



Augmentum Fintech

Capital Markets Day 2023

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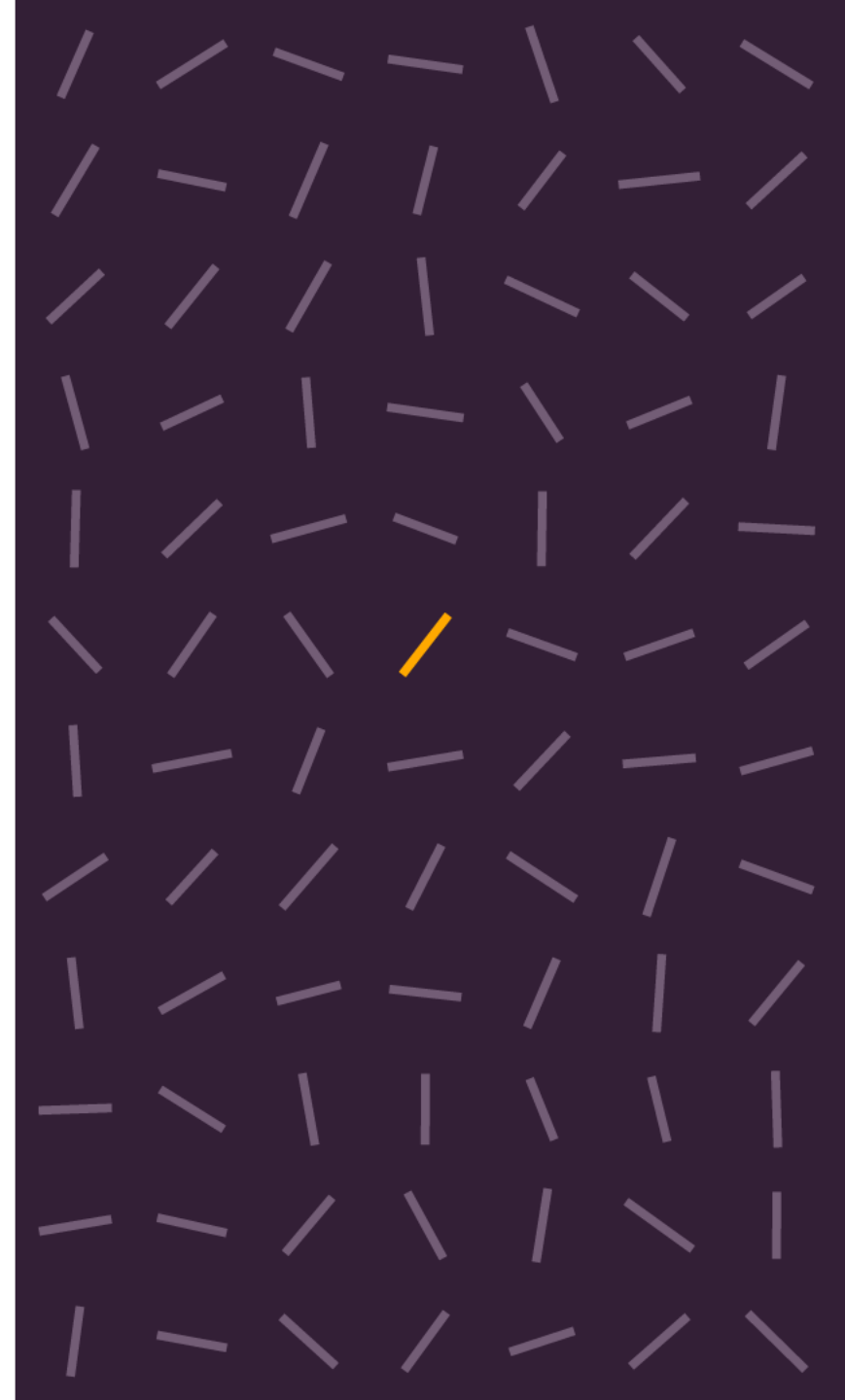
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- **Introduction**
- Market context
- Portfolio update
- Thesis development and pipeline
- Outlook



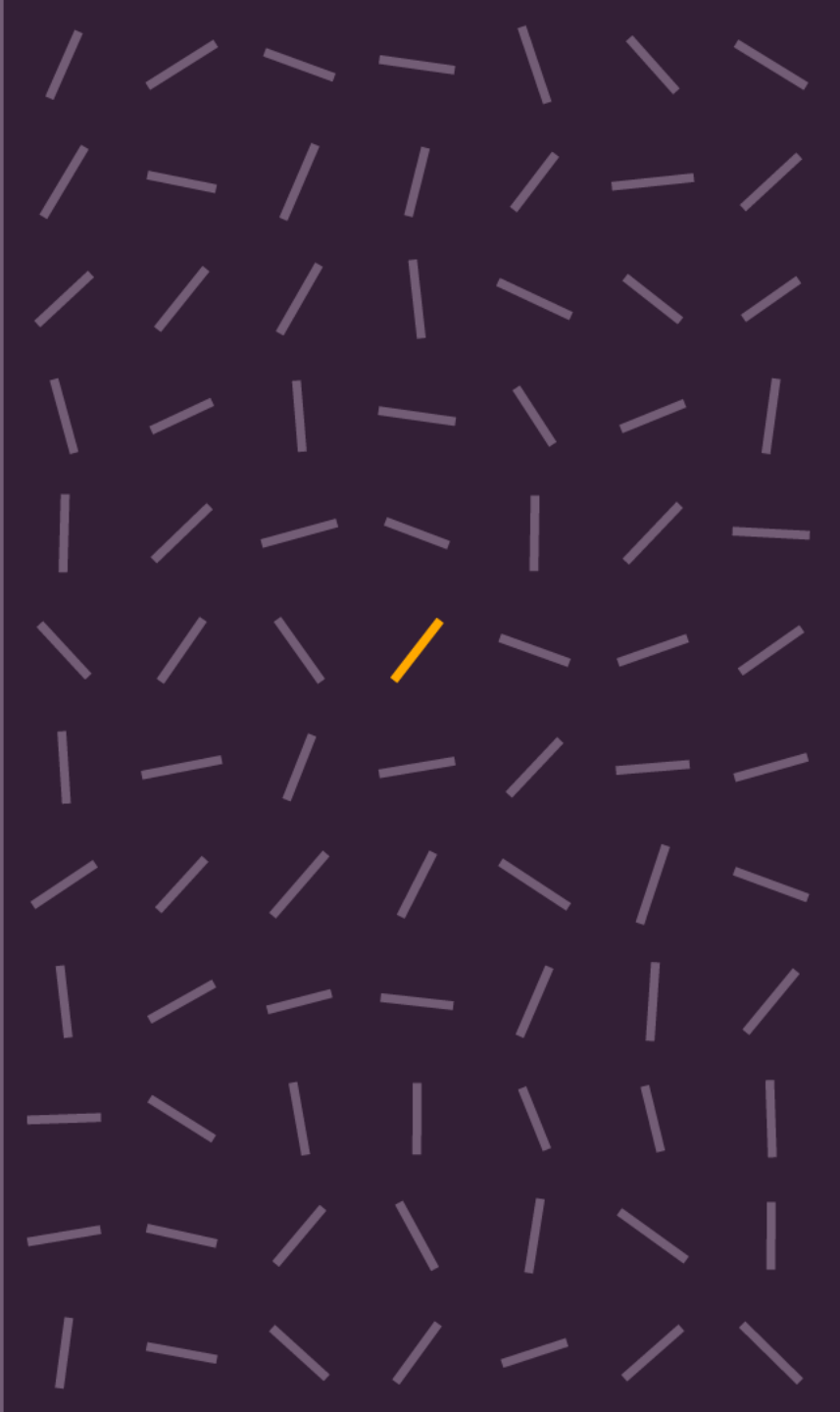
Agenda

13:10 - 13:35	Augmentum Update Tim Levene - CEO, Augmentum Ellen Logan - Principal, Augmentum
13:35 - 14:55	Portfolio Presentations (Part 1) Christoph Rieche - CEO, iwoca Oliver Prill - CEO, Tide Tom Greenwood - CEO, Volt Olivier Egger - CEO, Intellis
14:55 - 15:10	Break
15:10 - 15:25	Keynote Andrew Griffith MP - Economic Secretary to the Treasury
15:25 - 16:25	Portfolio Presentations (Part 2) Michael Andersen - CFO, Grover Vincenz Klemm - CEO, Baobab Jaidev Janardana - CEO, Zopa
16:25 - 16:45	Q&A Tim Levene - CEO, Augmentum
17:00 - 19:00	Networking and Canapés Augmentum offices, 4 Chiswell Street



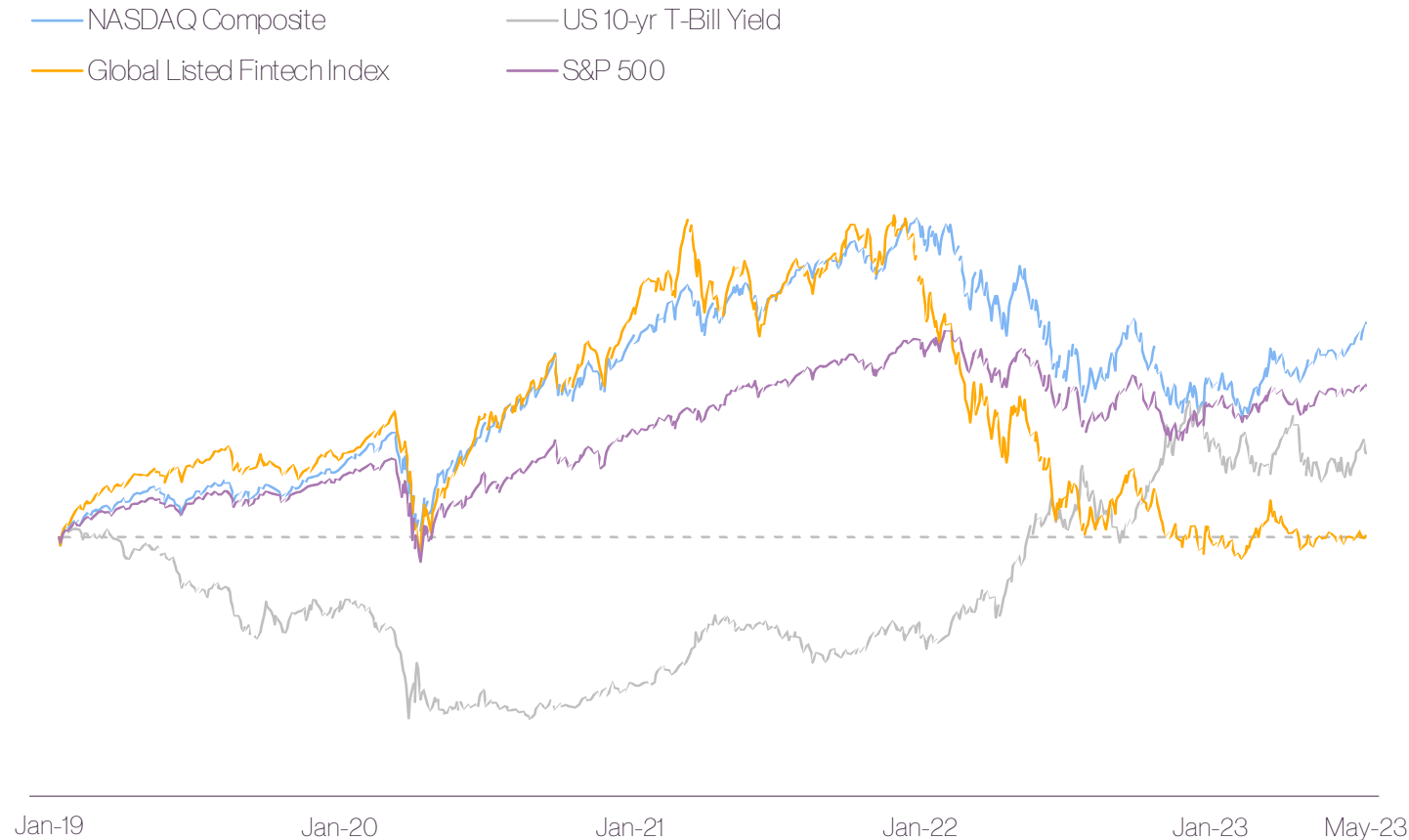
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The market has adjusted to rising interest rates following a period of strong expansion that was supported by the low cost of capital

Key listed index performance January 2019 – May 2023

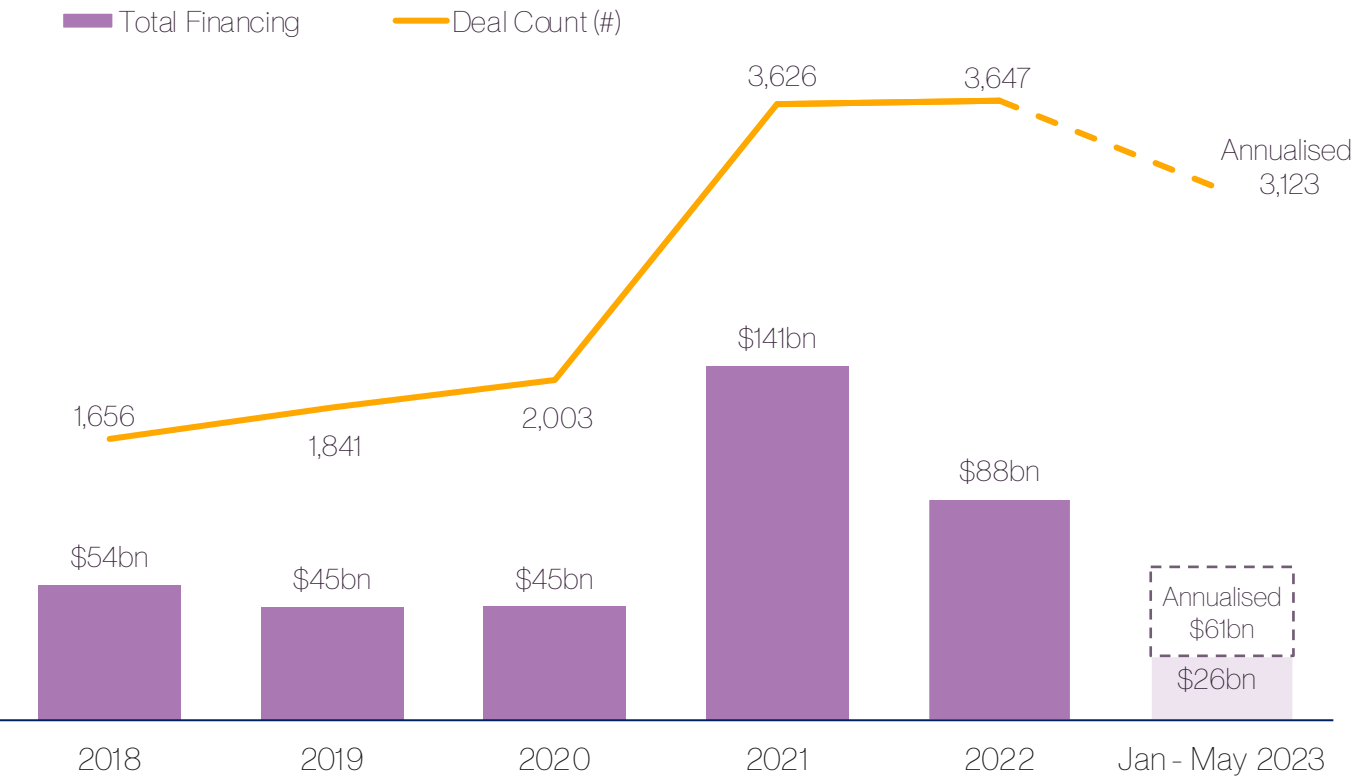


Period in review

- Low interest rates and government stimulus in the first 3 years supported strong market expansion
- With high demand for digital products and access to low-cost growth capital, listed fintechs grew ahead of the market
- Volatility followed macro shocks: Covid, supply chain disruption, conflict in Ukraine
- Rate rises to curb inflation instigated a market-wide correction, with implications for all participants and the fintech sector particularly affected

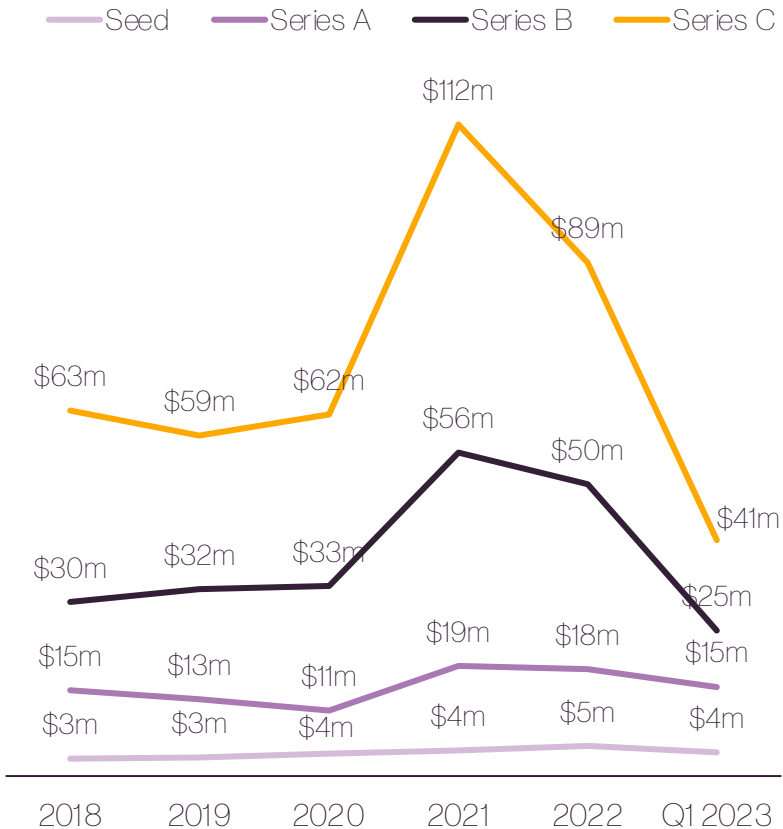
Private fintech investment volumes normalised in 2022 with a reduction in the ‘mega-rounds’ that drove distortion at the later stages in 2021

Global fintech financing volume and deal count
2018 – May 2023



Source: FT Partners

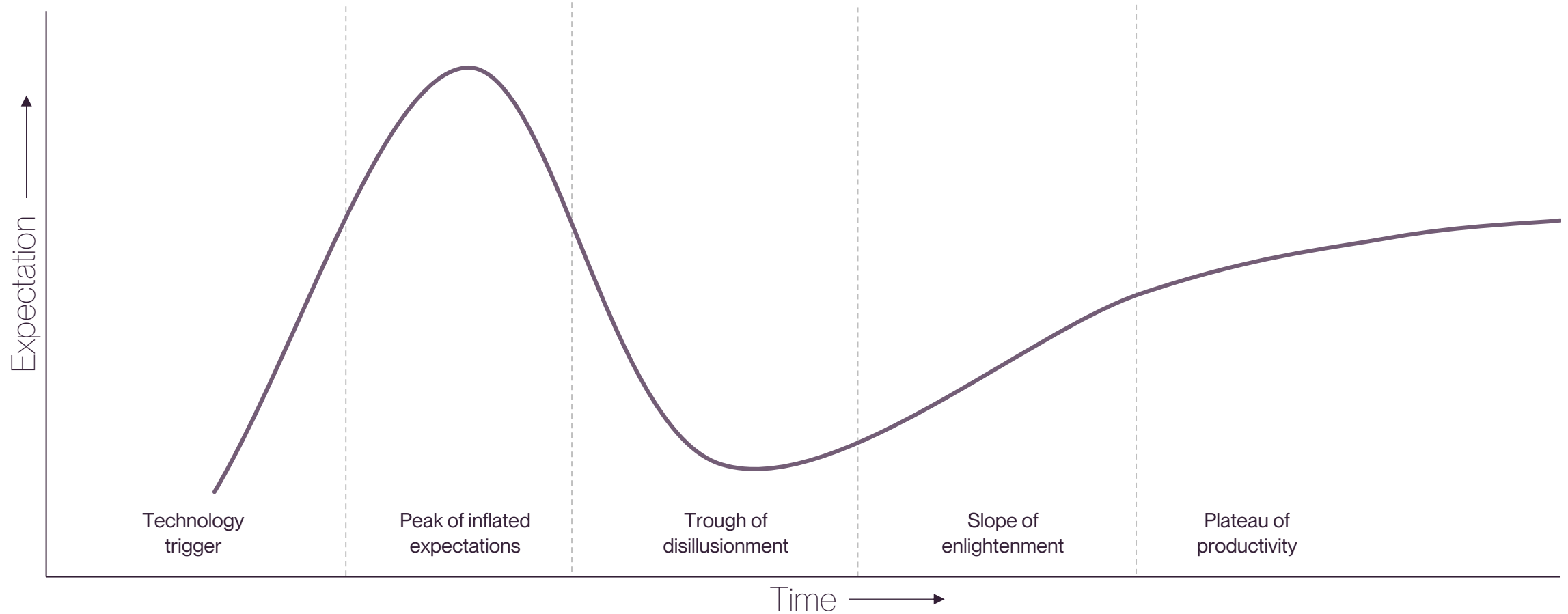
Average fintech financing round size by year (Global)
2018 – Q1 2023



Source: FT Partners

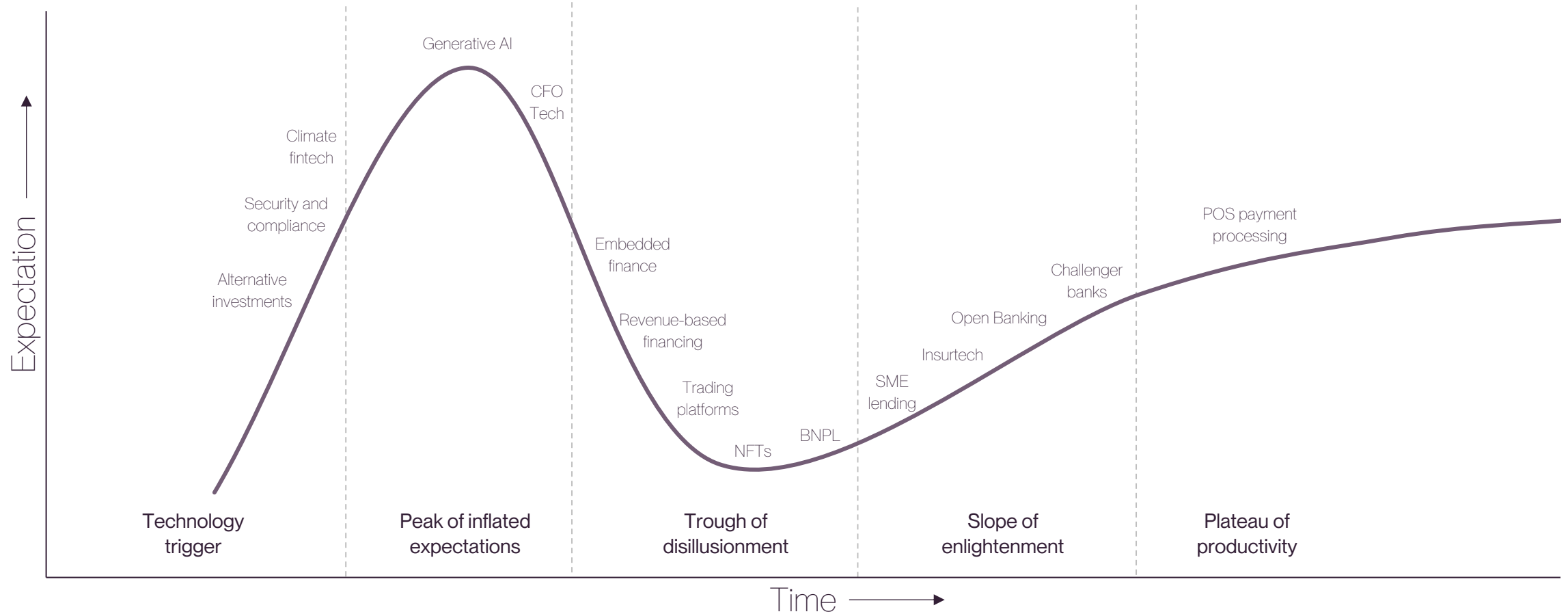
New technologies often experience peaks and troughs in expectation before sentiment stabilises and the technology begins to realise its full long-term potential

Gartner hype cycle



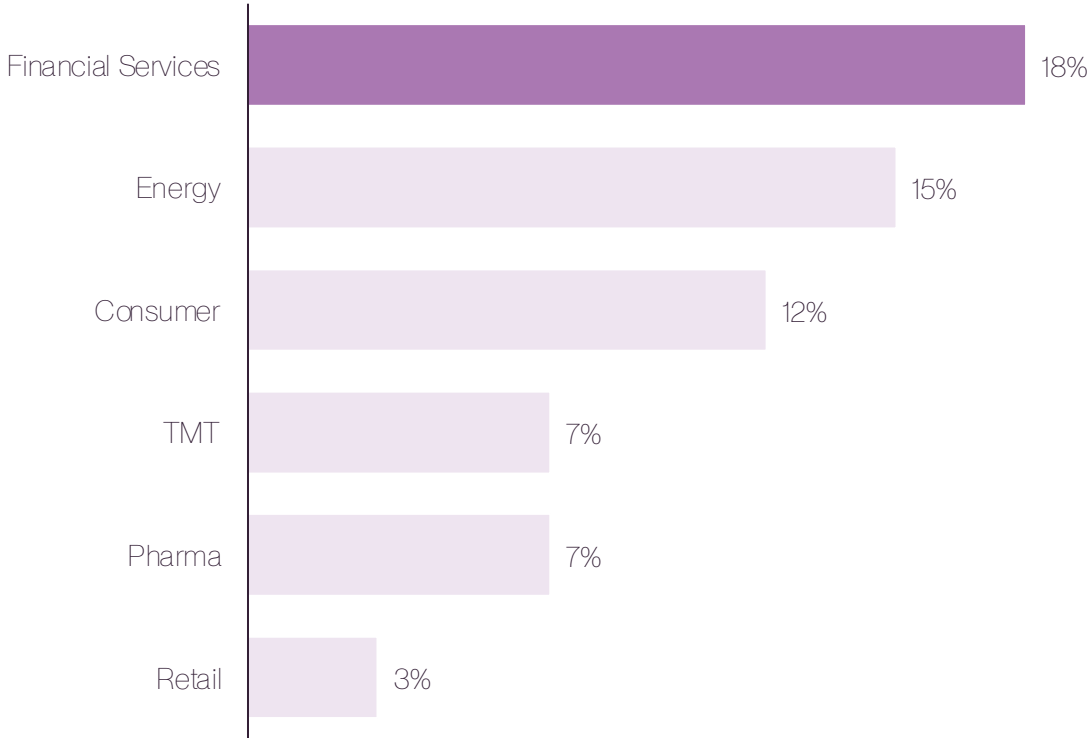
Fintech is no exception to this cycle; we are now starting to see established businesses deliver consistent performance and believe there is still significant upside opportunity in less mature segments

Gartner hype cycle – Fintech 2023

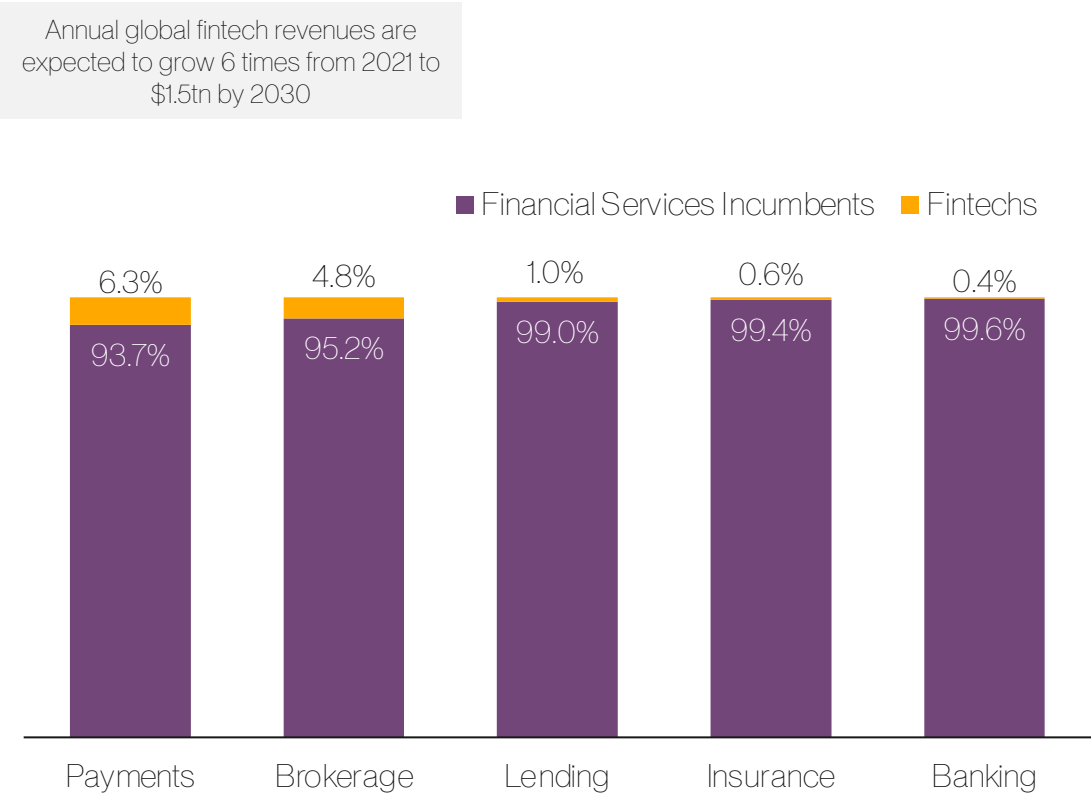


Financial services remains one of the largest and most profitable sectors of the economy and there is still significant headroom for revenue penetration across all verticals

Net margin by industry (Global)
%, 2022



Estimated revenue capture by venture backed fintechs (Global)
%, 2022



Source: Market data, NYU Damodaran, Federal Reserve Bank of St Louis, BCG

Source: F-Prime, BCG

Having tried and failed to innovate internally, incumbents are key advocates of the fintech ecosystem through direct investment, acquisition and partnership

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' delivery vs objectives

1. Enterprise Value = Equity Value + Net Debt
Source: Gartner, McKinsey & Co, Everest Group, CapGemini, FT Partners, Company Press Releases

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

J.P.Morgan	NatWest	mastercard	abrdrn
invested  Dec 2022, \$800m	acquired  Feb 2023, >\$200m ¹	acquired  Mar 2021, €2.9bn	acquired  May 2022, £1.5bn
acquired  Sep 2022, undisclosed	invested  Oct 2022, £50m	invested  May 2023, undisclosed	invested  Aug 2022, undisclosed

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

45%
Of all global fintech financing in 2022 had participation from a strategic or CVC (2021 : 42%)

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Highlights for the year ended 31 March 2022

£294.1m

Net Asset Value¹

158.9p

NAV per share²

18.5%

IRR on invested capital³

£50.0m

Cash position⁴
as at 30 June 2023

1. NAV before performance fee, NAV after performance fee is £277.3m

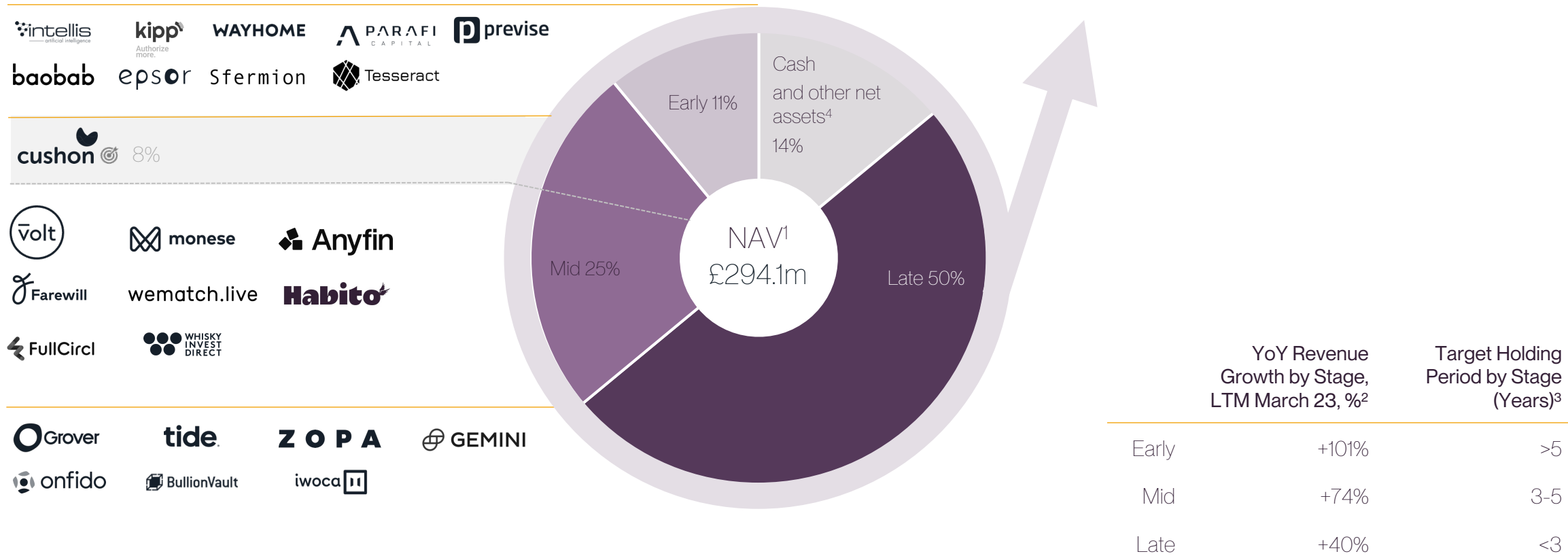
2. NAV per share after performance fee, which was 155.2p as at 31 March 2022

3. Annualised IRR on invested capital and realisations since inception using valuations at the last reporting date before performance fee

4. Cash position as at 31 March 2023 is £38.5m

Our portfolio is balanced across stages of maturity

NAV¹ by company stage, %

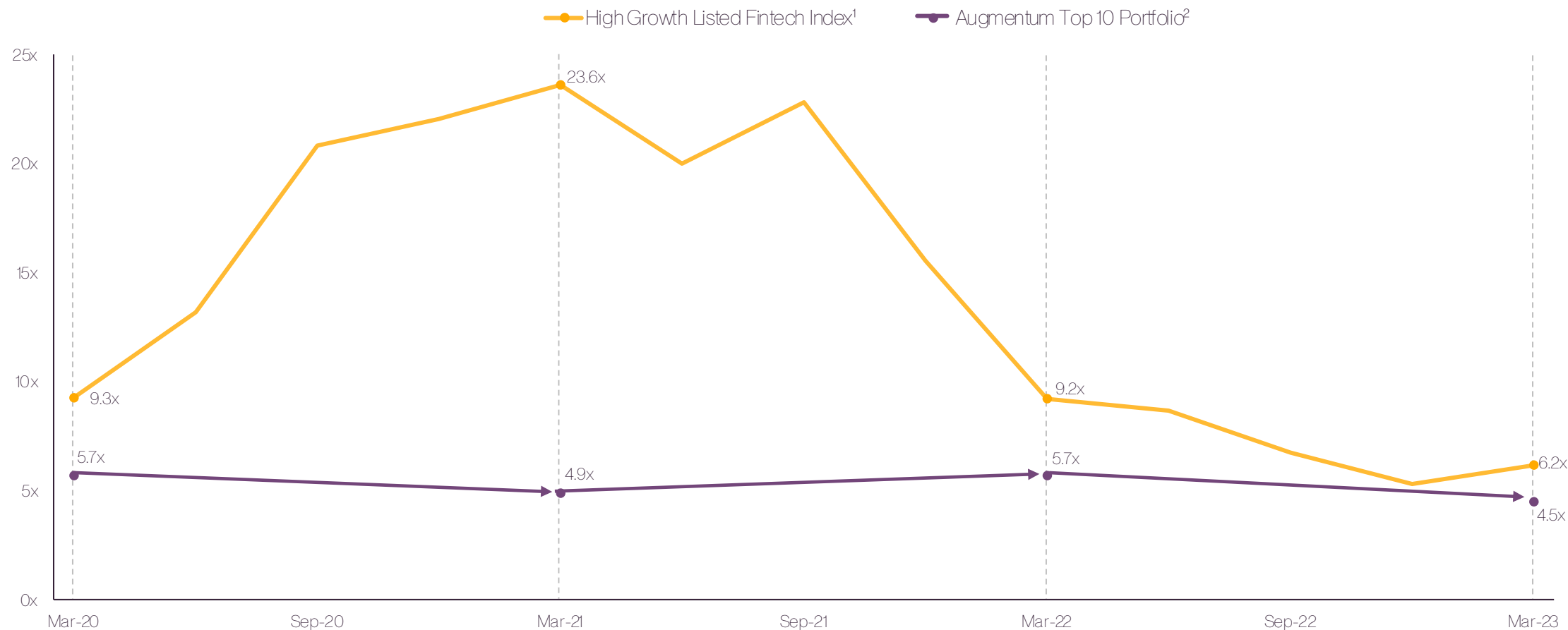


Exit post period end


1. NAV before performance fee, as at 31 March 2023, NAV after performance fee is £277.3m
 2. Revenue growth taken as the LTM to March 2023 vs the LTM to March 2022. Excludes Kipp and Baobab which were pre-product launch in 2022, ParaFi Capital and Sfermion due to being investment funds. Any outliers (>250%) have been capped to 250% for comparability
 3. Target holding period by stage of maturity is based on internal Augmentum targets
 4. £38.5m cash and £2.3m of other net assets as at 31 March 2023

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

Implied EV/NTM revenue multiple³, March 2020 – March 2023

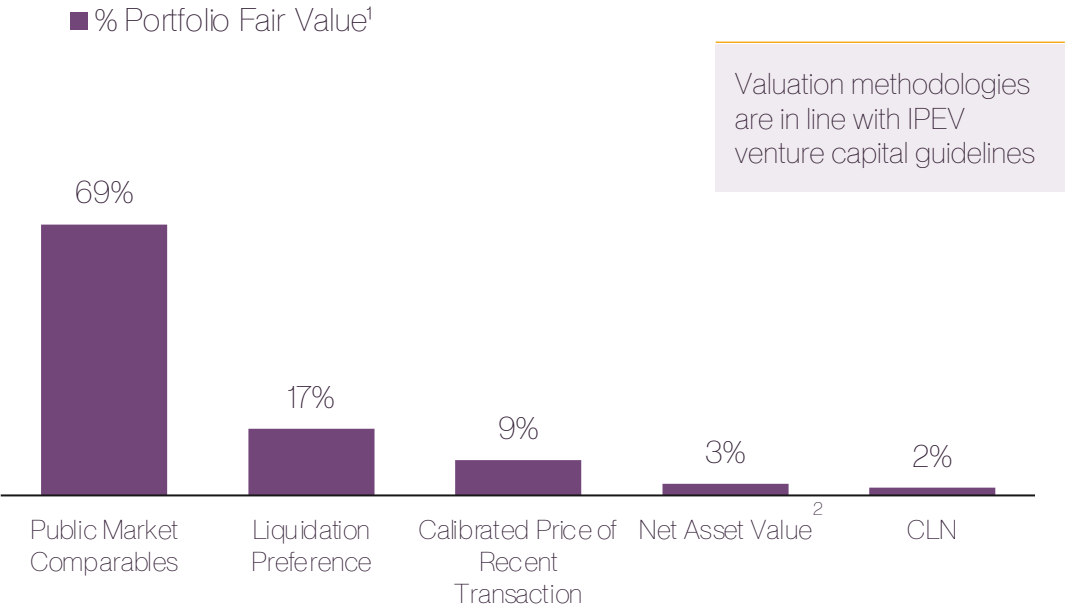


1. High growth fintech index comprised a consistent of basket of 12 high growth (YoY Revenue Growth >40%) publicly traded fintech companies
2. Top 10 taken as the top 10 assets by fair value as at each valuation date. Where a company was pre-revenue, the sale price was agreed.
3. EV / NTM revenue calculated as Enterprise Value as at 31 March 2023 divided by the latest available 12-month forward revenue forecast or run-rate revenue 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: SaaS Capital Index, Augmentum Fintech Analysis

**Augmentum**
investing in Fintech

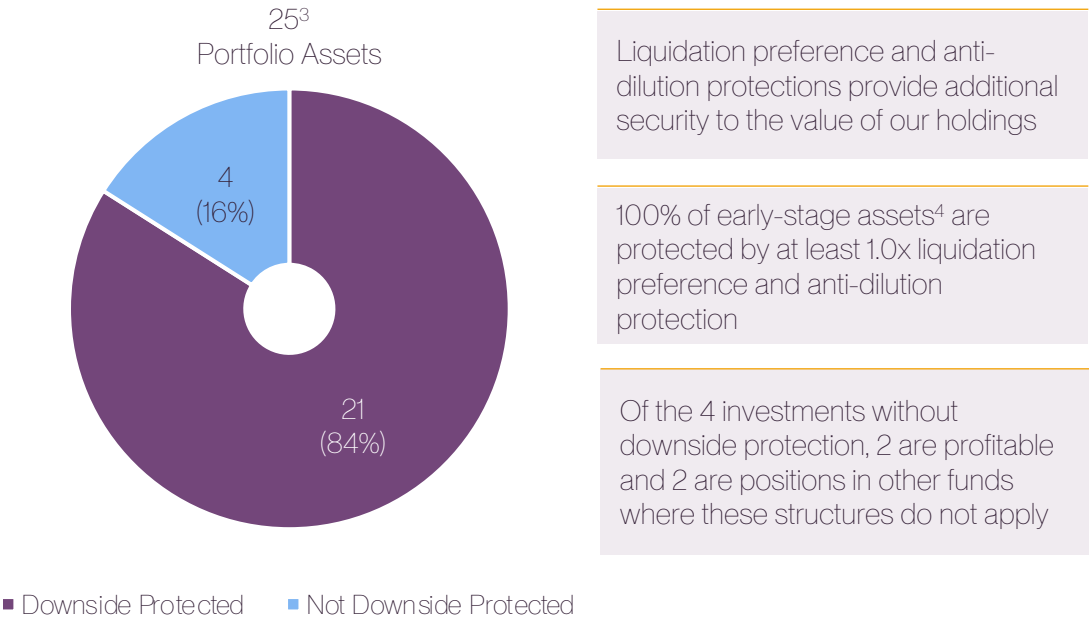
The majority of our portfolio are valued using public market comparables, with recent valuations reflecting the decline of listed peers

Portfolio fair value by primary valuation methodology
Year ended 31 March 2023



BDO audit or review our valuations twice yearly
See slide 35 for further detail on methodologies

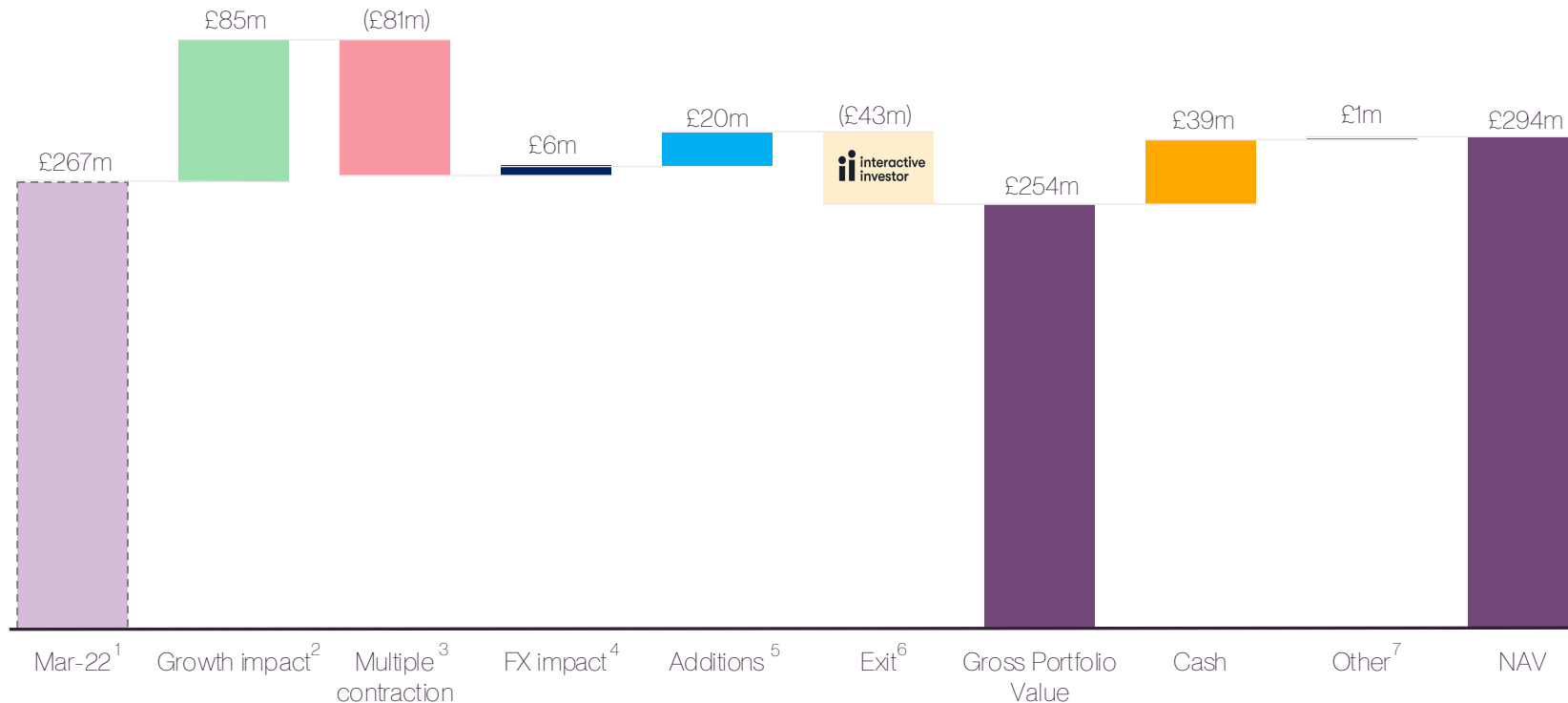
Share of portfolio assets with downside protection
Number of assets



1. Gross Portfolio Value represents £254.3m as at 31 March 2023
2. Relates to holdings in Parafi and Sfermion where Augmentum holds a Limited Partner interest and Tesseract which is valued on a net asset basis
3. 24 companies post period end.
4. The invested amount in portfolio companies whose last round was a Series A or B

The impact of multiple contraction on valuation has been offset by strong portfolio performance

Gross portfolio value – valuation bridge Year ended 31 March 2023



- The rerating of listed fintechs has led to contraction in valuation multiples for the sector
- This has impacted our companies where we have used multiple comparison as the primary valuation methodology
- The £81m reduction in Gross Portfolio Value attributable to multiple contraction has been offset by the positive impacts of growth by £85m and FX by £6m

1. Gross Portfolio Value as at 31 March 2022

2. Growth impact methodology: March 2023 revenue multiplied by March 2022 multiples less March 2022 revenue multiplied by March 2022 multiples.

Includes the net impact of revenue growth, change in Augmentum fully diluted % and change in other adjustments. Excludes FX impact

3. Multiple contraction methodology: March 2023 revenue multiplied by March 2022 multiples less March 2023 revenue multiplied by March 2023 multiples

4. Change in value due to FX rate changes

5. Additions include new and follow-on investments

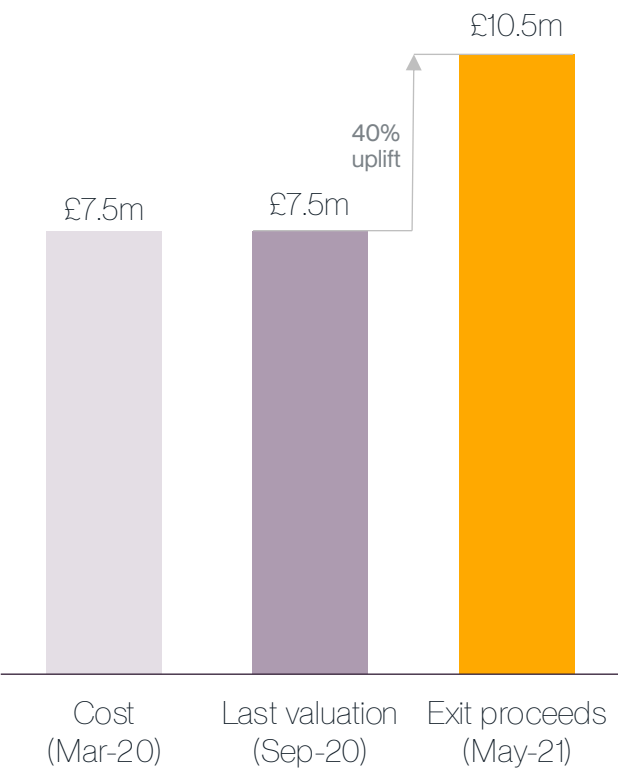
6. Interactive Investor exited in May 2022

7. Other is made up of AFML cash less net liabilities

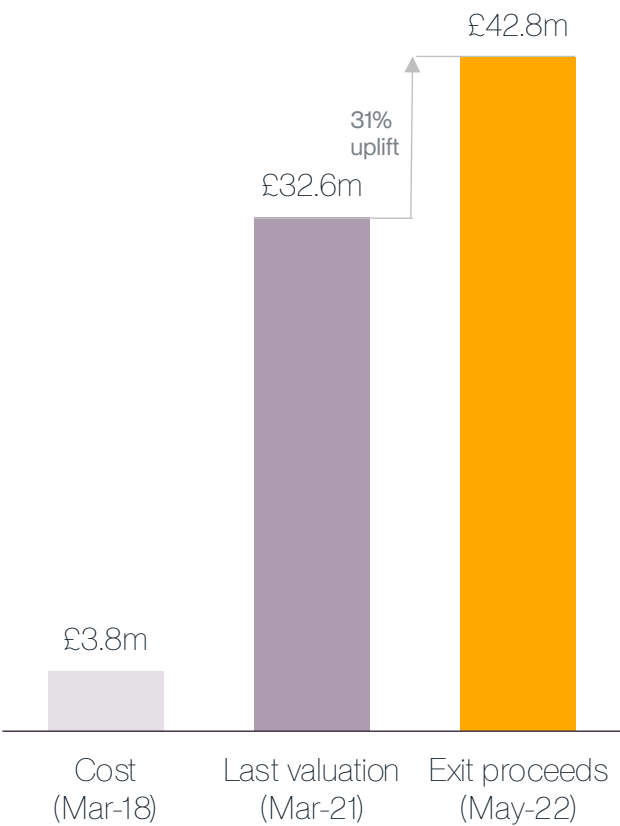
We have realised a total of over £80m since IPO¹ and our material exits have all sold for proceeds above the last valuation prior to sale²

Valuation uplift of material exits by date of exit

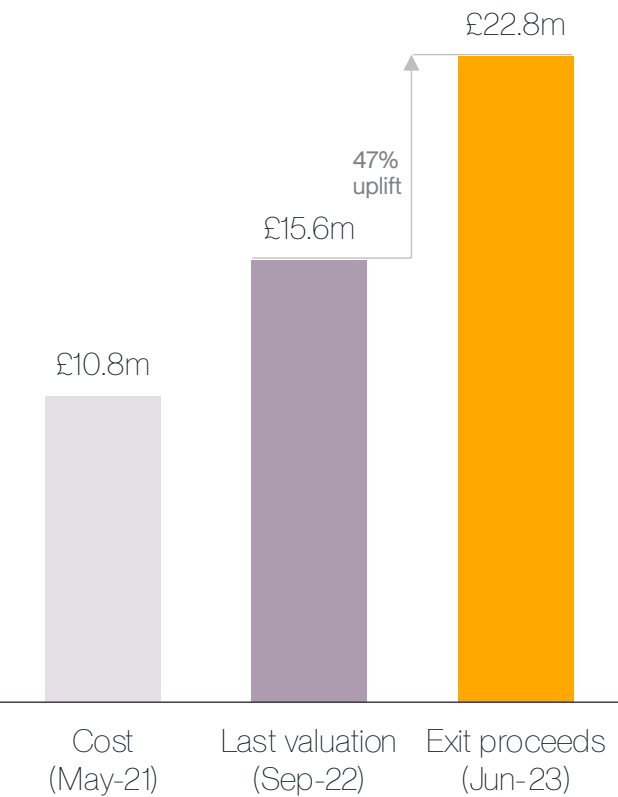
Dext



ii interactive investor



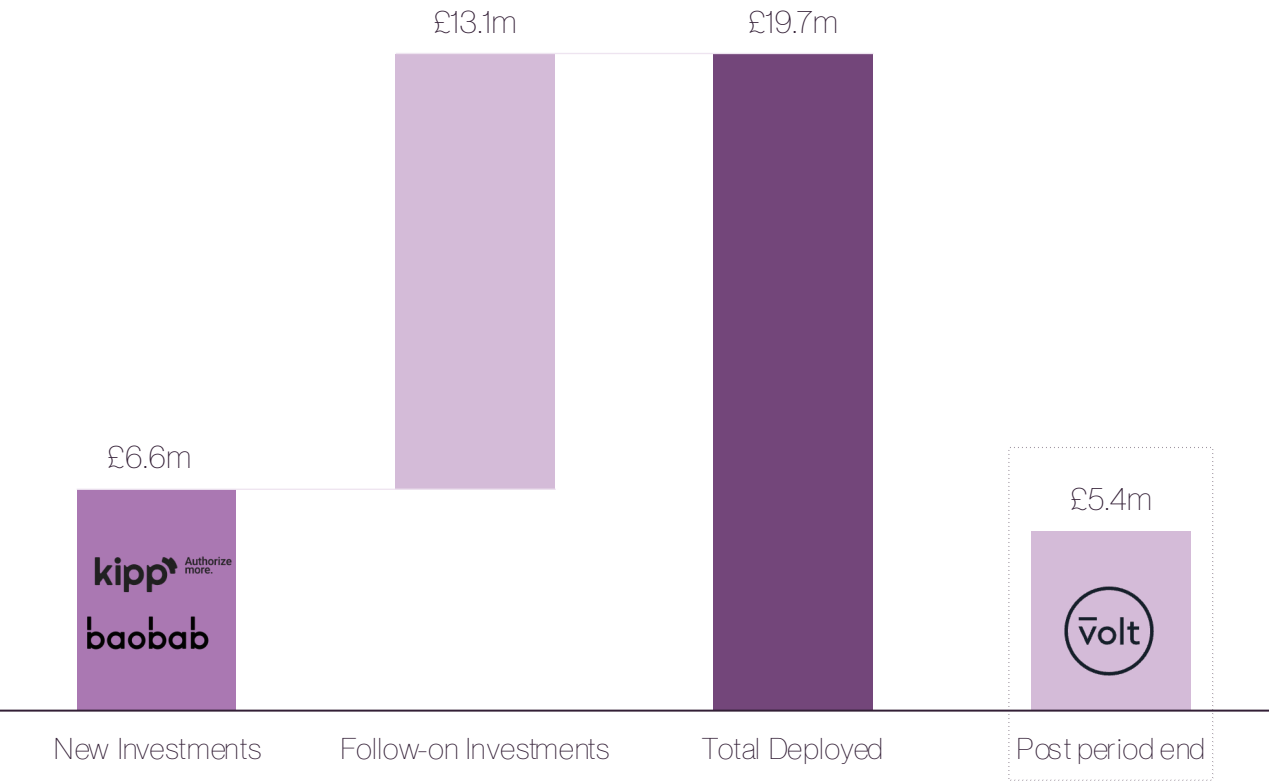
cushon



1. Realisations include Cushon, post period end and cash dividends received
2. Last unaffected valuation taken as the last published valuation prior to the agreement of sale terms

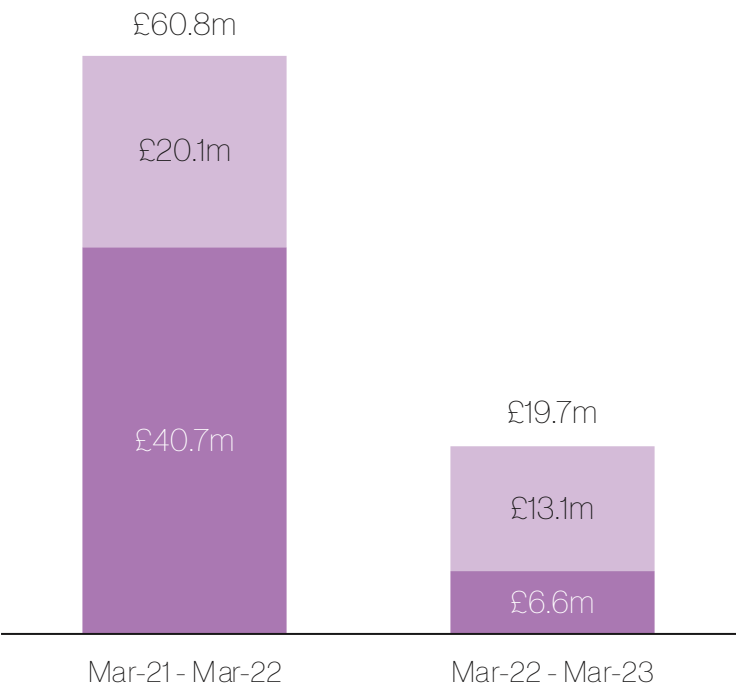
We continued at a slower pace of deployment and are now well capitalised to take advantage of improved market conditions and portfolio follow-on opportunities

Capital deployed
Year ended 31 March 2023



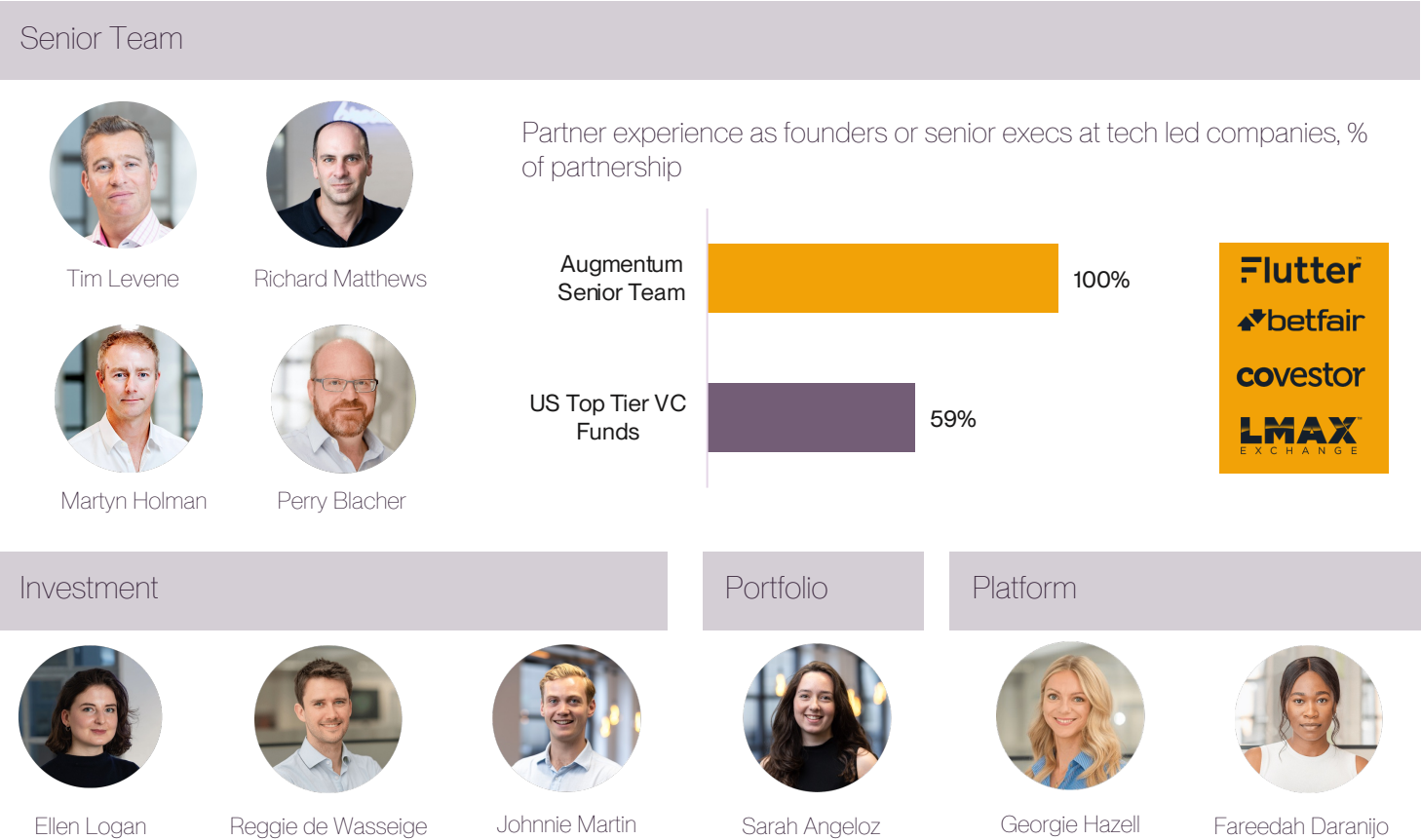
Capital deployed
March 2021 – March 2023

New Investments Follow-on Investments

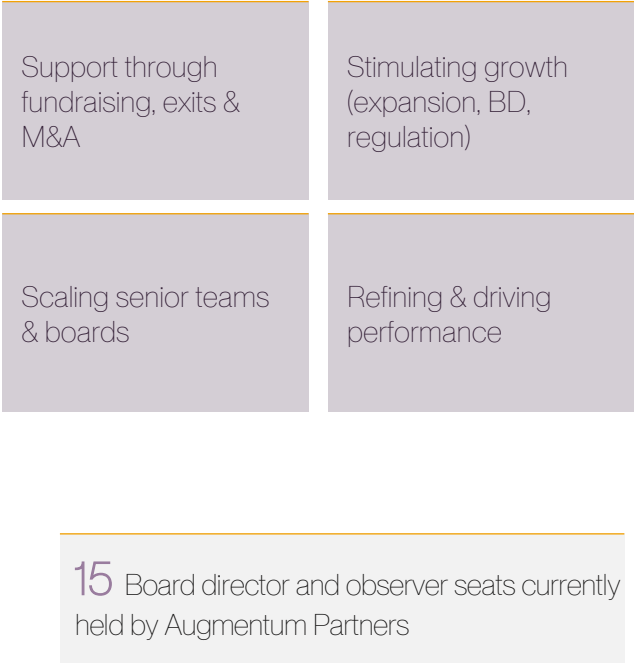


Our senior management team leverage sector-specific operational expertise to identify opportunities and provide our portfolio with support

Management team



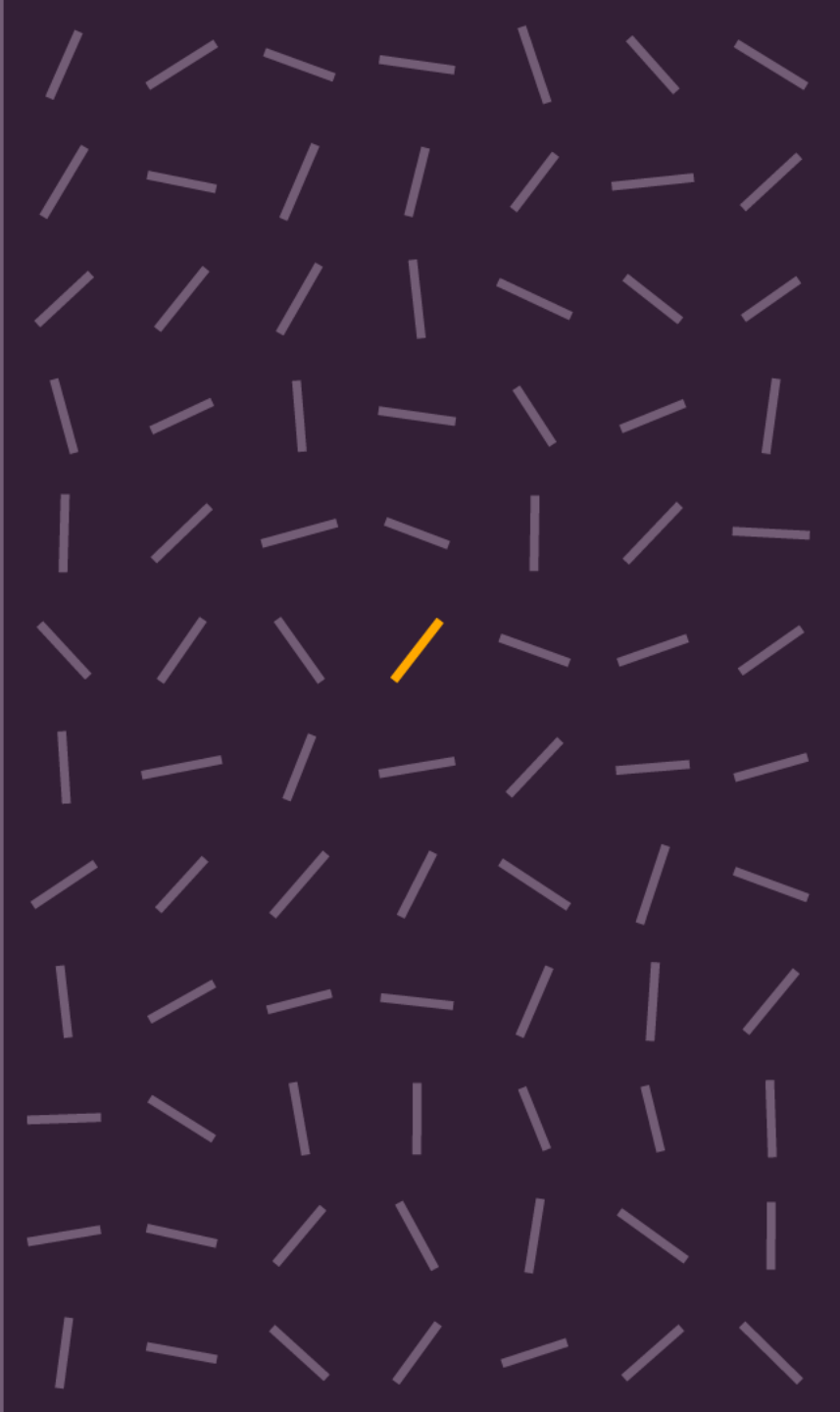
Areas of portfolio support



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

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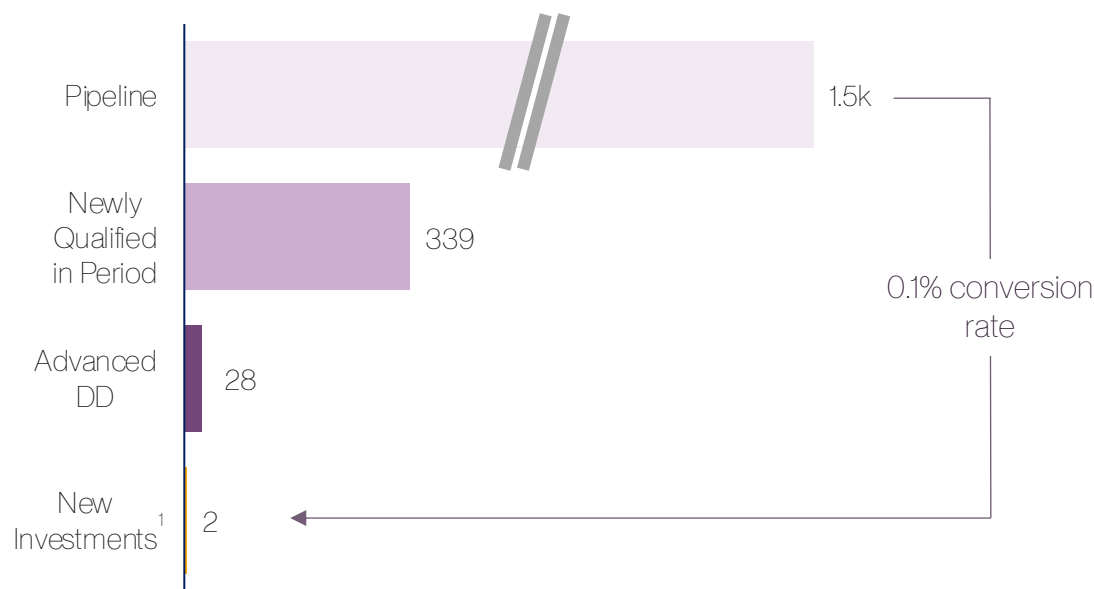
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Sector specialism drives our advantage in sourcing and assessing fintech deal flow

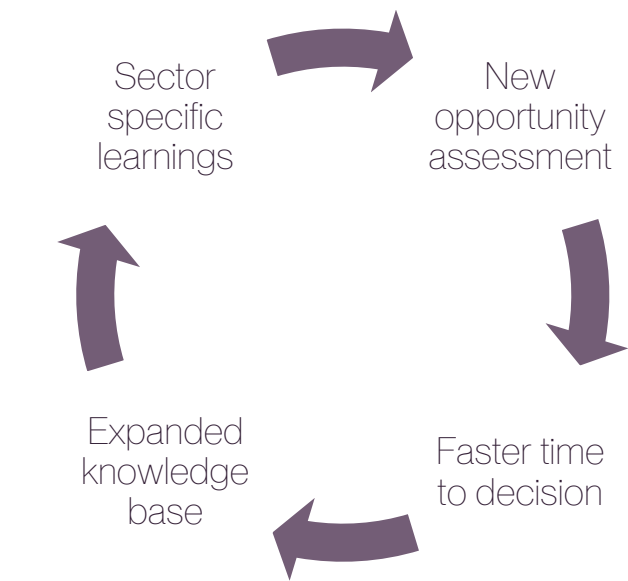
We see the majority of European fintech opportunities but maintain an exceptionally high bar for investment

Deal flow funnel progression, # of opportunities by stage, YE 31st March 2023



1. New investments in the last 12 months: Kipp and Baobab
Source: Augmentum CRM Pipeline

A sole focus on fintech sharpens our assessment and differentiates Augmentum in the market

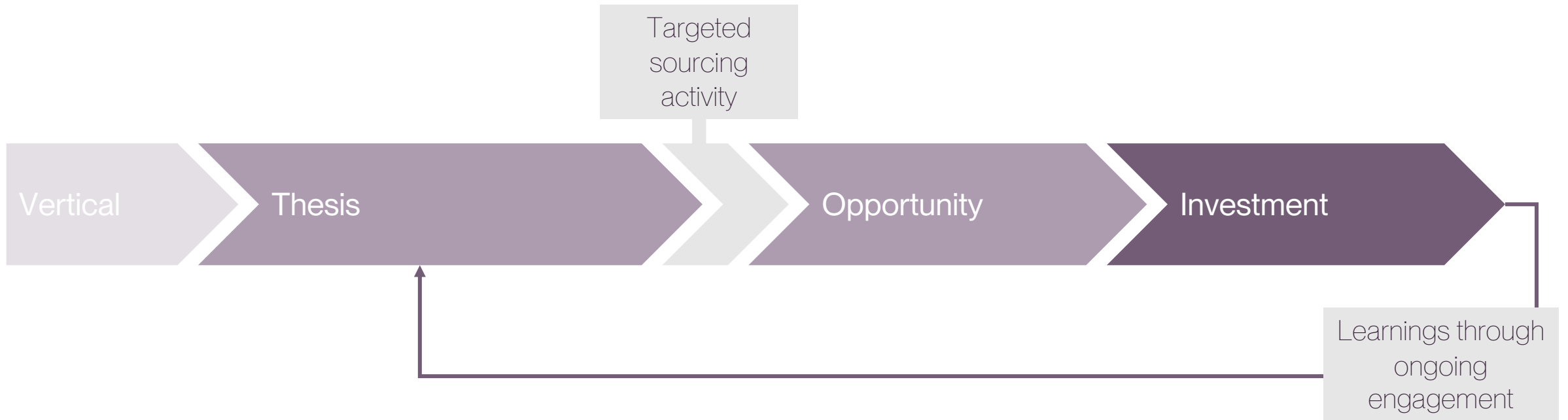


2% of European VC funds have a sole focus on fintech²

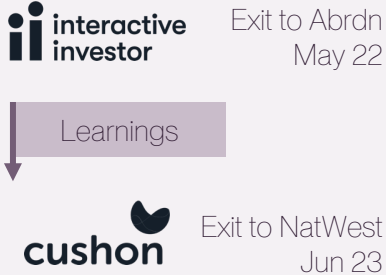



2. Excludes Seed-stage focused VC funds, accelerators and corporate venture capital investors
Source: Tracxn

Our thesis-led approach is critical to identifying exceptional opportunities at the early stage

Overview of thesis-led sourcing approach

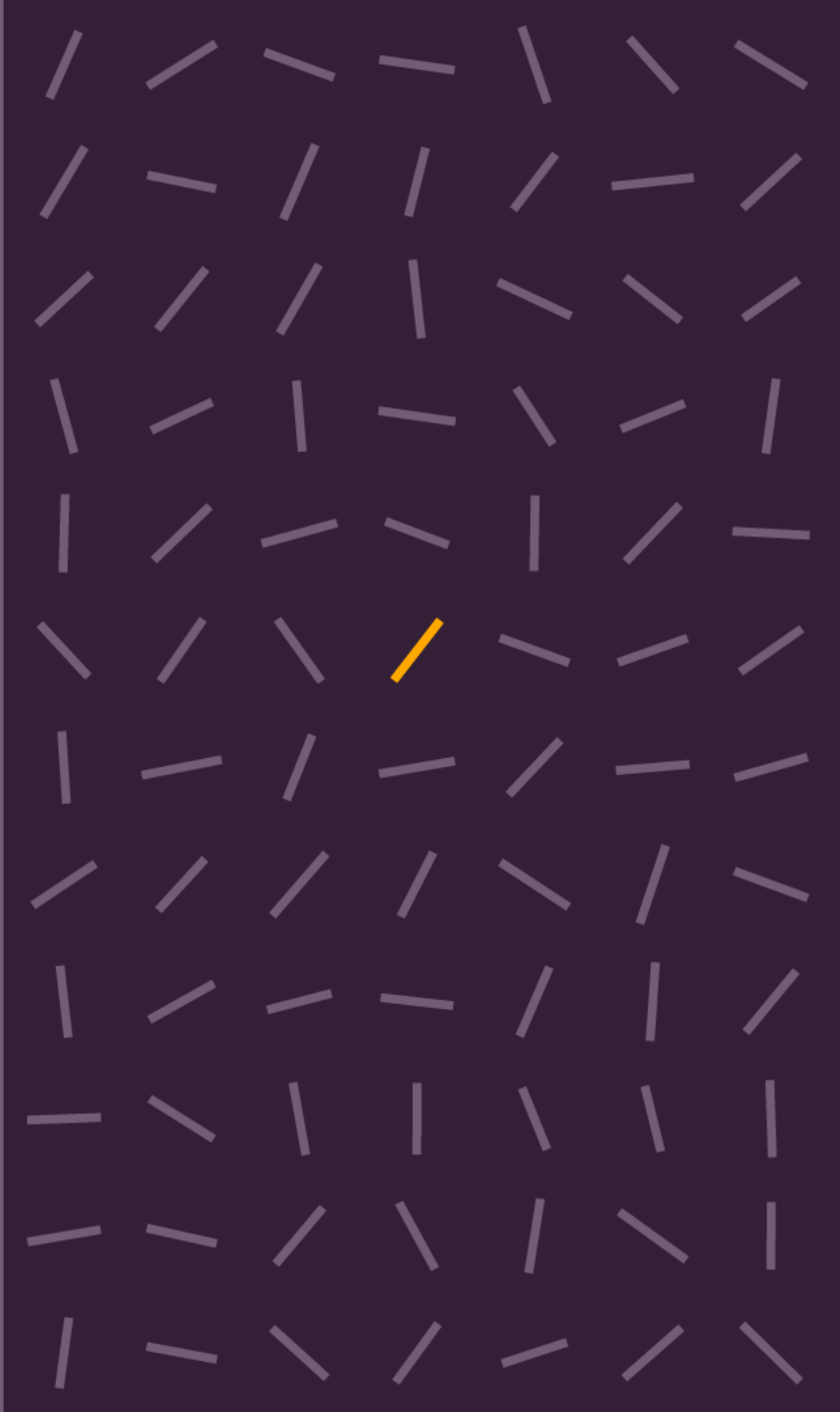


Our thesis-led approach in action

Progression	Realisation	Maturing	Recent Investments	
Vertical	Wealth & Asset Management	Digital Payments	Insurtech	Digital Payments
Thesis	A low cost, digital platform can deliver superior customer experience and supercharge an M&A strategy	Global opportunity in the roll-out of real-time payments networks	New risks require novel approaches to underwriting; technology and data play a key role	Evolving payment behaviours reveal points of friction in existing payments infrastructure that new technologies can fix
Activity		 <p>"We see Volt holding significant first-mover advantage..." - Morgan Stanley, Jun-23</p> <p>\$24m Series A (\$6.3m), Jun 21 \$60m Series B (\$6.8m), Jun 23</p>	 <p>£2.6m invested, Jan 23</p>	 <p>£4m invested, May 22</p>

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Outlook

The growth opportunity in fintech is supported by underlying market dynamics and a normalisation in investment activity

- Addressing huge remaining headroom across financial services verticals, fintech revenues are forecast to grow by 6x to over \$1.5tn by 2030
- Through the application of technology, fintech companies achieve operational advantages over incumbent providers and continue to grow market share
- Incumbent financial services firms struggle to innovate and have become key advocates of the fintech ecosystem through direct investment, acquisition and partnership
- We remain cautiously optimistic for the continued recovery of financial markets and acceleration of venture investment over the next 12 months

Our portfolio is delivering strong growth and realisations despite challenging macro conditions

- The Top 10 companies in our portfolio are well funded or profitable, with an average runway of 29 months and average YoY growth of 117%³
- abrdn's acquisition of ii delivered a realisation of £42.8m⁴ in May 2022 and NatWest's acquisition of Cushon delivered a realisation of £22.8m post period end
- Our approach to valuation remained consistent and we moderated our pace of deployment compared to FY23
- A stable NAV¹ of £294.1m and IRR² of 18.5% reflects the offsetting of strong growth by valuation multiple compression in listed comparables

Sector specialism and experience are key competitive advantages that leave us well positioned for the period ahead

- We maintained valuation discipline and focus through a period of heightened market activity
- Advantaged access to deal flow and our thesis driven approach continues to drive our differentiation
- As at 30 June 2023 we are well capitalised with a cash position of £50.0m⁵ and no debt

1. NAV as at 31 March 2023

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

3. Revenue growth taken as the LTM to March 2023 vs the LTM to March 2022. Any outliers (>250%) have been capped to 250% to improve comparability

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 as at 31 March 2023 is £38.5m



Thank you



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