7,930	21,954
% ownership (fully diluted)	6.1%	6.1%
Turnover[1]:	38,550	43,980
Pre tax losses[1]:	(18,295)	(556)
Net assets[1]:	48,903	66,295

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

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 was awarded £10m from the Banking Competition Remedies' Capability and Innovation Fund (CIF) in 2019.

Source: iwoca	**31 March 2020 £'000**	**31 March 2019 £'000**
Cost:	7,600	7,500
Value:	7,600	7,500
% ownership (fully diluted)	2.5%	2.8%
Turnover[1]:	47,534	25,274
Pre tax (losses)/profits[1]:	506	(3,131)
Net assets[1]:	28,957	22,376

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

KEY INVESTMENTS continued

ReceiptBank

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, Receipt Bank 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.

Augmentum's £7.5 million investment in January 2020 was part of Receipt Bank's £55m Series C round led by US based Inside Partners.

Source: ReceiptBank	**31 March 2020 £'000**
Cost:	7,500
Value:	7,500
% ownership	3.7%
Turnover[1]:	18,619
Pre tax losses[1]:	(17,619)
Net assets[1]:	3,601

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

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 writes 1 in 25 UK wills and has raised £125m for charity in pledged income.

Augmentum led Farewill's £7.5 million Series A fundraise, with a £4 million investment.

Source: Farewill	**31 March 2020 £'000**	**31 March 2019 £'000**
Cost:	4,000	4,000
Value	7,216	4,000
% ownership (fully diluted)	13.4%	13.4%
Turnover:	N/A^	N/A^
Pre tax profits:	N/A^	N/A^
Net assets:	N/A^	N/A^

^ No audited accounts filed.

KEY INVESTMENTS continued

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. With a total financing volume of €103m, the company has over 300,000 registered users.

In September 2019 Augmentum led a €11 million funding round with a €6 million investment. This coincided with Grover signing a new €30 million debt facility with Varengold Bank, one of Germany's major fintech banking partners.

Source: Grover	**31 March 2020 £'000**
Cost:	5,347
Value:	6,267
% ownership (fully diluted)	N/A*
Turnover:	^
Pre tax profits:	^
Net assets:	^

* Investment via a convertible loan note.

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

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 API as an end-to-end solution for go to market execution, compliant on-boarding and lifecycle risk assessment. DueDil has over 20 years' worth of financial data, 57 million pieces of company information and indexes 680 million news articles every day. 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 has analysed over 3 million invoices and processed £160 billion spend to date.

Augmentum invested £250,000 in a convertible loan note in August 2019. This converted into equity as part of the company's $11 million funding round in March 2020, alongside Reefknot Investments and Mastercard, as well as existing investors Bessemer Venture Partners and Hambro Perks.

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 family offices in 14 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 over 200,000 people better understand their mortgage needs and completed £2.4 billion in mortgage submissions. Habito launched their own buy-to-let mortgages in July 2019 and 'Habito Go' cash advances in October 2019.

Augmentum invested £5 million in August 2019.

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 delivered over 10,000+ exits to investors to date. £700 million has been invested into pitches to date (£280 million in 2019) from investors from over 70 countries, with 110 successful fundraises of over £1 million.

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 the occupier doesn't own.

Intellis

Intellis is an automated forex trading platform governed by AI.

Augmentum exercised its option to invest a further €1m in March 2020.

PORTFOLIO MANAGER'S REVIEW

Overview
It has been another year of significant progress for the Group despite the market highs and lows in the year under review – from a stable and reasonably predictable macro-economic environment to the uncertainty and disruption created by Covid-19.

Covid-19 has fundamentally changed behaviours. This has accelerated the digitisation of financial services which has created significant opportunity for disruption. Fintech per se finds itself at the centre of this change and we hope to capitalise on a once in a generation transformation in digital adoption.

Fundamental attributes of successful fintech companies are world class technology, data driven processes, operational efficiency, and customer centricity, but the attributes that are particularly advantageous in these challenging and fast changing times are responsiveness and agility; these attributes define fintech and are often hard to find in traditional institutions.

Both fintechs and incumbent financial services providers will be tested by the Coronavirus pandemic. Within our portfolio there will be stresses and challenges but also significant opportunities for companies who are able to effortlessly adapt their product, make difficult decisions quickly and to execute on them.

Performance
Performance overall has been sustained despite Covid-19 with the portfolio showing an unrealised IRR of 18% on invested capital. In the latter part of the reporting period some portfolio companies have benefitted from the new circumstances, whilst others have faced challenges. Our reported increase in fair value of £12.7 million (period ended 31 March 2019: £12.2 million) over the year is set against the backdrop of falls of almost 20% in major public equity indices. This reflects the longer-term horizons of private venture capital and some of the downside protection mechanisms we have built into our investments.

During the year, we have invested £32.8 million in both new and existing portfolio companies.

New Investments
Since April 2019 we have invested £17.8 million in three innovative businesses that are becoming the leading digital disrupters in their fields.

Habito is transforming the £1.3 trillion UK mortgage market. Our £5.0 million investment in Habito will further their efforts to shake up the archaic process of purchasing property. They have built a platform that aims to take the stress out of home buying. Since launch, they have become the UK's most recognised digital broker with a market share of almost 2%.

Grover is bringing the access economy to the consumer electronics market by offering a simple, monthly subscription model for technology products. We have invested €6 million in Grover who have benefitted significantly from the shift to homeworking. The company has more than doubled its monthly revenue since our investment in September to over €40 million on an annualised basis.

We invested £7.5 million in **Receipt Bank** as part of their £55 million Series C round alongside Insight Venture Partners. Receipt Bank is a productivity software business that deploys machine learning and computer vision techniques to automate data entry for small businesses, accountants and bookkeepers, thereby removing time-consuming manual process. It has processed over 250 million receipts, bills, and bank statements since inception with 50,000 accountant clients and over 400,000 small businesses operating in six markets. Our investment in Receipt Bank illustrates our desire to invest across a spectrum of growth maturities in our portfolio.

The Existing Portfolio
We are a team that works actively across our companies typically having oversight at board level and supporting management. Our priority in recent months has been to focus heavily on our existing portfolio, ensuring they have sufficient cash runway to focus on efficient growth, and to ensure their cost base is appropriate to the economic environment. Many of our companies are growing at a rapid rate, and although they are run by talented and dynamic management, there are often elements of inefficiency and we have been impressed by how quickly our portfolio companies have reacted to the changing market by becoming leaner and nimbler.

Over the reporting period we have made £15.0 million of additional investments across the existing portfolio. The bulk of which was deployed into three companies.

In December, we added £3.8 million to our existing investment in **Onfido** as part of an $80 million round that completed in April 2020. Our earlier convertible note also converted into equity in that round at a 46% uplift in valuation, valuing our total holding at £10.9 million. This is one of five investments now in our portfolio valued at more than £10 million and represents the diversification of value that is a key part of our portfolio strategy.

We have continued to support the growth of **Monese** with a further £4.0 million of investment alongside co-investors PayPal and Kinnevik. It is differentiated from many of the other more capital intensive neobanks, as it focuses on an underserved segment many of whom are using Monese as their primary account. Nevertheless, the current environment necessitates that the business manages ongoing growth in a more capital efficient manner. Monese have therefore implemented a significant cost reduction program that will give them a longer cash runway and moderate the double-digit

PORTFOLIO MANAGER'S REVIEW continued

monthly growth the company was experiencing until the beginning of 2020.

We invested a further £5.0 million in **Tide** as part of a £60 million Series B investment round. They have become one of the UK's leading SME digital challenger banking platforms with 3% market share having launched just over three years ago. Demand for the product remains strong with more new customers signing up to the service in May than in any previous month.

Significant progress has also been made elsewhere across other key companies within the portfolio.

Zopa has been granted a full UK banking licence by the PRA following the £140 million funding round led by IAG Silverstripe, the private investment group specialising in digital and technology led businesses. Despite a write down in value over the past year driven by challenging fundraising conditions and regulatory deadlines, we see a bright future for Zopa with strong potential upside from our current valuation. The process to acquire a bank licence has become exceptionally rigorous and this licence will, we believe, become an incredibly valuable asset over time. Zopa Bank will launch with a clean balance sheet and start by offering a fixed term saving account followed by an innovative credit card later in the year.

Market uncertainty affected the SME lending sector and **iwoca** moved quickly to adapt its credit scoring and processes accordingly. Accreditation to issue loans under the Government CBILs scheme was welcome news, and the company has seen a marked improvement in loan performance since May both in Germany and UK where the business operates. The business remains well capitalised and well positioned to operate within the new normal with the launch of an innovative set of new products including iwocaPay, which allows small businesses to offer flexible payment terms to their B2B customers without taking credit or liquidity risk.

interactive Investor (ii) now has over £36 billion of assets under administration and successfully integrated the acquisition of Alliance Trust Savings. In February, ii announced the intended acquisition of Share PLC which closed in July. The deal valued ii at over £675 million which now makes the company our most significant holding by value. In Q1 2020 ii achieved record trading numbers in terms of revenue, new customers, and accounts. Trading levels and account openings have been robust since the pandemic and the outlook remains very positive for the company.

BullionVault has seen strong growth as a result of these uncertain times. They offer customers direct, digital access to physical bullion and have seen trading volumes increase 400% from the previous 52-week average. With over $3 billion of physical gold, silver, and platinum in client assets, they have consolidated their position as the largest retail investment platform for precious metals globally.

Farewill, the digital leader in death services has seen impressive uptake in its wills service alongside promising early growth across new product verticals. The business has seen significant revenue growth of 859.1% in the first half of 2020 compared to the same period last year. Its compelling story has resonated with the investment community where access to its latest investment round was in significant demand. Since 31 March 2020 the company has closed a £20 million funding round, led by Highland Europe. We invested a further £2.6 million in this round and have benefited from a £4 million uplift in valuation in relation to our initial £4 million investment.

Outlook

Although it is likely that retrospective figures will show a decline in overall venture capital investment activity during 2020, funding and valuations will remain competitive for those companies thriving under the new normal. Nevertheless, this will be a more challenging period to navigate for businesses and some may require short term support as they feel the impact of a changing macro environment.

The opportunity to capitalise on the shifts in consumer and business behaviour in regard to digital financial services is greater than ever. Incumbent players still control more than 90% of the global market, and many of the financial services giants of tomorrow are yet to emerge.

Our focus remains on investing in excellent companies where we have high conviction, and which are priced fairly. We anticipate that over the coming 12 months there is potential for M&A, consolidation, and some keenly priced investment opportunities.

As the UK's only publicly listed fintech focused investment fund, we are uniquely positioned to capitalise on these opportunities. With private companies staying private for longer, a trend that is likely to persist, we expect to deliver compelling venture returns over time.

Tim Levene
Augmentum Fintech Management Limited

15 July 2020

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 solely 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 European Union's ("EU") 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.

The Board

Details of the Board of Directors of the Company are set out on page 29. All Directors will seek re-election by shareholders at the Company's Annual General Meeting to be held on Tuesday, 29 September 2020.

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.

Further information on the Board's role and the topics it discusses with the AIFM and the Portfolio Manager is provided in the Corporate Governance Report beginning on page 35.

Principal Risks and Risk Management

The Board considers that the risks detailed overleaf 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 FRCS 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.

As a result of the COVID-19 pandemic, the economic risk of a global recession has risen sharply. Despite the mitigants of monetary and fiscal stimulus, the Directors believe that the duration of the pandemic and its effects will be a source of uncertainty for some time to come and may increase some of the risks set out on the following pages.

STRATEGIC REPORT continued

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 current pandemic and the Brexit negotiations. 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.	The Company has a portfolio diversified across a range of sectors, has no leverage and 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 at each investment 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.
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 one 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 an 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 so that they enjoy a senior position in the capital structure in order to provide downside protection. As noted above the Portfolio Manager provides a detailed update at each Board meeting, including, inter alia, developments at each investment, 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, on the UK economy where the investments are primarily located 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 and fintech companies/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.

STRATEGIC REPORT continued

Principal Risks and Uncertainties	Mitigation
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, 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.
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.	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 IPEV Valuation Guidelines requires considerable judgement and is explained in Note 20.17. 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.	The Company has a rigorous valuation policy and process as set out Notes 20.4 and 20.17. This process is led by the Board and involves 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.	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 the Group and Company are exposed to, 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.

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.	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; • meeting the wider team, outside the designated lead managers, at the Portfolio Manager's offices and encouraging the participation of the wider AFML team in investor updates; and • delegating to the Management Engagement & Remuneration Committee, responsibility to perform an annual review of the service received from AFML, including, inter alia, the team supporting the lead managers and succession planning.

Emerging Risks

The Company has carried out a robust assessment of the Company's emerging and principal risks and the procedures in place to identify emerging risks are described below. The International Risk Governance Council definition of an 'emerging' risk is one that is new, or is a familiar risk in a new or unfamiliar context or under new context conditions (reemerging). Failure to identify emerging risks may cause reactive actions rather than being proactive and, in worse 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 is 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.

Brexit

The Board has considered whether the UK's exit from the EU ("Brexit") poses a unique threat to the Company. At the date of this report, the UK had entered into a "transition period" while it negotiates new arrangements with the EU. There is, therefore, still considerable uncertainty about the effects of Brexit.

Due to the nature of the investee companies the effects of Brexit are likely to be limited.

Furthermore, whilst the Company's current shareholders are predominantly UK based holders, sharp or unexpected changes in investor sentiment, or tax or regulatory changes, could lead to short term selling pressure on the Company's shares which potentially could lead to the share price discount widening.

Overall, however, the Board believes that over the longer term, Brexit is unlikely to affect the Company's business model or whether the shares trade at a premium or discount to the net asset value per share. The Board will continue to monitor developments as they occur.

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. 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 expressed as a percentage and is calculated by dividing the closing NAV per share, adjusting for dividends paid in the year, if any, by the opening NAV per share. Please see the Chairman's Statement (beginning on page 2) and the Portfolio Manager's Review (beginning on page 15) for further information.

  The Group's Net Asset Value per share total return for the year was 5.9% (period ended 31 March 2019: 10.7%).

STRATEGIC REPORT continued

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

  The Directors also regard the Company's TSR to be a key indicator of performance. Share price performance is monitored closely by the Board.

  This is expressed as a percentage and is calculated by dividing the closing share price, adjusting for dividends paid in the year, if any, by the opening share price. Please see the Chairman's Statement (beginning on page 2) and the Portfolio Manager's Review (beginning on page 15) for further information.

  The Group's TSR for the year was (41.6%) (period ended 31 March 2019: 9.4%).

- **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, in line with that of the Company.

  The Group's OCR for the year was 2.1% (period ended 31 March 2019: 2.1%). It is the Board's objective to reduce this ratio over time.

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

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 comparison against which to assess the KPIs and as such performance against the KPIs is considered on an absolute basis.

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 Managers' 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 15 and 16.

It is expected that the Company's overall corporate and investment strategies will remain unchanged in the coming year.

Viability Statement

In accordance with the AIC Code of Corporate Governance and the Listing Rules, the Directors have carefully assessed the Company's current position and prospects as well as the principal risks stated on pages 17 to 20 over a longer period than the 12 months required by the 'Going Concern' provision and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years.

The particular factors the Directors have considered in assessing the prospects of the Company and in selecting a suitable period in making this assessment are as follows:

- The Company is presently invested primarily in long-term illiquid investments which are not publicly traded;
- The Board reviews the liquidity of the Company and regularly considers any commitments it has, cash flow projections and the use of gearing; and
- 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.

The Board, as well as considering the principal risks on pages 17 to 20 and the financial position of the Company, has also considered the following assumptions in considering the Company's longer-term viability:

- There will continue to be demand for investment trusts;
- The Board and the Portfolio Manager will continue to adopt a long-term view when making investments;
- Regulation will not increase to a level that makes running the Company uneconomical; and
- The performance of the Company will continue to be satisfactory.

Management Arrangements

Principal Service Providers

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

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

Alternative Investment Fund Manager ("AIFM")

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

- oversight of the portfolio management function delegated to Augmentum Fintech Management Limited;

STRATEGIC REPORT continued

- promotion of the Company;
- investment portfolio administration and valuation;
- risk management services;
- share price discount and premium management;
- 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 or 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 Net Asset Value per annum, falling to 1.0% of any Net Asset Value 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 will operate 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 IPO* (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 will be 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 2020 the hurdle has been met, on an unrealised basis, as such a carried interest fee has been provided for as set out in Note 4 and 13. 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 Manager 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 2020 the Board believes that the continuing appointment of the AIFM and the Portfolio Manager, under the terms described within this Strategic Report, is in the best interests of the Company's shareholders. In coming to this decision it took into consideration the following additional reasons:

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

Depositary

The Company has appointed IQ EQ Depositary (UK) Limited (formerly Augentius Depositary Company 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").

* See Glossary on page 78

STRATEGIC REPORT continued

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 committed in its Prospectus to return to shareholders up to 50 per cent. of the gains realised by the disposal of investments each year. However, shareholders should note that the return of capital by the Company is at the discretion of the Directors and such returns would only be made where considered to be in the best interests of shareholders as a whole.

Company Promotion

In February 2020, the Company appointed N+1 Singer as joint corporate broker, to work alongside Peel Hunt LLP, the existing corporate broker, 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 provides 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 standards of corporate social responsibility ("CSR") make good business sense and have the potential to protect and enhance investment returns. Consequently, the Group's investment process ensures that social, environmental and ethical issues are taken into account and best practice is encouraged.

Diversity

There are currently two male Directors and one female Director 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.

STRATEGIC REPORT continued

Engaging with our stakeholders

The following 'Section 172' disclosure, is required by the Companies Act 2006 and the AIC Code, as explained on pages 36 and 37, 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 our 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 dilution to 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. This also helps ensure that Portfolio Management costs are closely monitored and remain competitive.	The Board meet 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 receive 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 and 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. During the year, the Audit Committee led a competitive tender process for the external audit, resulting in the appointment of a new external auditor, BDO LLP. Further details can be found in the Report of the Audit Committee beginning on page 49.

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.	All employees of AFML sit in one open plan office, facilitating interaction and engagement. 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.
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.
• The integration of environmental, social and governance ('ESG') into the Portfolio Managers investment processes.	• The portfolio manager to report 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.
• Change in regulatory requirements in response to Senior Manager and Certification Regime.	• Training was provided to all affected Group employees and Directors.

STRATEGIC REPORT continued

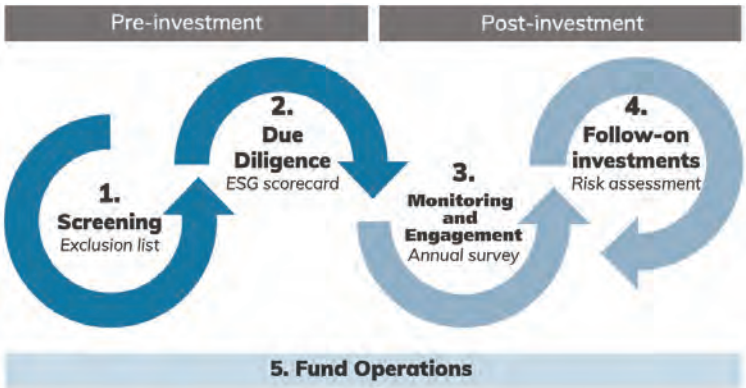
Augmentum Fintech Management Limited

Committed to Responsible Investing

Augmentum Fintech Management Limited ("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 the fund operations itself.



1. Screening

We use an Exclusion List to screen out companies incompatible with our corporate values (sub-sectors and types of business). We also commit to being satisfied that the investors we 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, we agree an action plan with the management team on areas for improvement and incorporate commitments 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. We only make follow on investments into companies that continue to meet our ESG criteria.

5. Internally at Augmentum

We identify key areas and set goals for ESG advancement annually. The Investment Team has completed ESG training.

ESG Focus Areas

We 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.

STRATEGIC REPORT continued

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.

ESG in Action

Strong ESG practices can be found across our portfolio, in business models and operating procedures. Below we highlight some examples.

Grover

Grover is built on a circular economy business model, in which products are rented rather than owned, extending the life of the product and reducing waste. Through partnering with Grover, large retailers and OEMs can incorporate the beneficial elements of a circular economy model without the need to redesign their entire internal operations.

Farewill

Farewill has raised over £125m to date for their charity partners including Cancer Research UK and Save the Children, through customers leaving a gift in their will. They also offered NHS workers discounts on wills during COVID-19.

interactive investor

interactive investor launched their Ethical Growth portfolio and ii ACE30, the UK's first rated list of ethical investments, helping customers to build their own balanced ethical portfolio. Their free "Knowledge Centre" and podcast serve to educate customers on the multiple facets of investing.

Onfido

At Onfido security and compliance are essential to their mission of creating a more open world, where identity is the key to access. The company has implemented robust, industry-leading data security and compliance measures and accreditation, including SOC 2 Type II and ISO 27001.

Tide

Tide has made a commitment to support 100,000 female founders by the end of 2023 in response to the Alison Rose Review of Female Entrepreneurship, which found that only 32% of UK entrepreneurs are women and revealed significant untapped potential for the UK economy.

Focusing on Diversity and Inclusion to Drive Better Business Outcomes

AFML believes that diversity and inclusion are crucial both in scaling and supporting successful technology businesses shaping the future. Companies in the top quartile of gender diversity on executive teams are 25% more likely to experience above-average profitability (McKinsey Report: Diversity Wins, May 2020). AFML has worked hard to build a diverse and inclusive team and company culture in which diversity of thought is encouraged and has a designated Diversity and Inclusion Lead.

The Investment Team takes a proactive approach to diversity when sourcing deals, through continuously diversifying their networks, being mindful of unconscious bias and building fair assessment into the investing process, as well as working with and supporting third parties making great strides in these areas. We have made a good start but there is a lot more we would like to do. The next phase involves using more data to drive our approach.

Progress Highlights

AFML selected gender diversity in dealflow and hiring as their diversity and inclusion focuses for the past twelve months, and identified a number of impactful initiatives through which to support these, across both the fintech and investment ecosystems:

Encouraging a Diverse Fintech Industry

We hosted and supported numerous events for women running and working in fintech businesses, including Female Founder Office Hours and speed mentoring, in partnership with industry body Innovate Finance and portfolio companies including Tide and Seedrs.

We also worked with female fintech Founders from across Europe during a trade mission coordinated by the UK Government's Department for International Trade.

Supporting an Inclusive Investment Ecosystem

We evolved our hiring processes to ensure inclusive practices are ingrained. The team was joined by its first female associate and hosted a female intern over the Summer.

We have engaged with numerous diversity-focused communities and charities, including hosting virtual education sessions with students via The Sutton Trust, a charity for social mobility, as part of their 'Pathways to Banking and Finance' initiative.

We hosted numerous networking events for women working across the VC industry and the team worked closely with Diversity VC on their "Venturing into Diversity and Inclusion" report and Future VC internship application screening.

STRATEGIC REPORT continued

TeenVC

In March 2020 we launched TeenVC, a free online education platform for students from all backgrounds to learn about venture capital, technology and entrepreneurship, culminating in The TeenVC Challenge, a deal-sourcing exercise in which students could secure work experience with us. The initiative reached over 10,000 students around the world and The TeenVC Challenge saw entries being submitted from as far as San Francisco, South Africa, Bangladesh and Scotland. Of the TeenVC Challenge applicants, over 50% were female, 50% were from state schools and 70% were BAME (Black, Asian and minority ethnic).

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

Neil England
Chairman
15 July 2020

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 has been Chairman of a number of companies, most recently ITE Group plc, Blackrock Emerging Europe plc and three private businesses. He now holds one Chairman position in addition to Augmentum.

Remuneration: £35,000 pa

Shareholding in the Company: 100,000

Standing for re-election: yes

Karen Brade
(Chairman of the Audit Committee)

Karen has extensive experience in project finance and private equity. She started her career at Citibank where she worked on various multi-national project finance transactions.

Karen worked at CDC (Commonwealth Development Corporation), the UK'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 for a number of years. She is currently Chairman of Aberdeen Japan Investment Trust PLC and Keystone Investment Trust plc.

Remuneration: £30,000 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: £30,000 pa

Shareholding in the Company: 85,983

Standing for re-election: yes

MANAGEMENT TEAM

The Management Team currently comprises co-founders and principals of the Portfolio Manager. The Portfolio Manager is a specialist fund management and advisory business whose experienced and entrepreneurial Management Team has a strong track record in fintech venture capital. The Portfolio Manager is based in London and is authorised and regulated in the UK by the FCA.

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

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

Tim Levene

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 2020 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 2020, the following information is set out in the Strategic Report: 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.

The Corporate Governance Statement 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 all served as Directors from appointment on 12 February 2018 to 31 March 2020.

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 15 July 2020.

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 was maintained by the Company during the period from incorporation on 19 December 2017 to 31 March 2020. It is intended that this policy will continue for the year ending 31 March 2021 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

Directors' Fees

The Directors' Remuneration Report and the Directors' Remuneration Policy are set out on pages 41 to 48.

Appointment and Replacement of Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two.

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.

Capital Structure

At 31 March 2020 there were 117,051,911 shares of 1p each in issue.

During the year 120,000 shares were bought back and are held in treasury. These shares do not carry any voting rights or the right to receive any dividends and thus the number of voting rights was 116,931,911. Since the year end, 75,000 shares have been bought back. At the date of this report there were 117,051,911 shares in issue

DIRECTORS' REPORT continued

of which 195,000 were held in treasury. As at 14 July 2020 the number of voting rights was 116,856,911. 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 126,948,089 shares which expires on 31 December 2020 and to repurchase 17,351,081 shares, which will expire at the forthcoming Annual General Meeting.

The Company's capital structure is summarised in Note 16 on page 65.

Substantial Interests

The Company was aware of the following substantial interests in the voting rights of the Company as at 31 March 2020 and 30 June 2020, being the latest practicable date before publication of the Annual Report.

	30 June 2020		31 March 2020	
Shareholder	**Number of Ordinary Shares**	**% of Issued Share Capital**	**Number of Ordinary Shares**	**% of Issued Share Capital**
Canaccord Genuity Wealth Management – institutional	11,500,000	9.84	11,000,000	9.39
EFG Harris Allday, stockbrokers	6,056,089	5.18	4,873,802	4.16
South Yorkshire Pension Authority	6,000,000	5.13	6,000,000	5.12
Hargreaves Lansdown, stockbrokers	5,308,477	4.54	4,663,736	3.98
Wellian Investment Solutions	5,306,762	4.54	5,056,762	4.32
interactive investor (EO)	5,173,745	4.43	5,035,293	4.30
Rathbones	4,971,934	4.25	4,721,114	4.03
Charles Stanley	4,886,418	4.18	4,546,564	3.88
Close Brothers Asset Management	4,601,921	3.94	4,516,284	3.86
Brewin Dolphin, stockbrokers	4,445,608	3.80	4,035,148	3.45
Smith & Williamson Wealth Management	3,826,881	3.27	4,125,731	3.52
IPS Capital	3,733,439	3.19	3,733,439	3.19
Canaccord Genuity Wealth (Retail)	3,578,882	3.06	3,028,339	2.59
Mr D Cater & Mrs A Carter	1,675,012	1.43	4,615,012	3.94

Percentage shown as a percentage of 117,051,911 ordinary shares, being the number of shares in issue at 31 March 2020 and to the date of this report.

Key management personnel of the Company's subsidiary interests in the shares of the Company as at 31 March 2020 are shown below:

Tim Levene	2,567,303	2.2%
Richard Matthews	575,000	0.5%

Beneficial Owners of Shares – Information Rights

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

Global Greenhouse Gas Emissions for the year ended 31 March 2020

At the date of this report, the Group has a staff of seven individuals, operating from small office premises and we believe that the Group consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared. 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.

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. Accordingly, the Directors consider that the Company is 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 will be an annual requirement going forward. The Registrars, Link Asset Services, 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

DIRECTORS' REPORT continued

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 2020.

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 which are viewed as particularly relevant for investment trusts, which are summarised on page 78 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 Auditors

Each of the Directors confirms that so far as they are aware, there is no relevant audit information of which the Company's auditors are 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 are aware of that information.

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

Independent Auditors

Following an audit tender in February 2020, a resolution to appoint BDO LLP as the Company's auditors and authorise the Audit Committee to determine their remuneration will be proposed at the forthcoming Annual General Meeting. Further details of the audit tender are included in the Chairman's Statement and the Report of the Audit Committee.

Going Concern

The Company's portfolio, investment activity, the Company's cash balances and revenue forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, including stress tests which modelled the effects of substantial falls in portfolio valuations and liquidity constraints, on the Company's NAV, cash flows and expenses. Further information is provided in the Report of the Audit Committee beginning on page 49.

Based on the information available to the Directors at the date of this report, including the results of these stress tests, the conclusions drawn in the Viability Statement on page 21 and the Company's cash balances, the Directors are satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The Viability Statement of the Company is included in the Strategic Report.

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, 29 September 2020. 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 2020.

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

It is intended that a special resolution will be proposed to grant the Board authority to purchase its own shares, so as to permit the purchase of up to 17,516,850 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 would 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.

Voting Rights

As permitted by applicable law, some of these rights are varied in respect of the upcoming Annual General Meeting of the Company due to the present circumstances regarding the Coronavirus pandemic.

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) he 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

DIRECTORS' REPORT continued

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 he is the holder or in respect of which his appointment as proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if he/she votes, use all his/her votes or cast all the votes he/she uses 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 his proxy to exercise all or any of his 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 held by him.

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 would be 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
15 July 2020

CORPORATE GOVERNANCE REPORT

Corporate Governance Statement

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "published in February 2019 AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles 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.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide the best information to shareholders and the Financial Reporting Council has confirmed that by following the AIC Code and the AIC Guide, 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 and the AIC Guide 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. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. Therefore the Company has not reported further in respect of this provision.

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 as an investment company it 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 role of the Board is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.

Company's purpose, values and strategy

The Board assesses the basis on which the Company generates and preserves value over the long term. 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 enable 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

The Audit Committee's key responsibilities are to monitor the integrity of the annual report and financial statements; to oversee the risk and control environment and financial reporting; and to review the performance of the Company's external auditor.

Valuations Committee

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

Management Engagement & Remuneration Committee

The Management Engagement & Remuneration 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 2020, 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 regarding the remuneration of Directors and the need to appoint external remuneration consultants. The Committee met three times in the year, including meetings to determine 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.

CORPORATE GOVERNANCE REPORT continued

Nominations Committee

The Nominations Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new directors. 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.

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 2020 and the number of meetings attended by each Director.

In addition to the scheduled Board and Committee meetings, Directors attend ad-hoc Board meetings to consider matters such as the approval of regulatory announcements.

	Board	Audit Committee	ME&R Committee	Valuations Committee	Nomination Committee
Neil England	6	2	4	2	3
Karen Brade	6	2	4	2	3
David Haysey	6	2	4	2	3

All the Directors attended the Annual General Meeting in September 2019.

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 virtual 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 virtual 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, prepared in accordance with EU rules, 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.

Stakeholders

The new AIC Code requires Directors to explain their statutory duties as stated in sections 171–177 of the Companies Act 2006. Under section 172, directors have a duty to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to the consequences of any decisions in the long term, as well as having regard to the Company's stakeholders amongst other considerations.

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.

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 Nomination Committees advise the Board in respect of policies on remuneration-related matters.

Since the subsidiary company has only seven employees, 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.

CORPORATE GOVERNANCE REPORT continued

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 requirements and registration services. Each of these contracts was 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.

The Board's assessment of the Company's longer-term viability is 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 the Company's shares are held via a nominee company name, 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 Corporate Governance Code.

The Board has delegated authority to the Portfolio Manager to vote the shares owned by the Company.

The Portfolio Managers commitment to responsible investing is set out on pages 26 to 28.

The Board has instructed that the Portfolio Manager submit votes for such shares wherever possible, in the best long-term interest of shareholders and in accordance with their own investment philosophies. Where applicable, it monitors the policies of the Portfolio Manager in respect of the UK Stewardship Code.

The Company 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 which they invest on the Company's behalf. Whilst the Company's Portfolio Manager is apprised of the Company's approach to the stewardship of its assets and the importance of sound corporate governance, they use their discretion according to their knowledge of the relevant circumstances. The Portfolio Manager reports its compliance with the UK Stewardship Code, or equivalent legislation, to the Audit Committee each year.

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
- engaging with shareholders to ensure that the Board has a clear understanding of shareholder views

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

Directors' Interests

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

CORPORATE GOVERNANCE REPORT continued

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, none of the Directors took on an increase in total commitments. Each of the 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.

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, even if Frostrow or AFML 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.

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, 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.

Diversity Policy

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

CORPORATE GOVERNANCE REPORT continued

The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. The Board believes that this will make the Board more effective at promoting the long-term sustainable success of the company and generating value for all shareholders by ensuring there is a breadth of perspectives among the Directors and the challenge needed to support good decision-making. To this end achieving a diversity of perspectives and backgrounds on the Board 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

The Board has delegated authority to AFML (as Portfolio Manager) to vote the shares owned by the Company.

The Board has instructed that the Portfolio Manager submit votes for such shares wherever possible and practicable. The Portfolio Manager may refer to the Board on any matters of a contentious nature.

Further details of the Portfolio Mangers approach to responsible ownership can be found on pages 26 to 28.

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 from themselves or for the Company.

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

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

Prevention of the Facilitation of Tax Evasion

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

Independent Professional Advice

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

Directors' and Officers' Liability Insurance

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

Company Secretary

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

Relationship with the AIFM and with the Portfolio Manager

The Company manages its own operations through the Board and AIFM, as set out on 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.

CORPORATE GOVERNANCE REPORT continued

Annual General Meeting

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

If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the 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.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 7 Authority to allot shares

Resolution 8 Authority to disapply pre-emption rights

Resolution 9 Authority to sell shares held in Treasury on a non pre-emptive basis

Resolution 10 Authority to buy back shares

Resolution 11 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 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

15 July 2020

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 2020. 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 three 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 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.

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.

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 clawbacked 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 participant's return 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.

DIRECTORS' REMUNERATION REPORT continued

Consideration by Directors of Matters Relating to Directors' Remuneration

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

The Committee assesses the workload and responsibilities of the non-executive directors and reviews, annually, the fees paid to the non-executive Directors.

The Directors' fees are determined by the Board, subject to the limit set out in the Company's Articles of Association. There have been no changes to Directors' fees during the year.

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. The Company does not have share options or a share scheme.

The Committee was not provided with any external advice or services during the financial year ending 31 March 2020 in respect of the fees payable to the non-executive Directors.

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 meeting held in 2019.

At the Annual General Meeting held on 11 September 2019, ordinary resolutions to approve the Directors' Remuneration Report for the year ending 31 March 2019 and to approve the remuneration policy were passed on a show of hands. The proxy votes in each case were as follows:

Resolution	Votes For	%	Votes Against	%	Total Votes Cast	Votes Withheld
Approval of the Directors' Remuneration Report for the period ended 31 March 2019	21,645,277	99.85%	31,819	0.15%	21,677,096	32,305
Approval of the Directors' Renumeration Policy	21,638,197	99.82%	38,899	0.18%	21,677,096	32,305

All Directors are entitled to the reimbursement of 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 2020.

Directors' Fee

Directors' annual fees are currently as follows and will remain at this level for the financial year ending 31 March 2021.

	Role	Fee £'000s
Neil England	Chairman of the Board and Nominations Committee	35
Karen Brade	Chairman of the Audit Committee	30
David Haysey	Chairman of the Management Engagement & Remuneration Committee and Valuations Committee	30

None of the Directors participate in the carried interest plan.

Single total figure of remuneration (Audited)

The following table shows the single figure of remuneration of the non-executive directors' remuneration for the year ended 31 March 2020, together with the comparative figures for 2019:

	Role	Year ended 31 March 2020 Total fees £'000s	Period ended 31 March 2019 Total fees £'000s**
Neil England*	Chairman of the Board and Nominations Committee	35	40
Karen Brade*	Chairman of the Audit Committee	30	34
David Haysey*	Chairman of the Management Engagement & Remuneration Committee and Valuations Committee	30	34
Total		**95**	**108**

* Appointed on 12 February 2018.

** The Directors' fees paid in the period ended 31 March 2019 relate to a period of 15 months.

DIRECTORS' REMUNERATION REPORT continued

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:

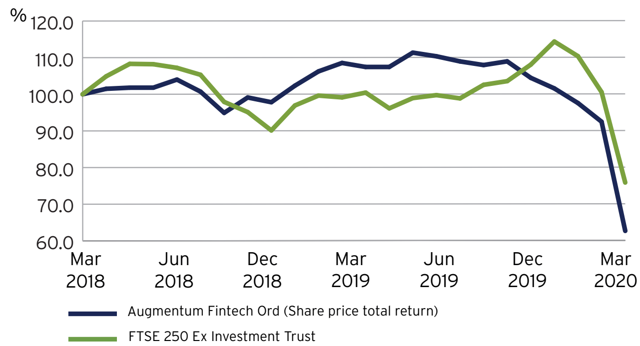
	Role	Number of ordinary shares as at 31 March 2020	Number of ordinary shares as at 31 March 2019
Neil England	Chairman of the Board and Nominations Committee	100,000	20,000
Karen Brade	Chairman of Audit Committee	32,234	18,842
David Haysey	Chairman of Management Engagement & Remuneration Committee and Valuations Committee	85,983	70,805

None of the Directors are required to own shares in the Company.

There are no changes to Directors share interests from 31 March 2020 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 2020 against the FTSE 250 Ex Investment Trust Index.



Relative importance of spend on pay

Spend	Year ended 31 March 2020 £'000	Period ended 31 March 2019 £'000	Difference £'000
Fees of non-executive Directors	95	108	(13)
Remuneration paid to or receivable by all employees of the Group in respect of the year**	1,081	278*	803
Total Expenses**	2,622	2,376	246

* Employee costs were only incurred in the prior period from 1 November 2018 when Augmentum Fintech Management Limited, a subsidiary of the Company, became the Company's delegated Portfolio Manager upon receiving FCA authorisation.

** excludes carried interest provision

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

15 July 2020

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 apply for a further three years 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 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 table on 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

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 £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

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)

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

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

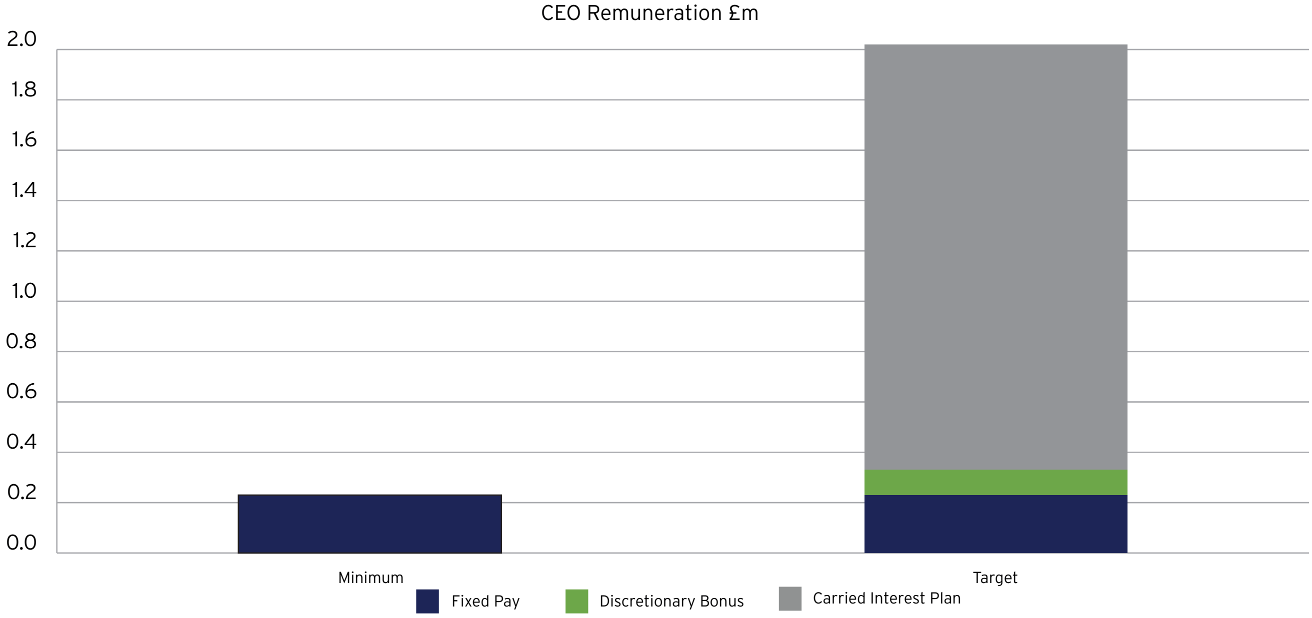
Carried Interest Plan ("CIP")

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 2019 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 from 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.

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

15 July 2020

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, and
- 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 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
- To oversee the audit tender
- Discussion and approval of the fee for the external audit
- Implementation of Audit Committee terms of reference and the audit policies
- Review of the Company's key risks and internal controls
- Consideration of the 2019 UK Corporate Governance Code and 2019 AIC Code of Corporate Governance
- Review of the Annual and Interim Report including consideration of the significant accounting issues relating to the financial statements
- Meeting with the external auditors 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 auditors.

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. 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.

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 both the AIFM, Portfolio Manager and the external auditors. 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 coronavirus 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.

Appointment of New Auditor

During the year, as part of the Board's review of costs (see Chairman's Statement on page 2 for further information) and as notified in the Company's half yearly report for the six months ended 30 September 2019, the Audit Committee led a competitive audit tender process. A selection of audit firms were invited to participate, and three firms submitted proposals and were interviewed by the Audit Committee. In line with the requirements of the EU Audit Regulation, the Committee submitted two audit firm candidates for the engagement to the Board, together with a justified preference for one of them.

Following due consideration, the Board resolved to appoint the Committee's preferred candidate, BDO LLP. Accordingly, PricewaterhouseCoopers LLP resigned as the Company's auditor and provided a statement explaining the reasons for its resignation which was posted to shareholders in accordance with the Companies Act 2006. The statement is available on the Company's website and the National Storage Mechanism. The Directors wish to thank PricewaterhouseCoopers LLP for its service as auditor since the Company's inception.

Peter Smith was the audit partner for the financial year under review and he has confirmed BDO LLP's' willingness to continue to act as Auditor to the Company for the forthcoming financial year.

BDO LLPs' appointment is subject to shareholder approval at the next Annual General Meeting to be held in September 2020. Details can be found in the Notice of Annual General Meeting.

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 10 June 2020 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 13 July 2020.

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 any non-audit services provided by the Auditor (there were none during the year under review).

REPORT OF THE AUDIT COMMITTEE continued

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

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

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

Non-Audit Services

EU Audit Regulation reforms in relation to non-audit services has become effective and applies to the Company under these regulations as a Public Interest Entity for the preparation of the Company's 2019 Report and Financial Statements. 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 the Company expects to comply with these requirements in future.

The Audit Committee has considered whether there is a need for the Company to have its own internal audit function but continues to believe that the Company's internal control systems in place give sufficient assurance, given the size of the Company, that a sound system of internal control, which safeguards shareholders' investment and the Company's assets is maintained. This view is supported by the review of the effectiveness of internal controls referred to above. The Audit Committee considers, therefore, that an internal audit function specific to the Company is unnecessary.

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

15 July 2020

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 the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU") and Article 4 of the EU IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. 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 of the group and company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the EU have been followed for the group financial statements and IFRSs as adopted by the EU have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the company's website. 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, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the 'Board of Directors' on page 29 confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

The Directors also confirm that the group financial statements, are taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Approved by the Board of Directors and signed on its behalf by

Neil England
Chairman

15 July 2020

Note to those who access this document by electronic means:

The annual report for the year ended 31 March 2020 has been approved by the Board of Augmentum Fintech plc. Copies of the annual report are circulated to shareholders and, where possible to investors. 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

for the year ended 31 March 2020

		Year ended 31 March 2020			Period ended 31 March 2019		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains on Investments	8	–	12,683	12,683	–	12,183	12,183
Interest Income		106	-	106	222	–	222
Expenses	2	(2,579)	(2,410)	(4,989)	(2,248)	(128)	(2,376)
(Loss)/Return before Taxation		**(2,473)**	**10,273**	**7,800**	**(2,026)**	**12,055**	**10,029**
Taxation	6	-	-	-	-	-	-
(Loss)/Return for the year/period		**(2,473)**	**10,273**	**7,800**	**(2,026)**	**12,055**	**10,029**
(Loss)/Return per Share (pence)*	7	**(2.2)p**	**9.2p**	**7.0p**	**(2.6)p**	**15.6p**	**13.0p**
(Loss)/Return per Share since IPO (pence)**	7				**(2.2)p**	**12.8p**	**10.6p**

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

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

**The return per share since IPO figure has been disclosed for 2019 as all earnings were earned subsequently to the IPO, and the issue of the 93,999,999 shares. The Directors consider this to reflect the actual return generated for shareholders for that period.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2020

			Year ended 31 March 2020			
Group	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders funds	**940**	**-**	**92,101**	**12,055**	**(2,026)**	**103,070**
Issue of shares following placing and offer for subscription	231	25,587	–	–	–	25,818
Costs of placing and offer for subscription	–	(827)	–	–	–	(827)
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**

			Period ended 31 March 2019			
Group	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Issue of shares following placing and offer for subscription	940	93,060	–	–	–	94,000
Costs of placing and offer for subscription	–	(959)	–	–	–	(959)
Conversion of share premium account	–	(92,101)	92,101	–	–	-
Return/(loss) for the period	–	–	–	12,055	(2,026)	10,029
At 31 March 2019	**940**	**-**	**92,101**	**12,055**	**(2,026)**	**103,070**

			Year ended 31 March 2020			
Company	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders funds	**940**	**-**	**92,101**	**12,055**	**(2,053)**	**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**

			Period ended 31 March 2019			
Company	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Issue of shares following placing and offer for subscription	940	93,060	–	–	–	94,000
Costs of placing and offer for subscription	–	(959)	–	–	–	(959)
Conversion of share premium account	–	(92,101)	92,101	–	–	-
Return/(loss) for the period	–	–	–	12,055	(2,053)	10,002
At 31 March 2019	**940**	**-**	**92,101**	**12,055**	**(2,053)**	**103,043**

CONSOLIDATED BALANCE SHEET

as at 31 March 2020

	Note	2020 £'000	2019 £'000
Non-Current Assets			
Investments held at fair value	8	123,132	77,600
Fixed Assets		17	39
Current Assets			
Right of use asset	5	333	-
Other receivables	11	112	56
Cash and cash equivalents		15,111	25,592
Total Assets		**138,705**	**103,287**
Current Liabilities			
Other payables	12	(212)	(217)
Lease liability	5	(333)	-
Provisions	13	(2,367)	-
Total Assets less Current Liabilities		**135,793**	**103,070**
Net Assets		**135,793**	**103,070**
Capital and Reserves			
Called up share capital	16	1,171	940
Share premium		24,760	-
Special reserve		92,033	92,101
Retained earnings:			
Capital reserves		22,328	12,055
Revenue reserve		(4,499)	(2,026)
Total Equity		**135,793**	**103,070**
Net Asset Value per share (pence)	17	**116.1p**	**109.6p**

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

The Financial Statements on pages 53 to 58 were approved by the Board of Directors on 15 July 2020 and signed on its behalf by:

Neil England
Chairman

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

Augmentum Fintech plc
Company Registration Number: 11118262

FINANCIAL STATEMENTS

COMPANY BALANCE SHEET

as at 31 March 2020

	Note	2020 £'000	2019 £'000
Non-Current Assets			
Investments held at fair value	8	123,132	77,600
Investment in subsidiary undertakings	10	500	500
Current Assets			
Other receivables	11	83	34
Cash and cash equivalents		14,387	25,046
Total Assets		**138,102**	**103,180**
Current Liabilities			
Other payables	12	(133)	(137)
Provisions	13	(2,367)	-
Total Assets less Current Liabilities		**135,602**	**103,043**
Net Assets		**135,602**	**103,043**
Capital and Reserves			
Called up share capital	16	1,171	940
Share premium		24,760	-
Special reserve		92,033	92,101
Retained earnings:			
Capital reserves		22,328	12,055
Revenue reserve		(4,690)	(2,053)
Total Equity		**135,602**	**103,043**

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

The Company profit for the year was £7,636,000 (period ended 31 March 2019: £10,002,000). 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 15 July 2020 and signed on its behalf by:

Neil England
Chairman

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

Augmentum Fintech plc
Company Registration Number: 11118262

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2020

	Year ended 31 March 2020 £'000	Period ended 31 March 2019 £'000
Operating activities		
Purchases of investments	(32,849)	(43,967)
Acquisition of fixed assets	(13)	(52)
Interest income received	70	199
Expenses paid	(2,454)	(2,113)
Lease payments	(158)	(66)
Net cash outflow from operating activities	**(35,404)**	**(45,999)**
Issue of shares following placing and offer for subscription	25,818	72,550
Costs of placing and offer for subscription	(827)	(959)
Purchase of own shares into Treasury	(68)	-
Net cash generated from financing activities	**24,923**	**71,591**
Net increase in cash and cash equivalents	**(10,481)**	**25,592**
Cash and cash equivalents at start of year/period	**25,592**	**-**
Cash and cash equivalents at end of year/period	**15,111**	**25,592**

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

COMPANY CASH FLOW STATEMENT

for the year ended 31 March 2020

	Year ended 31 March 2020 £'000	**Period ended 31 March 2019 £'000**
Operating activities		
Purchases of investments	(32,849)	(43,967)
Investment in subsidiary	–	(500)
Interest income received	70	199
Expenses paid	(2,803)	(2,277)
Net cash outflow from operating activities	**(35,582)**	**(46,545)**
Issue of shares following placing and offer for subscription	25,818	72,550
Costs of placing and offer for subscription	(827)	(959)
Purchase of own shares into Treasury	(68)	-
Net cash generated from financing activities	**24,923**	**71,591**
Net increase in cash and cash equivalents	**(10,659)**	**25,046**
Cash and cash equivalents at start of year/period	**25,046**	**-**
Cash and cash equivalents at end of year/period	**14,387**	**25,046**

The accompanying notes are an integral 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 all located in the UK and continental Europe.

2 Expenses

	Year ended 31 March 2020			Period ended 31 March 2019		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
AIFM fees	278	–	278	225	–	225
Administrative expenses	1,016	43	1,059	649	128	777
Directors fees*	95	–	95	108	–	108
Investment Advisory fee**	–	–	–	891	–	891
Carried Interest (see Note 4)^	–	2,367	2,367	-	-	-
Staff costs (see Note 4)	1,081	–	1,081	278	–	278
Auditors' remuneration	109	–	109	97	–	97
Total expenses	**2,579**	**2,410**	**4,989**	**2,248**	**128**	**2,376**

£158,000 of interest and amortisation relating to a lease (2019: £66,000 operating lease expenses) 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 42.

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

^ 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 20.9 for further details.

Auditors' Remuneration

	Year ended 31 March 2020		Period ended 31 March 2019	
	Group £'000	**Company £'000**	**Group £'000**	**Company £'000**
Audit of Group accounts pursuant to legislation*	64[1]	64[1]	61	61
Audit of subsidiaries accounts pursuant to legislation*	12	–	15	-
Audit related assurance services*	33[2]	30[2]	21	16
Total auditors' remuneration	**109**	**94**	**97**	**77**

* 2019 figures refer to amounts paid to PWC.
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 £25,000 (period ending 31 March 2019: £77,000) 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.

	Year ended 31 March 2020			Period ended 31 March 2019		
	Salary/Fees £'000	Other benefits £'000	Total £'000	Salary/Fees £'000	Other benefits £'000	Total £'000
Key management personnel remuneration	495	73	568	391	25	416
Carried Interest Allocation*	1,656	-	1,656	-	-	-
	2,151	**73**	**2,224**	**391**	**25**	**416**

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 seven (2019: three). All employees are within the investment and administration function and employed by the Company's subsidiary. Employee costs were only incurred in the prior period from 1 November 2018 when Augmentum Fintech Management Limited, a subsidiary of the Company, became the Company's delegated portfolio manager upon receiving FCA authorisation, as set out in Note 2.

	Year ended 31 March 2020 £'000	Period ended 31 March 2019 £'000
Wages and salaries	876	224
Social security costs	114	28
Other pension costs	68	26
Other staff benefits	23	-
Staff costs	**1,081**	**278**
Carried Interest (charged to capital)*	2,367	-
Total	**3,448**	**278**

* 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 2020 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, it's subsidiary. See page 22 and Note 20.9 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 2020 and 2019, in the UK from which it operates for a fixed fee. The Group had no other leases in 2020 and 2019. 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

	Group Office Premises £'000
Addition – Recognised on initial adoption of IFRS 16 on 1 April 2019	164
Addition	320
Amortisation	(151)
At 31 March 2020	**333**

Lease Liability

	Group Office Premises £'000
Addition – Recognised on initial adoption of IFRS 16 on 1 April 2019	164
Addition	320
Interest Expense	7
Lease Payments	(158)
At 31 March 2020	**333**

5 Leases (continued)

Maturity Analysis

At 31 March 2020	Group Up to 3 months £'000	3 - 12 months £'000	Between 1 - 2 years £'000	Between 2 - 5 years £'000
	41	126	168	14

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

	Year ended 31 March 2020			Period ended 31 March 2019		
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/period	–	–	–	–	–	–

The difference between the income tax expense shown above and the amount calculated by applying the effective rate of UK corporation tax of 19% (2019: 19%) to the (loss)/return before tax is as follows:

	Year ended 31 March 2020			Period ended 31 March 2019		
For the year ended 31 March	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/return before taxation	(2,473)	10,273	7,800	(2,026)	12,055	10,029
(Loss)/return before tax multiplied by the effective rate of: UK corporation tax of 19% (2019: 19%)	(470)	1,952	1,482	(385)	2,290	1,905
Effects of: Non-taxable capital returns	–	(2,410)	(2,410)	–	(2,290)	(2,290)
Excess management expenses	470	458	928	385	–	385
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 £7,089,000 (2019: £2,154,000). 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:

	Year ended 31 March 2020 £'000	Period ended 31 March 2019 £'000
Net revenue loss	(2,473)	(2,026)
Net capital return	10,273	12,055
Net total return	**7,800**	**10,029**

Weighted average number of ordinary shares in issue	111,066,278	77,092,077[1]

1 From the incorporation of the Company on 19 December 2017 to 31 March 2019

	Pence	Pence
Revenue loss per share	(2.2)	(2.6)
Capital return per share	9.2	15.6
Total return per share	**7.0**	**13.0**

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

Returns in the period since IPO to 31 March 2019

Weighted average number of ordinary shares in issue	94,000,000[2]

2 From the IPO of the Company on 13 March 2018 to 31 March 2019

	Pence
Revenue loss per share since IPO	**(2.2)**
Capital return per share since IPO	**12.8**
Total return per share since IPO	**10.6**

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

8 Investments Held at Fair Value

Non-current Investments Held at Fair Value

As at 31 March	2020 Group and Company £'000	2019 Group and Company £'000
Unlisted at fair value	123,132	77,600

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

	Group and Company £'000	Group and Company £'000
As at 1 April	77,600	-
Purchases at cost	32,849	65,417
Gains on investments	12,683	12,183
As at 31 March	**123,132**	**77,600**

9 Acquisition of Augmentum I LP

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

The acquisition provided the Company with the portfolio of investments held by the LP. The initial fair value of the LP's net assets was £33,308,473. The fair value of the LP's net assets equalled the consideration paid. Augmentum I LP is registered in England and Wales. The LP's principal activity is that of a holding company and it's registered office is IFC 5, St Helier, Jersey, JE1 1ST. The net assets of the LP as at 31 March 2020 were £44,510,000 (2019: £43,280,000).

10 Subsidiary undertakings

The Company has an investment 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 as of 1 November 2018. 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.

11 Other Receivables

As at 31 March	2020 Group £'000	2020 Company £'000	2019 Group £'000	2019 Company £'000
Other receivables	112	83	56	34
Right of use asset*	333	–	–	-
	445	**83**	**56**	**34**

* See note 5.

12 Other Payables

As at 31 March	2020 Group £'000	2020 Company £'000	2019 Group £'000	2019 Company £'000
Other payables	212	133	217	137
Lease liability*	333	–	–	-
	545	**133**	**217**	**137**

* See note 5.

13 Provisions

As at 31 March	2020 Group £'000	2020 Company £'000	2019 Group £'000	2019 Company £'000
Carried Interest provision*	2,367	2,367	–	-

* See page 22 and Notes 4 and 22.9 for further details.

14 Financial Instruments

(i) Management of Risk

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

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

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

Market Price Risk

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

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

Liquidity Risk

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

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 (see table below) and totalled £15.1 million (2019: £25.6 million).

Bank Credit Ratings at 31 March 2020	2020 £'000	2019 £'000	Moody's
Barclays Bank plc	4,096	2,953	**A1**
Santander International*	11,016	10,021	**Aa3**
Lloyds Bank plc	-	12,618	**Aa3**
	15,112	**25,592**	

*Rating is for parent company

FINANCIAL STATEMENTS

14 Financial Instruments (continued)

(ii) Financial Assets and Liabilities

As at 31 March	Group Fair value 2020 £'000	Company Fair value 2020 £'000	Group Fair value 2019 £'000	Company Fair value 2019 £'000
Financial Assets				
Unlisted equity shares	103,991	103,991	70,625	71,125
Unlisted convertible loan notes	19,141	19,141	6,975	6,975
Cash and cash equivalents	15,111	14,387	25,592	25,046
Other assets	112	83	56	34
Financial Liabilities				
Other payables	(212)	(133)	(217)	(137)

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 fair value through profit or loss. 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 20.4.

(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 2020. 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.

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 £12,683,000 (period ended 31 March 2019 £12,183,000).

14 Financial Instruments (continued)

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 2020 £'000	Fair Value 2019 £'000	Unobservable Inputs	Reasonably possible shift in input +/-	Change in valuation +/(-) £'000
Multiple methodology	34,554	21,081	Multiple	10%	1,422/(1,854)
			Illiquidity adjustment	30%	(3,087)/2,364
CPORT*	69,437	51,544	Transaction price	10%	6,428/(4,416)
PWERM**	19,141	4,975	Probability of conversion	25%	468/(821)

* Calibrated price of recent transaction.

** Probability weighted expected return methodology.

15 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.

	2020		2019	
	% ownership (fully diluted)	% of portfolio	% ownership (fully diluted)	% of portfolio
Interactive Investor*	3.7	17.7	3.7	13.0
BullionVault*	11.1	9.1	11.0	9.8
Zopa*	6.1	6.4	6.1	28.3
Augmentum I LP **	**100.0**	**36.1**	**100.0**	**55.7**
Tide	5.9	11.5	-	-
Monese	5.4	8.3	5.4	8.4
Receipt Bank	3.7	6.1	-	-
Farewill	13.4	5.9	13.6	5.2

* 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.

16 Called up Share Capital

	2020 Ordinary Shares No.	2020 Ordinary Shares £'000	2019 Ordinary Shares No.	2019 Ordinary Shares £'000
Opening issued and fully paid shares of 1p each	94,000,000	940	-	-
Issue of share on incorporation	-	-	1	-
Issue of shares from public offering	23,051,911	231	93,999,999	940
Ordinary shares purchased into treasury	(120,000)	-	-	-
Closing issued and fully paid shares of 1p each	**116,931,911**	**1,171**	**94,000,000**	**940**

On 13 March 2018, 93,999,999 ordinary shares were issued, with 1 share issued on incorporation.

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

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

On 4 July 2019 23,051,911 ordinary shares were issued. The nominal value of the shares issued was £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.

At 31 March 2020 there were 120,000 (2019: nil) shares held in treasury. Since the year end date a further 75,000 shares have been bought back and are also held in treasury.

17 Net Asset Value per Share

The Net Asset Value ("NAV") per share is calculated by dividing the NAV of £135,793,000 (2019: £103,070,000) by the number of ordinary shares in issue at the year end amounting to 116,931,911 (31 March 2019: 94,000,000).

18 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 pages 21 and 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 42. Details of the Directors' interests in the capital of the Company can be found on page 43.

Augmentum Fintech Management Limited was appointed as the Company's delegated Portfolio Manager with effect from 1 November 2018. Following its appointment the Portfolio Manager earned 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 £1,861,000 (period ended 31 March 2019: £613,000), which has been eliminated on consolidation and therefore does not appear in these accounts. A carried interest provision of £2,367,000 (2019: nil) 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 (period ended 31 March 2019: nil).

19 Capital Risk Management

	Group 2020 £'000	Group 2019 £'000
Equity		
Equity share capital	1,171	940
Retained earnings and other reserves	134,622	102,130
Total capital and reserves	**135,793**	**103,070**

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 (whilst remaining within the restrictions imposed by its investment trust status) 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.

20 Basis of Accounting and Significant Accounting Policies

20.1 Basis of preparation

The Group and Company Financial Statements for the year ended 31 March 2020 have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS"), as adopted in the EU and interpretations issued by the IFRS Interpretations Committee.

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 20.4. 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.

20 Basis of Accounting and Significant Accounting Policies (continued)

- 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.

20.2 Basis of Consolidation

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

IFRS 10 and 12 define an investment entity and include an exception 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 10 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.

As set out in Note 9 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.

20.3 Application of New Standards

(i) New standards, interpretations and amendments effective from 1 April 2019

IFRS 16: Leases was applied for the first time by the Group in these financial statements. The impact of IFRS 16's adoption is set out in Note 5 and the accounting policy for leases is set out in 20.10. The Group has adopted the modified retrospective approach when adopting IFRS 16 and as such the 2019 comparatives have not been restated. 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.

There were no other new standards or interpretations effective for the first time for periods beginning on or after 1 April 2019 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.

20.4 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; adjust the enterprise value for factors that would normally be taken into account such as surplus assets, excess liabilities or other contingencies or relevant factors; and apportion the resulting amount between the investee company's relevant financial instruments according to their ranking and taking into account the effect of any instrument that may dilute the economic entitlement of a given instrument.

(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 ("PWERM"). 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.

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

20 Basis of Accounting and Significant Accounting Policies (continued)

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

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.

20.5 Cash and Cash Equivalents

Cash comprises cash at bank and short-term deposits with an original maturity of less than 3 months.

20.6 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.

20.7 Other income

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

20.8 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.

20.9 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.

20.10 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 rate inherent in the lease. 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.

20 Basis of Accounting and Significant Accounting Policies (continued)

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.

20.11 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.

20.12 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.

20.13 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.

20.14 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.

20.15 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.

20.16 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. 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 £(171,000) (2019: £(128,000)) representing transaction costs charged to capital.

20.17 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 20.2.

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 20.4.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC

Opinion

We have audited the financial statements of Augmentum Fintech plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020 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 the 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 Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

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 are 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

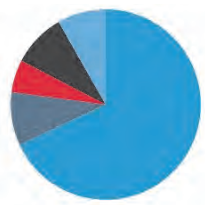
We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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	*How we addressed the Key Audit Matter in the Audit*
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 of 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 Company's accounting policy for assessing the fair value of investments is disclosed on page 67 in note 20.4 and disclosures regarding the fair value estimates are given on page 69 in note 20.17.	Our sample for the 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. A breakdown of the investment portfolio valuation technique is shown below.  For all Investments in our sample we: • 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 23 June 2020. We also 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. For a sample of investments, we received direct confirmation of the capital structure from the investee company • For CPORT valuations, we agreed the price of recent investment to supporting documentation and management information. We considered whether the portfolio company has not 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;

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

How we addressed the Key Audit Matter in the Audit

- 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.

We also considered the completeness and clarity of disclosures 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.

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 reasonably influence the economic decisions of 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 this level 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.

The quantum and purpose of materiality is tabulated below. In setting materiality, we had regard to the nature and disposition of the investment portfolio.

Materiality Measure	*Purpose*	*Key considerations and benchmarks*	*2020 Quantum (£)*
Financial Statement Materiality (Group and Company) **2% Net assets (2019: 1.75% Net assets)**	Assessing whether the financial statements as a whole present a true and fair view. We consider this to be the key measurement for shareholders.	• The value of investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	**£2,690,000**
Performance materiality 70% of materiality (2019: 75% of materiality)	The maximum error in an assertion that we would be prepared to accept and still conclude that the result from an audit procedure has achieved our objective.	• Financial statement materiality • Risk and control environment • History of prior errors	**1,880,000**

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

Parent company materiality was set at £2,555,000 which was capped at 95% of group materiality.

The materiality for the subsidiary company was £27,000 and was equal to its local statutory audit materiality that was less than our group materiality.

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £135,000 for Group and Company as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Group's activities and the overall control environment. Based on this understanding we assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations.

How the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Company 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 but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP International Financial Reporting Standards (IFRSs) as adopted by the European Union. We also considered the Company's qualification as an Investment Trust under UK tax legislation.

We designed audit procedures to respond to the 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.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the year; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

There are inherent limitations in the audit procedures described above 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 would become aware of it. We also 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.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting– the statement describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code– the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

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.

Matters on which we are required to report by exception

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.

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 directors' responsibilities statement , 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by The Board of Directors to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. This is therefore our first year of engagement.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Other than those disclosed in note 2 to the financial statements, we have provided no non-audit services to the group or company in the year to 31 March 2020.

Our audit opinion is consistent with the additional report to the audit committee.

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

15 July 2020

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (UNAUDITED)

The Company's AIFM, Frostrow Capital LLP and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").

Those disclosures that are required to be made pre-investment are included within an Investor Disclosure Document which can be found on the Company's website www.augmentum.vc

The periodic disclosures to investors are made below:

- Information on the investment strategy, sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Frostrow.
- The Strategic Report and Note 14 to the Financial Statements set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place during the year under review and no breaches of the risk limits set, with no breach expected.
- The maximum level of leverage did not change in the year under review. During the year ended 31 March 2020, the maximum permitted levels were 200% on a gross basis and 225% on a commitment basis (see Glossary for further details).
- No right of re-use of collateral or any guarantee has been granted during the year.
- Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

  Note: These disclosures are not audited by the Company's statutory auditor.

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 nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	http://www.youinvest.co.uk/
Barclays Smart Investor	https://www.smartinvestor.barclays.co.uk/
Bestinvest	http://www.bestinvest.co.uk/
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
EQi	https://www.eqi.co.uk
Halifax Share Dealing	http://www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://investments.hsbc.co.uk/
iDealing	http://www.idealing.com/
interactive investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
Saga Share Direct	www.sagasharedirect.co.uk/
The Share Centre	https://www.share.com/

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 Asset Services , 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.linkassetservices.com.

Link Asset Services – Share Dealing Service

A share dealing service is available to existing shareholders through the Company's Registrar, Link Asset Services, to either buy or sell shares. An online and telephone dealing facility via service.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your share certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service, please contact: www.linksharedeal.com (online dealing) Telephone: 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.00 a.m. – 4.30 p.m., 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.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

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.

API's

Application Programming Interface

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.

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")

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.

Net Asset Value ("NAV")

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV per share is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which are in issue. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

NAV per share Total Return*

The theoretical total return on the NAV per share, reflecting the change in NAV during the period assuming that any dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment trusts which is not affected by movements in the share price discount/premium.

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 2020 £'000	**period ended 31 March 2019 £'000**
Operating expenses	4,989	2,376
Less: due diligence costs	(43)	(128)
Less: cash management fee*	(27)	(60)
Less: carried interest fee	(2,367)	-
Recurring operating expenses	**2,552**	**2,188**
Pro-rata adjustment**	–	(109)
Annualised expenses	**2,552**	**2,079**
Average net assets	123,130	97,969
Ongoing charges ratio	**2.1%**	**2.1%**

* Cash management fee is deducted as this is paid where cash is placed on deposit through an investment platform, it is only incurred where there would be offsetting interest income.

** Pro-rata adjustment is to reflect that the 2019 accounting period was longer than 12 months.

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
Moor House
120 London Wall
London EC2Y 5ET
United Kingdom

N+1 Singer
1 Bartholomew Lane
London
EC2N 2AX
United Kingdom

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

The Association of Investment Companies

A member of the Association of Investment Companies

Legal Adviser to the Company
Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH
United Kingdom

Independent Auditors
BDO LLP
150 Aldersgate Street
London
EC1A 4AB
United Kingdom

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

Telephone (in UK): 0371 664 0300†
E-Mail: enquiries@link.co.uk
Website: www.linkassetservices.com

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

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

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.

UNSOLICITED APPROACHES FOR SHARES: WARNING TO SHAREHOLDERS

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

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

Shareholders who suspect they may have been approached by fraudsters should advise the Financial Conduct Authority ('FCA') using the share fraud report form at www.fca.org.uk/scams or call the FCA Customer Helpline on 0800 111 6768. You may also wish to call either the Company Secretary or the Registrar whose contact details can be found on page 79.

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To view the report online

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

www.augmentum.vc