

Augmentum Fintech

Capital Markets Day 2022

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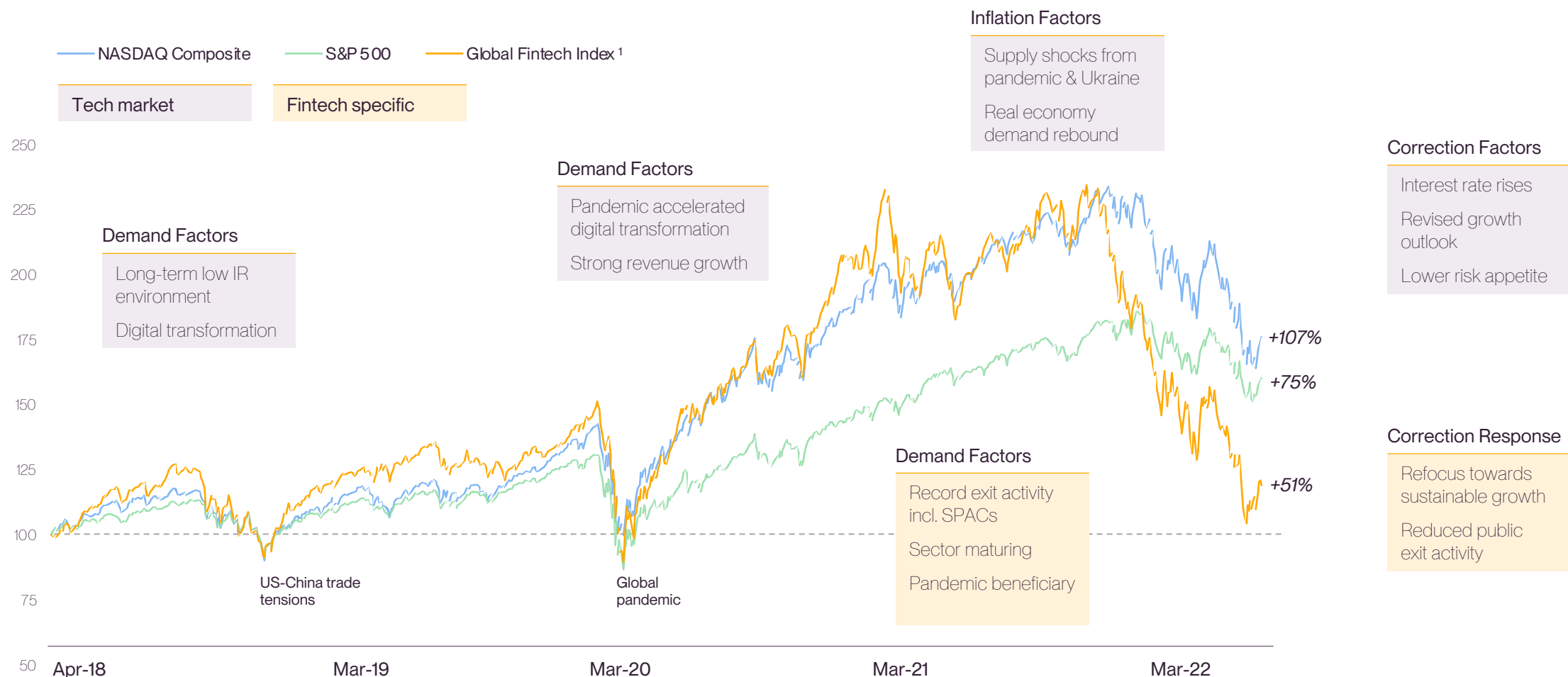
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The interaction of a unique set of macro factors has driven market dynamics, (fin)tech stocks have returned from valuation peaks reached in 2021

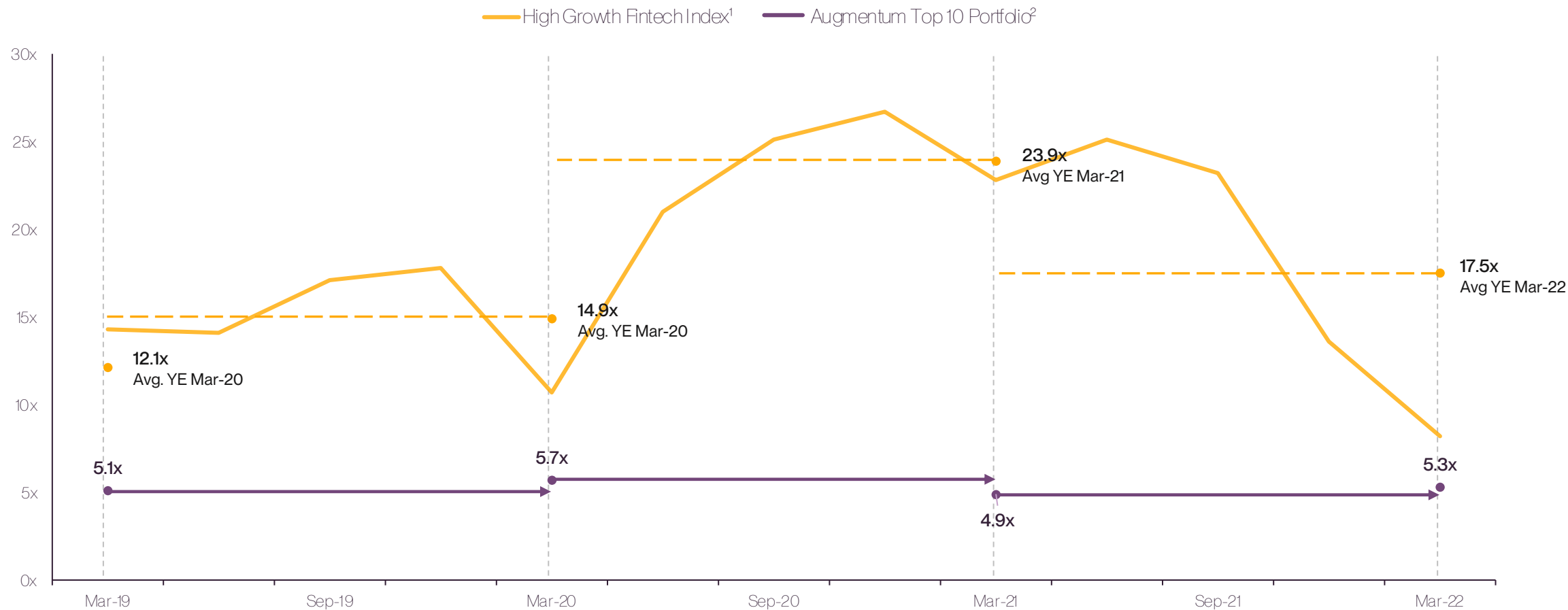
Overview of key market dynamics and index performance, Apr 18 – Mar 22



¹ INDXX Global Fintech Thematic Index tracks the performance of 100 fintech companies listed in developed markets
Source: Market data, Reuters

Our approach to valuation has remained consistent while the market has seen a sharp rise and correction in valuation multiples since March 2020

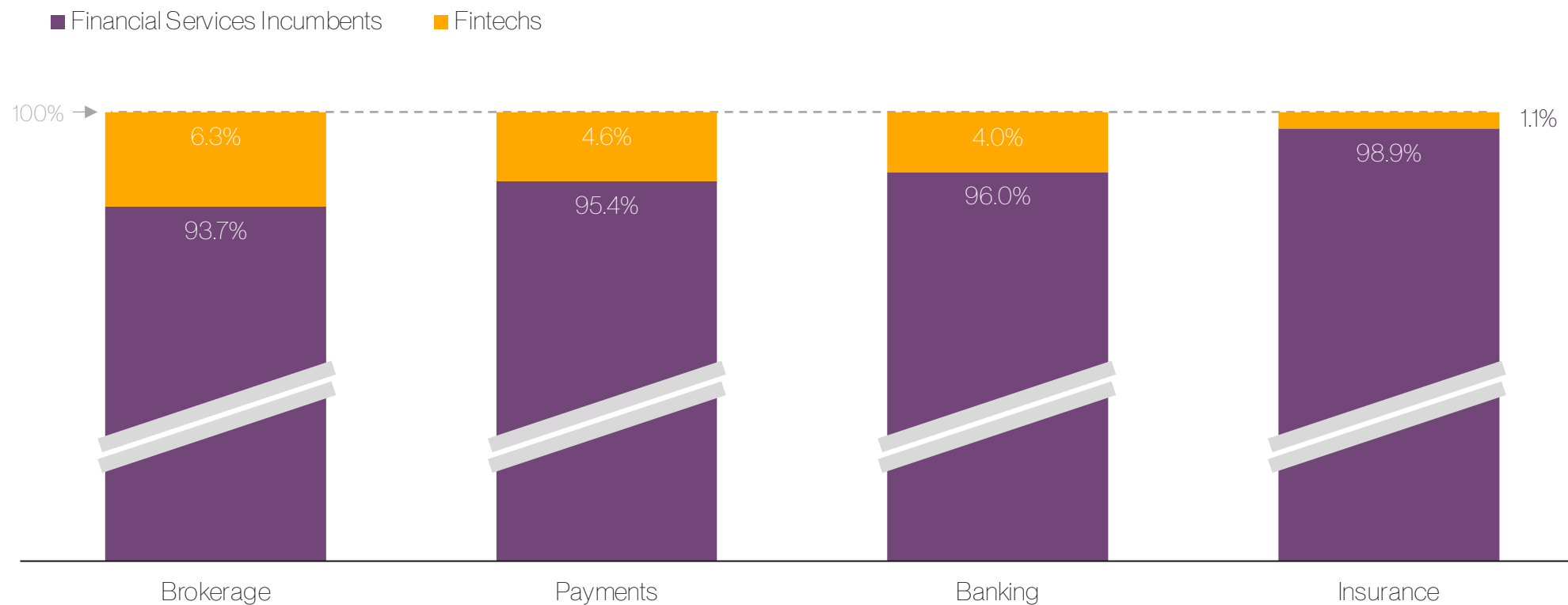
EV/NTM Revenue Multiple³, March 2019 – March 2022



1. High growth fintech index comprised of basket of 60 high growth (YoY Revenue Growth >40%) publicly traded fintech companies
2. Top 10 taken as the 10 assets by fair value as at each year end date, excluding interactive investor at 31-Mar-22 given the valuation was based on agreed sales price. Where a company was pre-revenue or no view was taken on EV as part of valuations they have been excluded from the relevant population. Interactive Investor has been excluded from the Mar-22 multiple population given the sale process with abrdn.
3. EV / NTM revenue calculated as Enterprise Value as at year end (31st March) divided by the latest available 12-month forward revenue forecast for each Augmentum company. For the High Growth Fintech Index EV is taken as market capitalization as at each month end point divided by the consensus next twelve months revenue.
Source: F-Prime Capital, Augmentum Fintech Analysis

Fintechs have huge headroom for further disruption and growth with revenue penetration well below 10% across financial services verticals

Estimated Revenue Capture by Venture Backed Fintechs, US, 2021



Incumbents are investing huge amounts in digital transformation but internal projects rarely succeed, as a result fintech M&A is on the rise

Digital transformation is an imperative, spend is significant but ineffectual

\$0.5Tn

Worldwide IT Spend by Banking & Securities Sector per-annum












70-78%

Failure rate of large-scale transformation projects against stated objectives

80-90%

Failure rate of enterprise innovation labs to deliver on objectives

Incumbents are expanding relationships with fintechs through M&A and investment

J.P.Morgan	 LLOYDS BANK	 mastercard	
acquired	acquired	acquired	acquired
 nutmeg	 embark	 nets	 tink
Jun 2021, £700m	Jul 2021, £400m	Mar 2021, €2.9bn	Jun 2021, €1.8bn
acquired	invested	acquired	acquired
 OpenInvest	 Thought Machine	 alia	 BASIQ
Jun 2021, undisclosed	2018, 2020, 2021	Sep 2021, undisclosed	Nov 2021, undisclosed

55%
Of Augmentum portfolio companies have received investment from an incumbent

Highlights for the year ended 31st March 2022

£295.2m

Net Asset Value¹

+24.8p

Increase in NAV per share vs 31st March 21²

22.6%

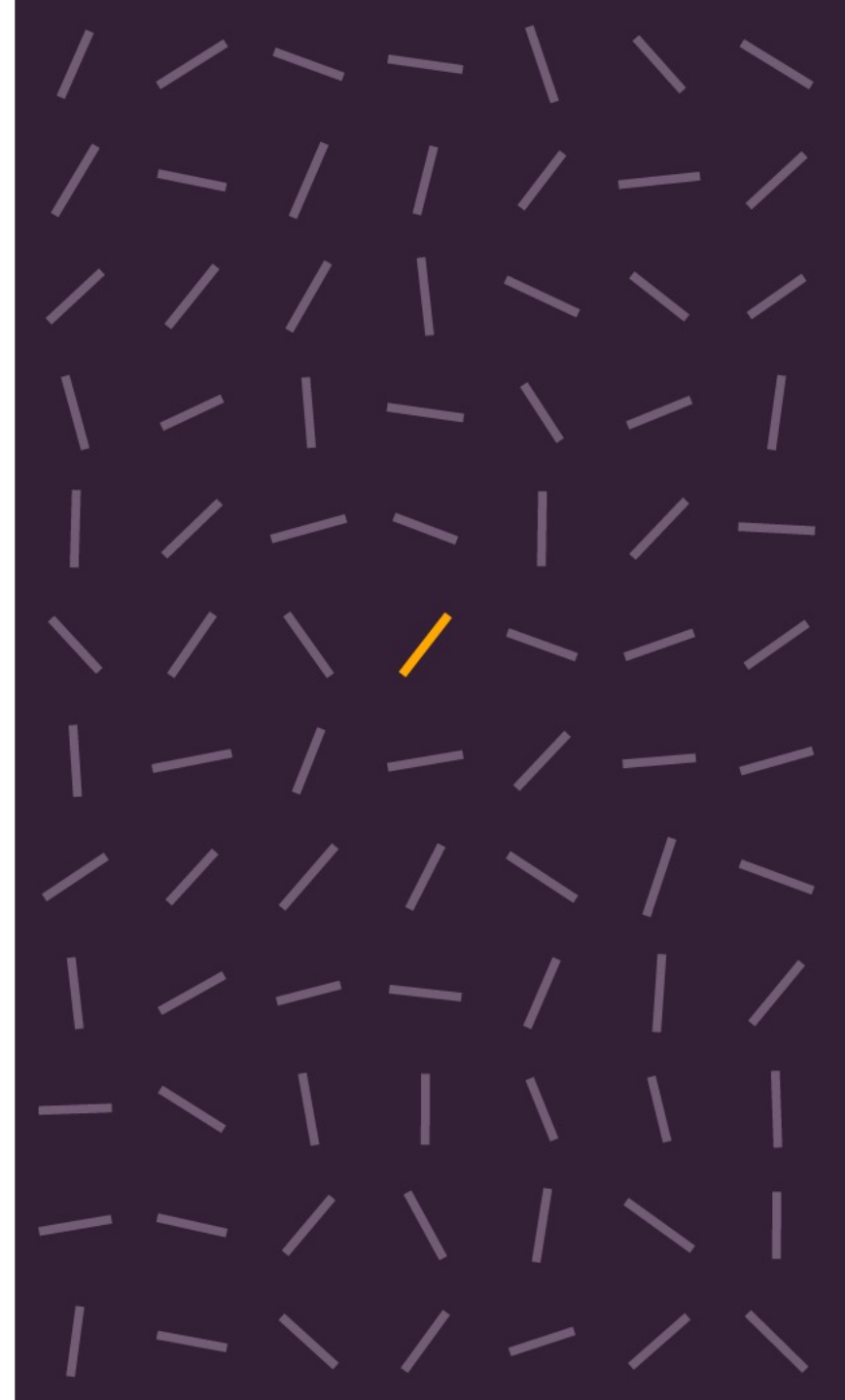
IRR on invested capital³

£60.6m

Cash position as at 4th July 2022⁴

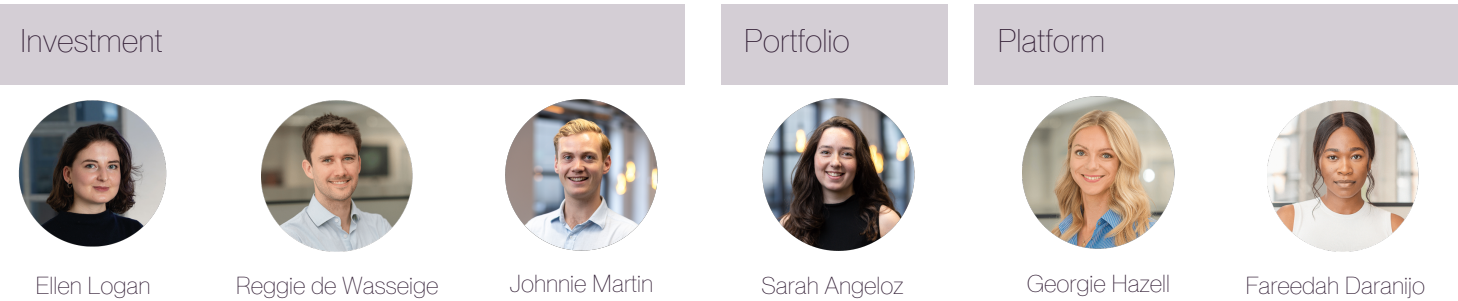
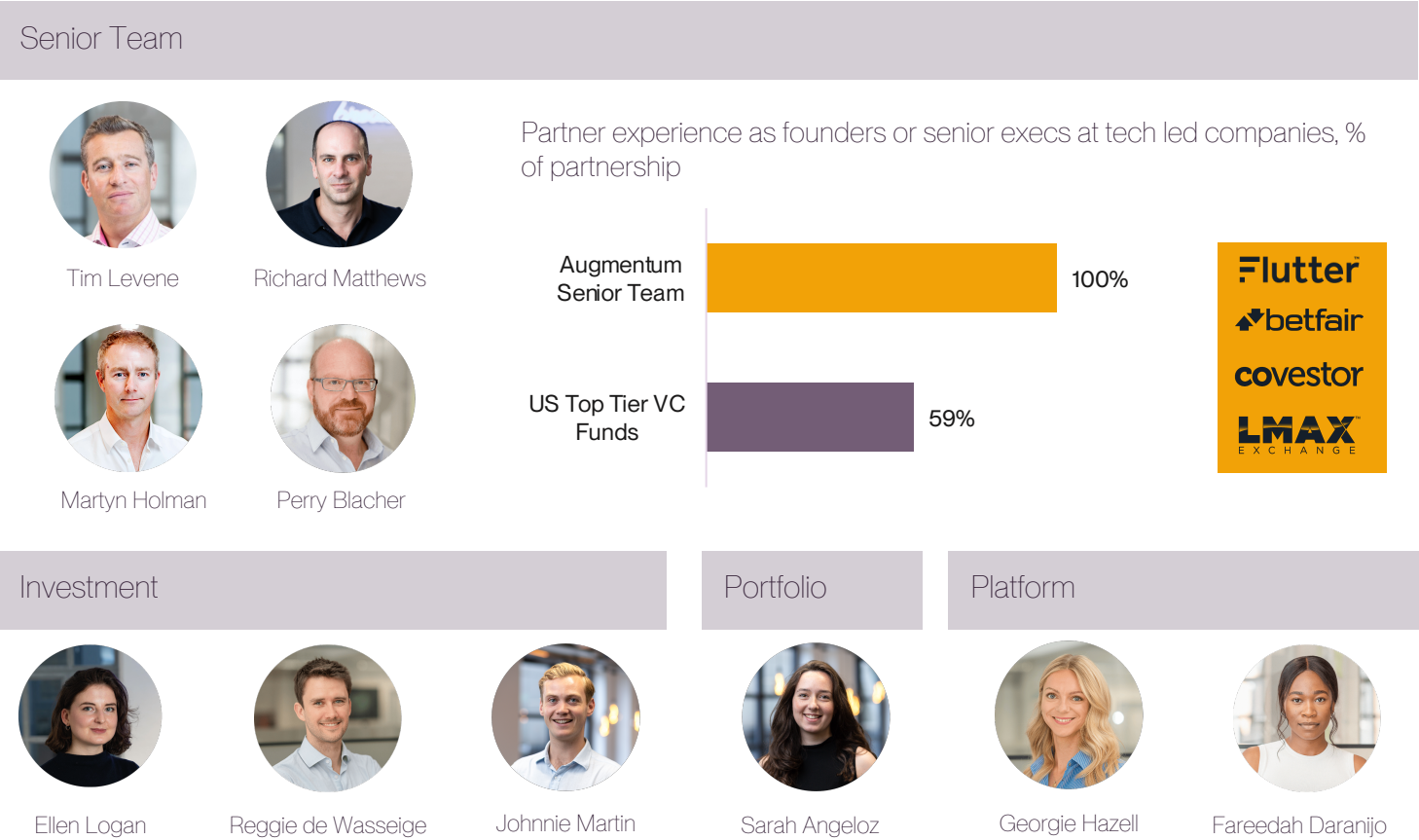
Post-period end

1. NAV before performance fee. Includes net proceeds of £53.6m from capital raise in Q3 2021 (+18% contribution to uplift) and net portfolio fair value increase (+19% contribution to uplift)
2. NAV per share after performance fee, which was 155.2p as at 31st March 22. The Board considers NAV per share after performance fee to be the most appropriate measure of NAV per share attributable to shareholders.
3. Annualised IRR on invested capital since IPO
4. Cash position at 31st March 2022 £31.3m

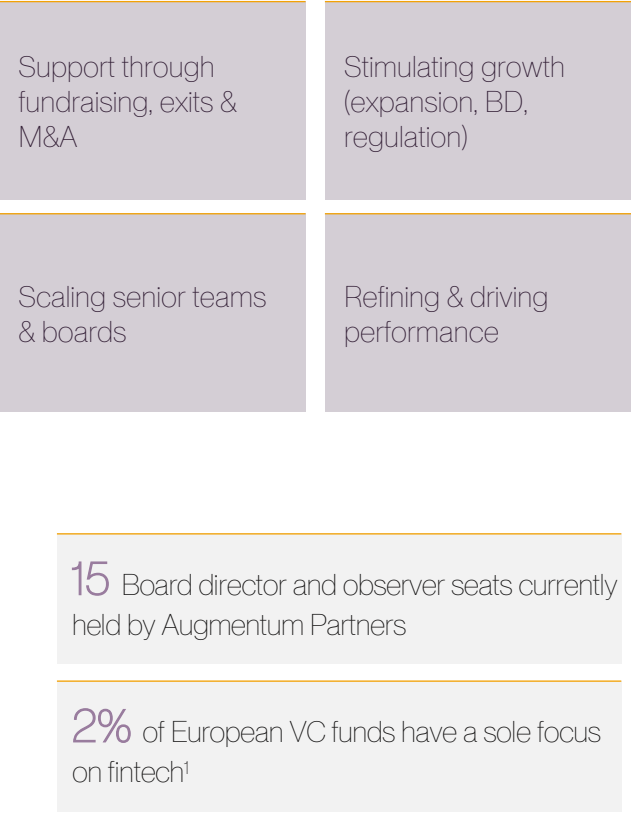


Our senior management team leverage years of sector-specific, operational expertise to identify opportunities and provide our portfolio with support

Management team



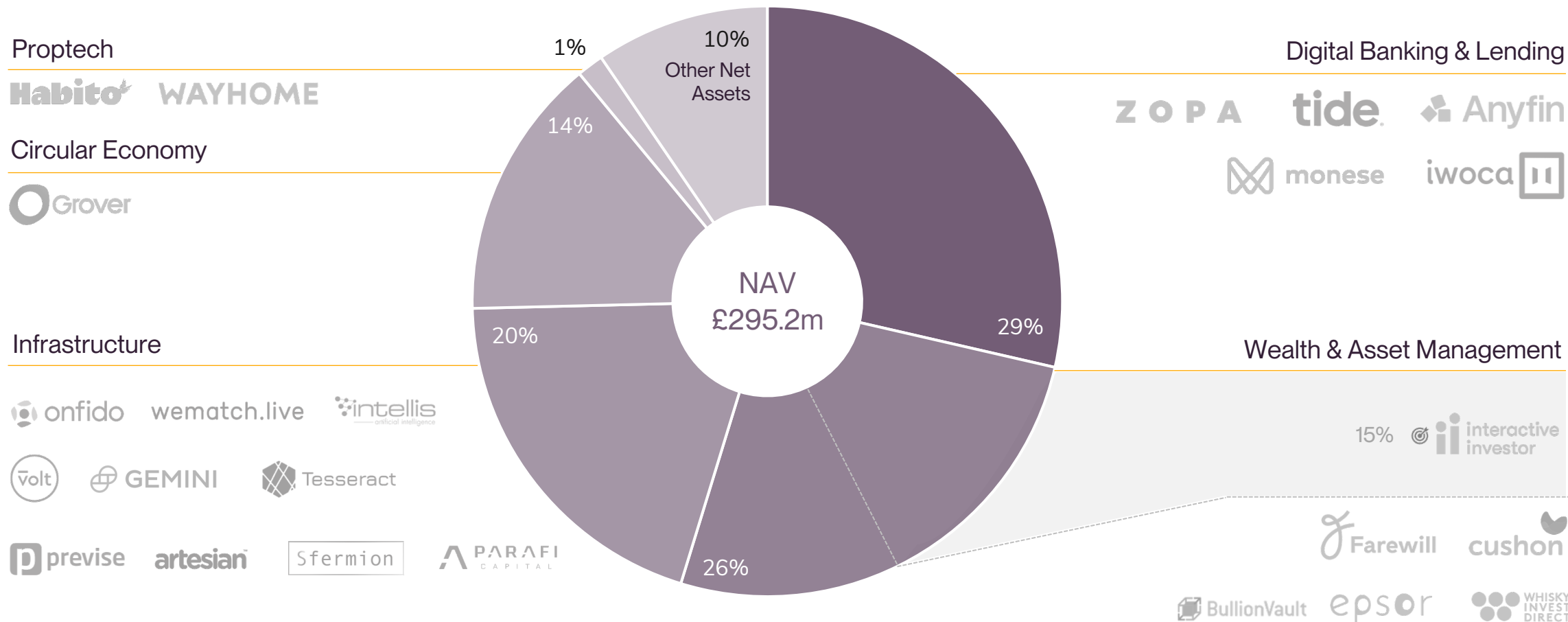
Areas of portfolio support



¹ Excludes Seed-stage focused VC funds, accelerators and corporate venture capital investors Source: Tracxn, Sifted, Edison Group, LinkedIn









The Augmentum portfolio is diversified across the fintech ecosystem

NAV¹ by sub-sector, %



We continue to increase our exposure to sectors where we maintain strong thesis driven conviction

New Investments¹

Payments Market statistic \$13trn Global ecommerce market value in 2021 ²	New investments  
Pensions and Savings Market statistic \$3.2trn Euro area pension fund assets ⁴	New investments  
Market Infrastructure Market statistic \$16trn Gross market value of OTC derivatives ³	New investments   
Credit Refinancing Market statistic \$1trn Consumer loan volumes in Europe ⁵	New investments 

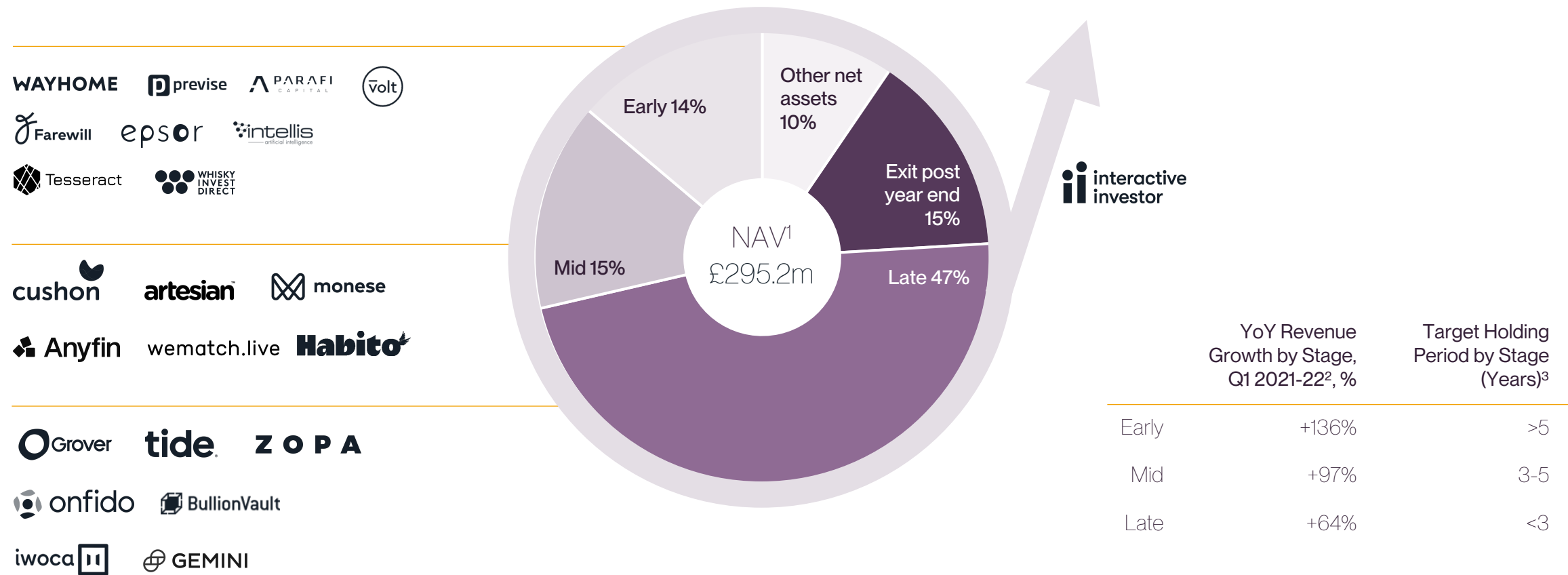
Select Sectors in Active Pipeline⁶

Wealth Management Market statistic \$21trn Net assets of European Investment Funds ⁷	Active Pipeline (value / number) £50m / 6
SME financial stack Market statistic \$90bn Spend on cloud infrastructure in 2022 ⁹	Active Pipeline (value / number) £41m / 7
Future of Work Market statistic £56bn Cost of poor mental health to UK firms p.a. ⁸	Active Pipeline (value / number) £20m / 4
Insurtech Market statistic \$119trn Insurtech market size by 2027 ¹⁰	Active Pipeline (value / number) £43m / 4

Our current pipeline has a total of 33 opportunities under active development across all sectors representing £241m in potential investment value¹⁰

Our portfolio is balanced across stages of maturity

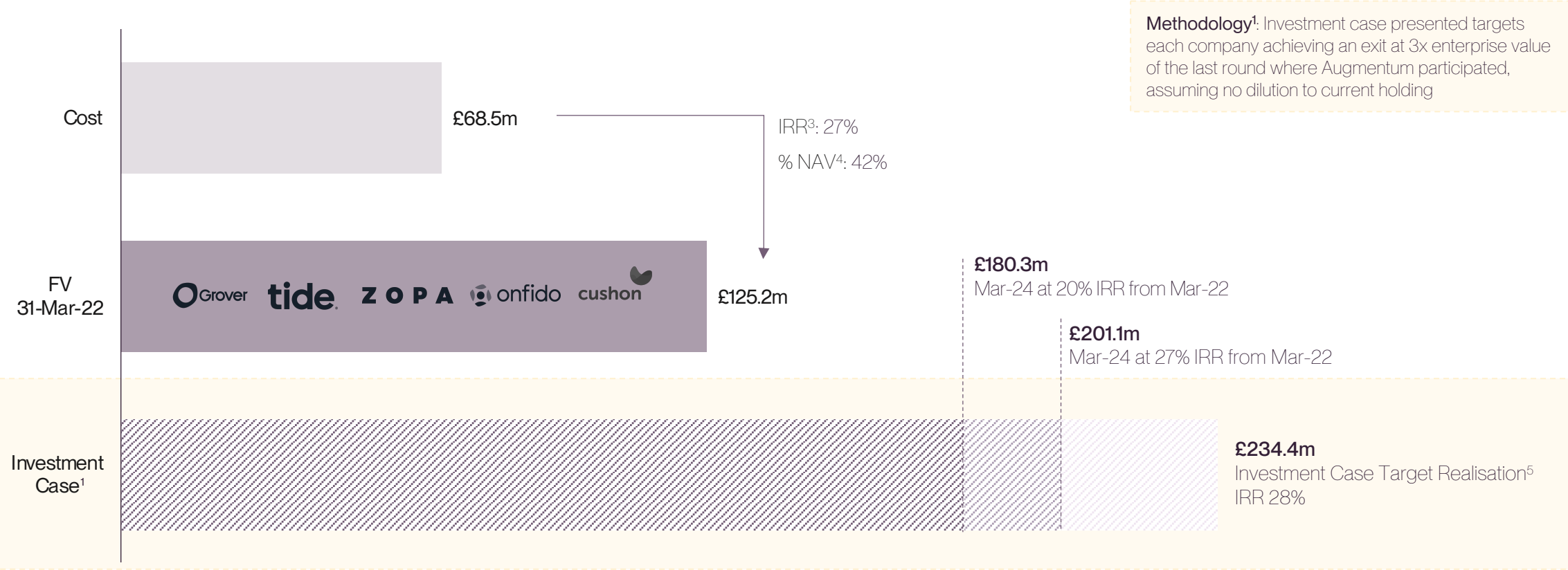
NAV¹ by company stage, %



1. NAV before performance fee, as at 31st- Mar-22
2. YoY revenue comparison period is Q1 2022 vs Q1 2021. Excludes Wayhome and Volt which were pre-product launch in Q1 2021 preventing YoY revenue comparison. ParaFi Capital and Sfermion are also excluded due to being investment funds and therefore non-revenue generative.
3. Target holding period by stage of maturity is based on internal Augmentum targets

Our top 5 holdings are progressing against our target investment case, current IRR is 27% with potential for further upside

Investment Case¹ for Top 5 Holdings²



1. The investment case presented is not guaranteed and does not constitute a forecast. The methodology is applied to each company individually and targets each of the companies profiled achieving an exit value at 3x the enterprise value achieved at the last round where Augmentum invested, assuming no dilution to Augmentum's holding at 31-Mar-22. The 3x target is based on Augmentum's internal targets and on the investment criteria of the lead investors in the latest rounds for each of the companies profiled, who aim to achieve an average of 3x return when investing in private company rounds.

2. Top 5 holdings by fair value as at 31-Mar-22 excluding interactive investor which was exited post year end. Companies are Grover, Tide, Zopa, Onfido and Cushon.

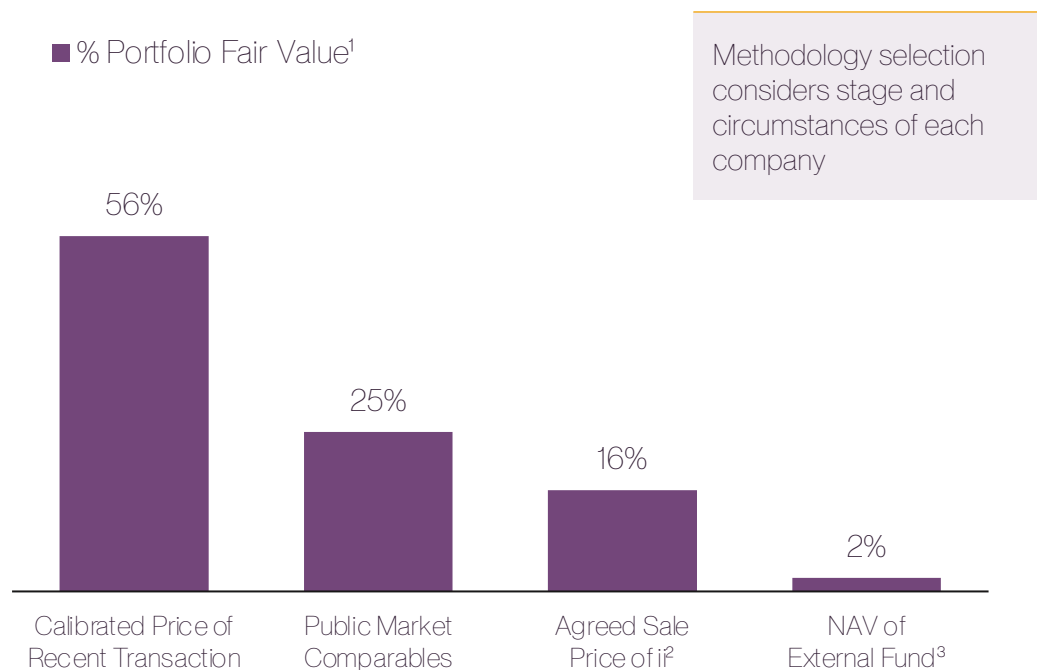
3. Unrealised IRR on invested capital.

4. NAV as at 31-Mar-22.

5. Target realisation assumes achievement of investment case within expected exit time horizons. Exit time horizon for each company is based on expected holding period for the stage of last round where Augmentum invested: Series D or later (Zopa) holding period assumed at 2 years; Series C (Tide, Onfido) holding period assumed at 3 years; Series A or B (Grover, Cushon) holding period assumed at 5 years.

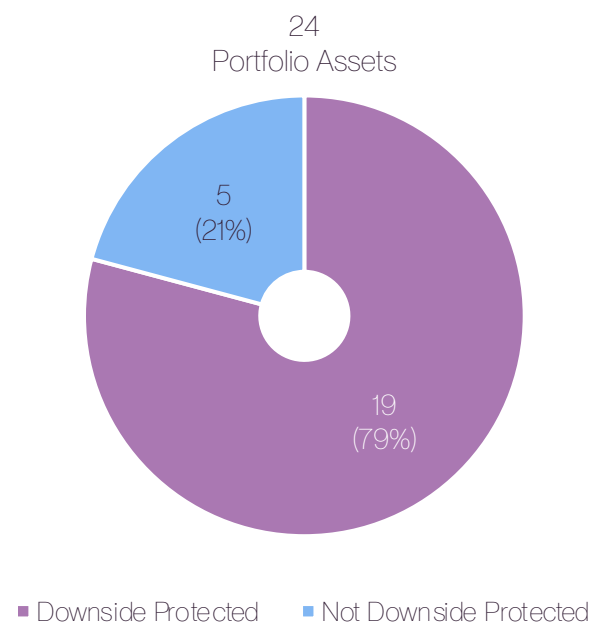
We use a variety of valuation methodologies to value each business, tailoring the approach to the stage and circumstances of the company

Portfolio Fair Value by Valuation Methodology, YE 31-Mar-22



BDO audit or review our valuations twice yearly
See appendix for further detail on methodologies

Share of Portfolio Assets with Downside Protection



While rarely employed, downside protections such as liquidation preference and anti-dilution protections provide additional security to the value of our holdings

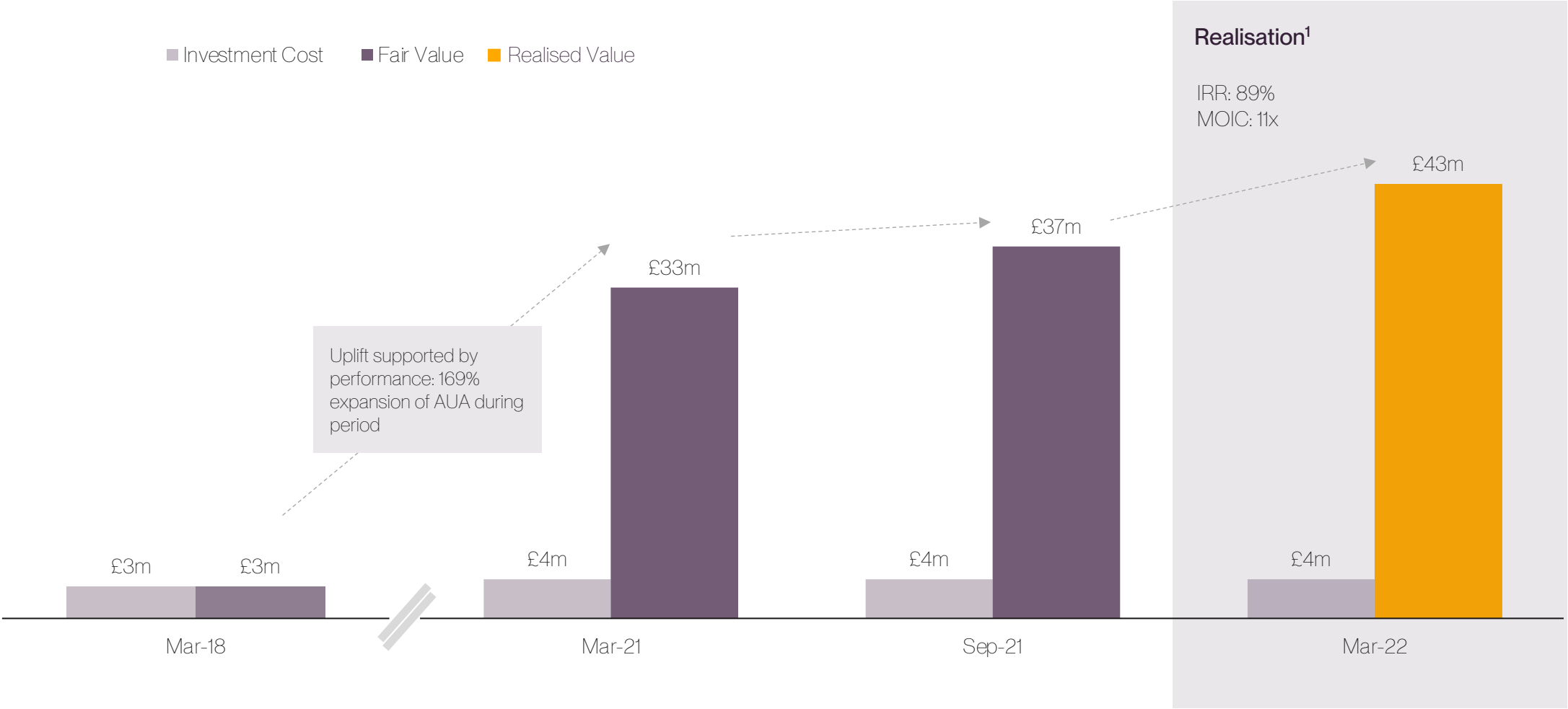
100% of early-stage assets⁴ are protected by at least 1.0x liquidation preference and anti-dilution protection

Of the 5 investments without downside protection, 3 are profitable and 2 are positions in other funds

1. % of total NAV as at 31 March 22 excluding cash
2. Interactive Investor is valued at the sale price agreed with abrdn, cash has been received post year end
3. Relates to holdings in Parafi and Sfermion where Augmentum holds a Limited Partner interest
4. Early-stage assets are those with last round at Series A and B

Our journey to exit with interactive investor demonstrates the potential of our thesis-led approach to drive compelling returns without creating overoptimistic valuation expectations

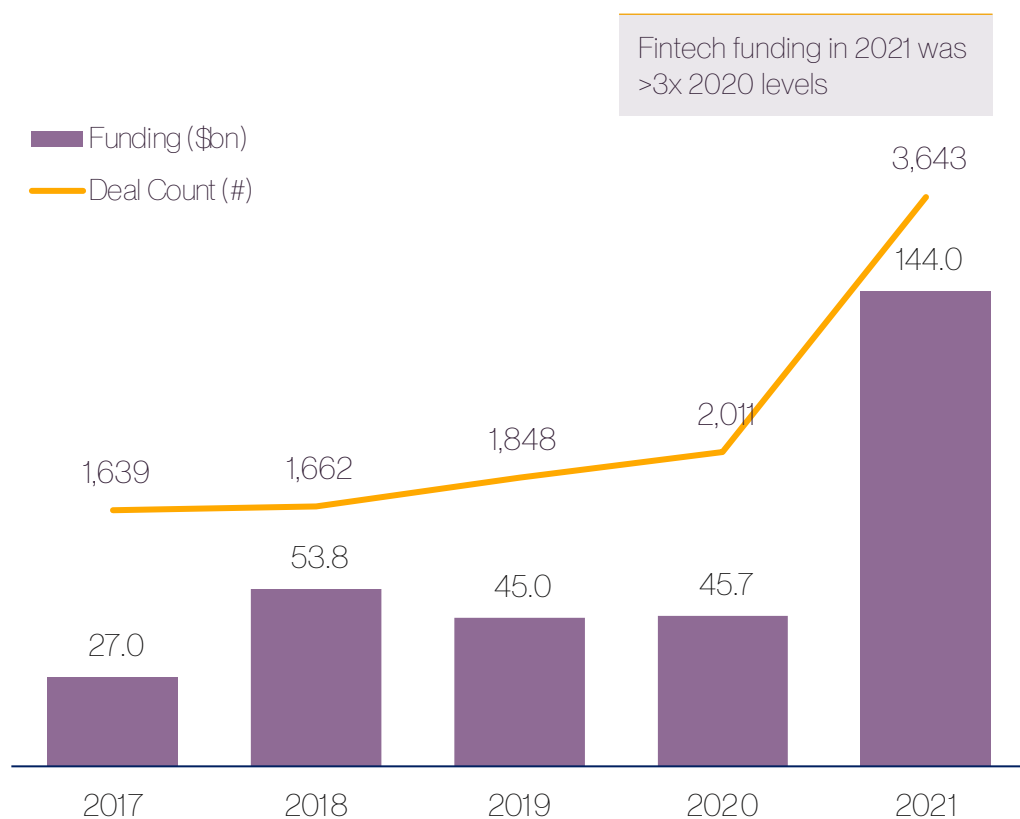
Investment Cost and Fair Value Progression, March 2018 – March 2022



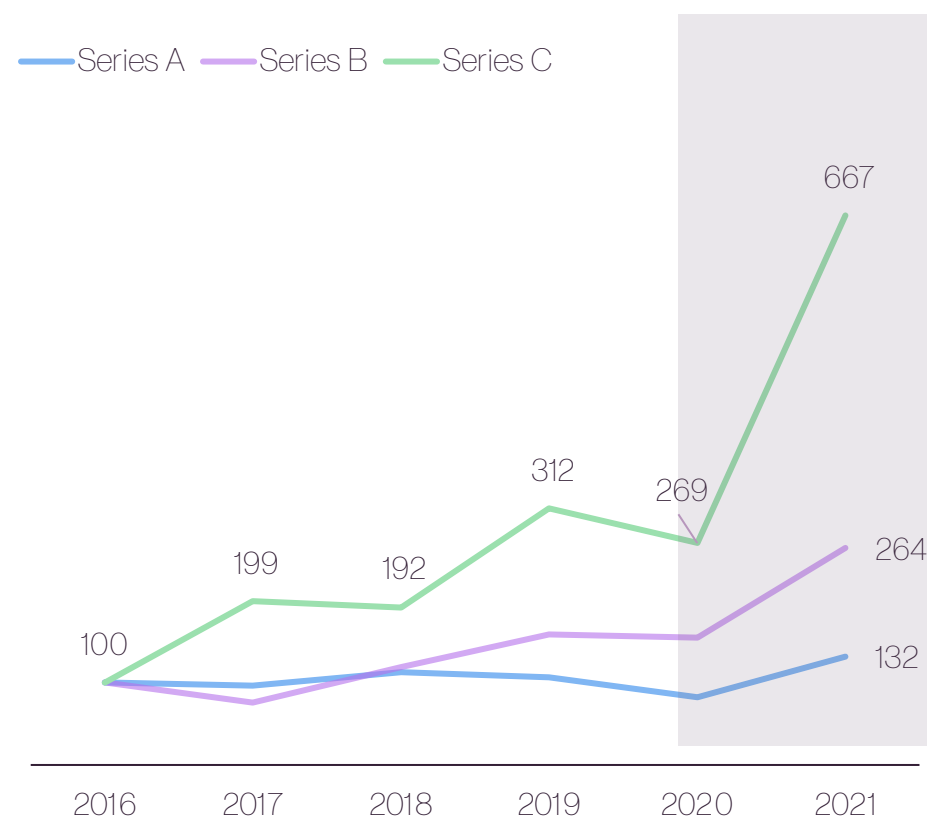
1. Interactive Investor was acquired by abrdn for a headline EV of £1.5bn, this returned £42.8m to Augmentum at a MOIC of 11.3x and an IRR of 89%

Record levels of funding in private markets during 2021 impacted deal dynamics, particularly at Series C and later

Global fintech financing volume and deal count
2016-2021



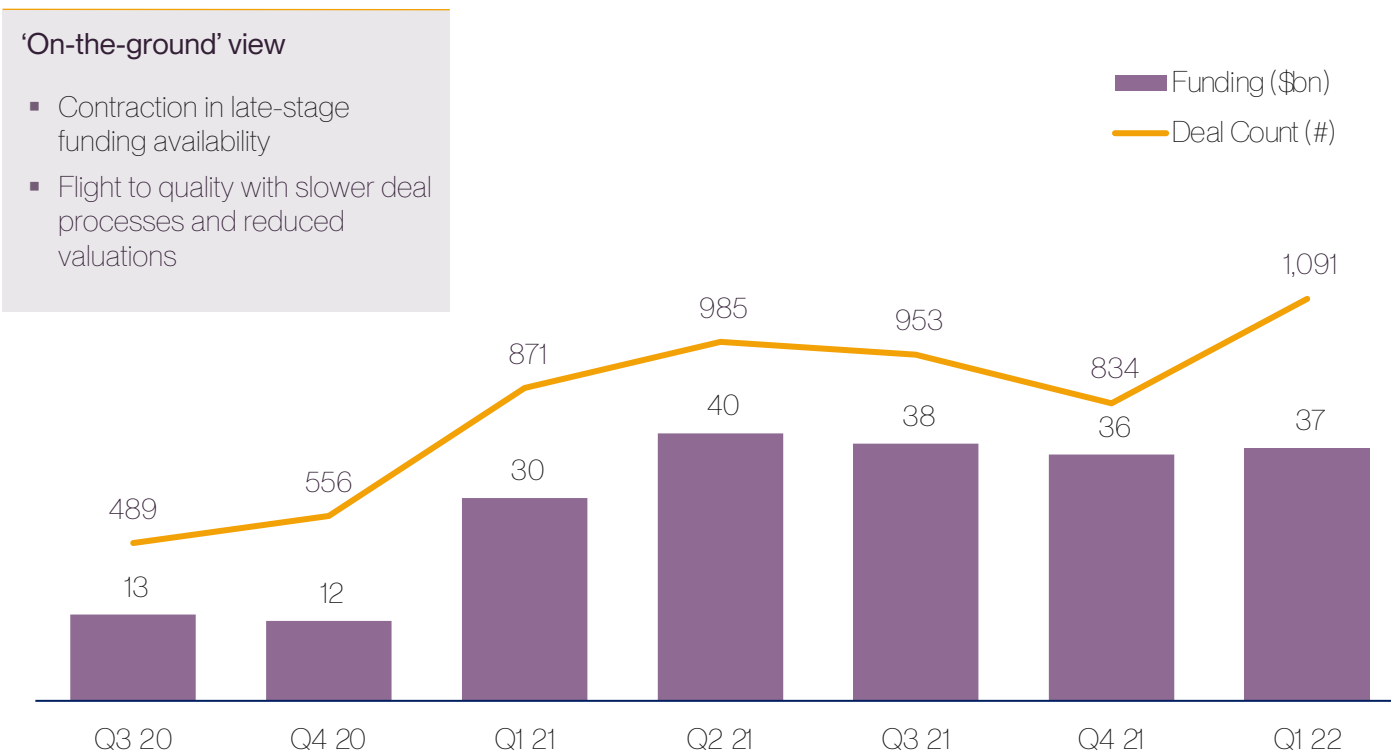
Median fintech pre-money valuation by stage
Indexed to 2016, Global



We expect reduced investment levels to be reflected in H2 2022 data, with growth capital currently most impacted despite high levels of dry powder

Global Fintech Financing Volume and Deal Count

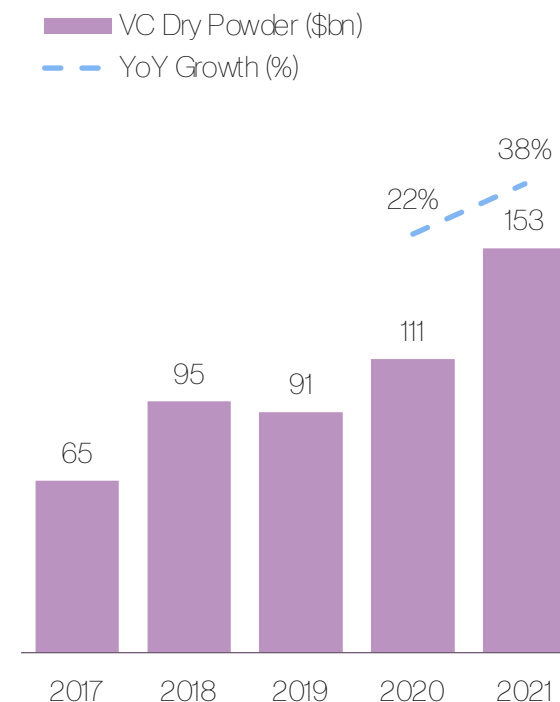
Q3 2020 - Q1 2022



Source: FT Partners

Global VC Dry Powder

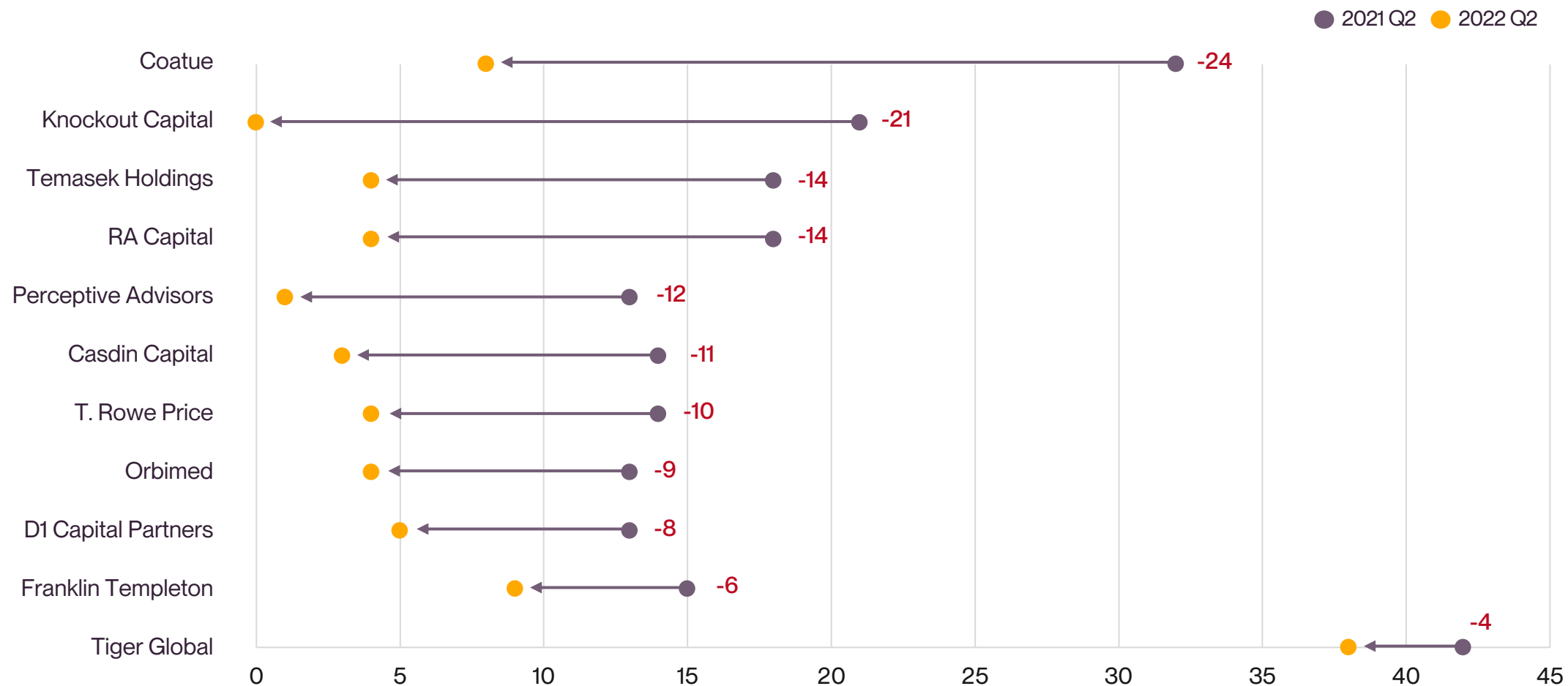
Year-end 2017-2021



Source: Pitchbook

The most active VC investors of 2021 were not traditional funds, these players have dramatically scaled back investment activity in 2022

Deal Count 2022 Q2 vs 2021 Q1¹

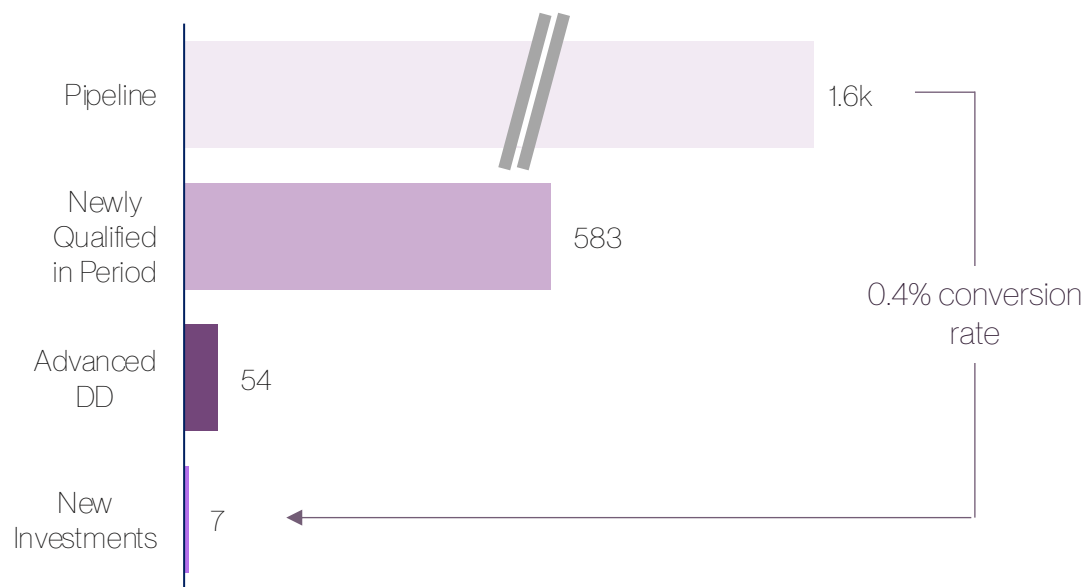


¹ Data as of 28th June 2022. Investors shown were the 11 most active US venture capital investors in 2021 Q2.
Source: Pitchbook

Fintech specialism delivers advantaged access to dealflow but we remain highly selective and disciplined on valuation

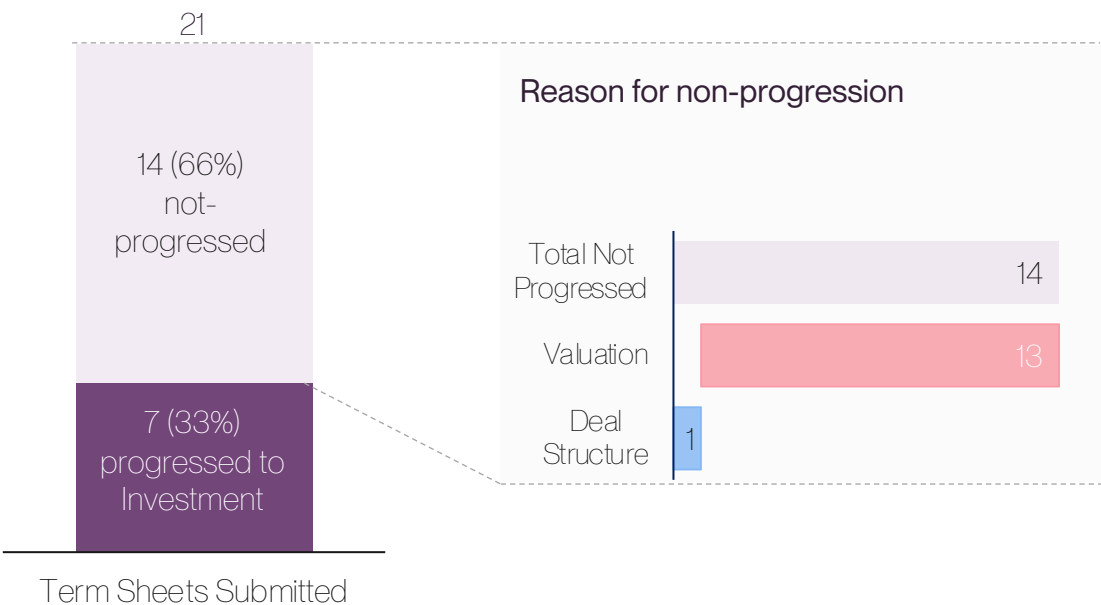
Our bar for investment is high

Funnel progression, # of opportunities by stage, YE 31-Mar-22



We are prepared to walk away when we believe valuation has departed from business fundamentals

Term sheet activity, YE 31-Mar-22



1. As at 10th Jun-22
Source: Augmentum pipeline CRM

Outlook

The fintech opportunity remains significant

- Powerful structural trends continue to drive digital transformation in financial services independent of the macro climate and market volatility
- Better adapted to evolving demands and new technologies, fintechs are positioned to take further market share from incumbents

Our portfolio is developing in line with expectations

- Our focussed fintech strategy is delivering results with NAV¹ of £295.2m and IRR² of 22.6%
- The Top 10 companies in our portfolio are well funded or profitable, with average YoY growth of 96%³
- abrdn's acquisition of ii delivers realisation of £42.8m to the fund⁴
- As at 4th July 2022 our cash position is £60.6m⁵

Experience and sector specialism are key competitive advantages

- Our team have navigated multiple market cycles as operators and investors in the technology sector
- Our approach to valuation of portfolio positions has remained consistent
- Advantaged access to fintech deal flow and our thesis driven approach continues to drive our differentiation
- We maintained valuation discipline and focus through a period of heightened market activity, moderating our pace of deployment in H2

1. NAV as at 31st March 2022

2. IRR on invested capital since inception using valuations at the last reporting date

3. Revenue growth based on the average YoY growth of Q1 2021 vs Q1 2022 for the Top 10 companies by NAV

4. Interactive Investor was acquired by abrdn for a headline EV of £1.5bn, this returned £42.8m to Augmentum at a MOIC of 11.3x and an IRR of 89%

5. Cash position at 31st March 2022 £31.3m



Thank you



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