

About Augmentum Fintech plc

Augmentum Fintech plc (the “Company”) is the UK’s only publicly listed investment company focusing on the fintech sector, having launched on the main market of the London Stock Exchange in 2018, giving businesses access to patient funding and support, unrestricted by conventional fund timelines.

We invest in early and later stage fast growing fintech businesses that are disrupting the banking, insurance, asset management and wider financial services sectors.

Portfolio management is undertaken by Augmentum Fintech Management Limited (“AFML”). AFML is a wholly owned subsidiary of the Company, together referred to as the “Group”.

Contents

Strategic Report and Business Review

- 2 Chairman's Statement
- 5 Investment Objective and Policy
- 6 Portfolio Review
- 7 Key Investments
- 13 Other Investments
- 15 Portfolio Manager's Review
- 18 Strategic Report
- 22 Viability Statement

Corporate Governance

- 31 Board of Directors
- 32 Management Team
- 33 Directors' Report
- 37 Corporate Governance Report
- 43 Directors' Remuneration Report
- 46 Directors' Remuneration Policy
- 48 Report of the Audit Committee
- 51 Statement of Directors' Responsibilities

Financial Statements

- 52 Consolidated Income Statement
- 53 Consolidated and Company Statements of Changes in Equity
- 54 Consolidated Balance Sheet
- 55 Company Balance Sheet
- 56 Consolidated Cash Flow Statement
- 57 Company Cash Flow Statement
- 58 Notes to the Financial Statements
- 69 Independent Auditor's Report to the Members of Augmentum Fintech plc

Further Information

- 78 Information for Shareholders
- 79 Glossary and Alternative Performance Measures
- 81 Contact Details

Chairman's Statement



Performance Highlights

	31 March 2023	31 March 2022
NAV per Share after performance fee ¹ *	158.9p	155.2p
NAV per Share after performance fee Total Return*	2.4%	19.0%
Total Shareholder Return*	(27.1%)	(16.4%)
Discount to NAV per Share after performance fee*	(39.0%)	(14.3%)
Ongoing Charges Ratio*	1.9%	1.7%

* These are considered to be Alternative Performance Measures. Please see the Glossary and Alternative Performance Measures on page 79.

To read about our KPIs see page 22.

I am pleased to present our fifth annual report since the launch of the Company in March 2018. This report covers the year ended 31 March 2023.

Investment Policy

Your Company invests in early stage European fintech businesses which have technologies that are disruptive to the traditional financial services sectors and/or support the trend to digitalisation and market efficiency. A typical investment will offer the prospect of high growth and the potential to scale.

Our objective is to provide long-term capital growth to shareholders by offering them exposure to a diversified portfolio of private fintech companies during what is often their period of rapid value accretion.

Performance

Shareholders will be fully aware of the significant market volatility throughout the year under review. The war in Europe, inflation, rising interest rates after a prolonged period of close to free money, highly priced US technology stocks falling in value and the contagion from that have all been factors. Fast growing companies that need cash to fuel that growth have generally been out of favour.

Despite difficult markets, the bulk of your Company's investments performed very well and I am pleased to report that they made a positive contribution to the Company's net asset value ("NAV") per share after performance fee¹*, which increased by 3.7p to 158.9p.

The operational performance of portfolio companies was generally strong, with some stand out results, and the majority have cash runways that will fund their businesses through to profitability. In normal markets these performances would be expected to produce a strong NAV improvement, but valuations were negatively affected in some cases by declines in public market comparators.

The modest increase in the Company's NAV per share after performance fee is nonetheless encouraging in a market where many others have suffered significant valuation write downs and illustrates that the diversified portfolio of investments we hold is important when individual sectors become stressed.

It is disappointing that the NAV growth we have enjoyed over the past five years is not reflected in our share price. For a long period, your Company enjoyed the highest premiums of any investment company listed in London. This reflected the opportunity for a public market investor to gain exposure to fast growing private fintech companies, which was otherwise not available to them. That opportunity in a vast addressable market is undimmed, yet the price at which the Company's shares traded fell again across the period. The share price touched a low of 86.8p during the year and ended the period at 97.0p, representing a 27.1% reduction from the price at 31 March 2022. The share price falling to a discount to NAV from the beginning of 2022 correlates with market sentiment turning against growth stocks and private equity generally, but is frustrating because it does not reflect the underlying performance or the potential of the Company's portfolio and seemingly gives little credit to the rigour of our valuations process. The proceeds from our recent portfolio disposals provide an illustration of the latter.

Portfolio

The most significant portfolio transaction in the year was the receipt of proceeds of £42.8 million early in the period from the completion of abrdn's acquisition of **interactive investor** ("ii"), which was the Company's largest investment. The transaction delivered an 84.8% IRR and 11.1 times multiple on invested capital.

Post year end, another significant disposal was made when the Company sold its holding in **Cushon** to NatWest Group. The £22.8 million proceeds of this sale, which is fully reflected in the year end valuation, represents a multiple of 2.1 times invested capital and an IRR of 61.6%.

Your Company has now made five successful portfolio investment exits, all of which have been at or above the last reported holding value. This should provide investors with comfort that our valuations process is rigorous and corroborates the discipline our Portfolio Manager has exercised when evaluating new investments and their reporting on the portfolio.

Deployments in the year included new investments of £4.0 million in Israeli payments monitoring and acceptance fintech **Kipp** and €3 million

¹ Note: The Board considers the NAV per share after any performance fees provision to be the most accurate way to reflect the underlying value of each share, whereas accounting standards require the Group's consolidated NAV per share to be presented before such fees are deducted as a consequence of our Portfolio Manager being within our Group structure and the fees therefore being eliminated on consolidation.

Chairman's Statement continued

(£2.6 million) in Berlin-based cyber insurance platform **Baobab**. A further £13.1 million of follow-on funding was made to support existing portfolio companies. These included **Zopa** (£4.0 million), **Anyfin** (£2.7 million), **Previs** (£2.0 million), **Habito** (£1.3 million), **Wayhome** (£0.9 million) and **Cushon** (£0.8 million).

Since the year end we have also participated in the Series B fundraising of **Volt**, investing a further £5.3 million.

There is a full review of the portfolio and investment transactions in the year in the Portfolio Manager's Review beginning on page 15.

Portfolio Management

Our investment team continues to evaluate a wide range of opportunities, reviewing financial and commercial metrics in order to identify those most likely to be successful. We are active investors and work closely with the companies we invest in, often taking either a board or an observer seat, and working closely with management to guide strategy consistent with long-term value creation. Our portfolio is already diversified across different fintech sectors and maturity stages and we are keen to expand it further. We are committed to responsible investing. We integrate Environmental, Social and Governance ("ESG") factors in our investment analysis, due diligence and operating practices as we believe that these are key in mitigating risk and creating sustainable, profitable investments.

Valuations

Your Board considers its governance role in the valuations process to be of utmost importance. Shareholders in investment companies with a private portfolio are understandably sceptical of valuations when they don't see them change as much or as rapidly as they do in many public companies. The results we are reporting reflect an in-depth and challenging process, supported by our advisers.

We have always maintained a consistent, rigorous and disciplined approach to valuations. We did not write up the value of your Company's investments to the levels attributed to many fintech companies when the market was very bullish. It follows that the level of any adjustments we have needed to make this year is relatively small in comparison to some other funds, quite apart from strong growth offsetting reductions in comparative multiples.

We have carefully reviewed both the status and the forecasts of all of the portfolio companies, used appropriate and consistent methodologies to determine the value of each investment and to sense check our conclusions. We also benefit from some of our investments occupying a senior position in the capital structures of the investee companies, protecting against downside risk.

Discount Control

The Company's shares traded at a discount to NAV for the whole of the year under review and up to the date of this report, notwithstanding the underlying value and strong prospects of the portfolio.

The Board has instigated a programme of highly accretive buybacks, seeking to convey to the market our confidence in the value of the portfolio. Directors and others associated with the Company have also purchased shares. We continued with these accretive buybacks through the year under review, with all the shares purchased by the

Company being held in treasury to potentially reissue when the share price returns to a premium.

5,806,934 shares were bought back into treasury during the year to 31 March 2023, at an average price of 102.9p per share, representing an average discount to the prevailing NAV per share after performance fee of 34.1% and adding 1.8p/1.1% to the NAV per share. A further 3,918,878 shares have been bought back since March, up to 30 June 2023, at an average price of 98.6p per share.

We will seek to renew shareholders' authorities to issue and buy back shares at the forthcoming AGM.

Potential Returns of Capital

As set out on page 24 of this annual report, the Company may, at the discretion of the Directors, return a proportion of the gains realised during a year from the disposal of investments. Factors influencing this will include the quantum of any sale proceeds, the opportunities offered by the investment pipeline and the working capital requirements of the Company. I explained in last year's report that following the sale of ii we considered whether some of the proceeds should be returned to shareholders or retained to facilitate future investment opportunities. The Company has not reached the scale to which we aspire and the current share price discount and unfavourable market conditions are frustrating our ability to raise new capital for investment. After consultation with major shareholders last year we decided to retain a good proportion of these proceeds for reinvestment to support our capital growth objective and utilise the balance to support an accretive share buyback programme when the discount is high. The Board reconsidered this decision during the year and decided to commit further to the buyback programme whilst retaining funds to take advantage of new investment opportunities and to provide follow-on support to existing investments, which are often available on favourable terms.

Dividend

No dividend has been declared or recommended for the year. Your Company is focused on providing capital growth and has a policy to only pay dividends to the extent that it is necessary to maintain the Company's investment trust status.

Registrar

Shareholders should note that, as part of our regular review of service providers, we have decided to change the Company's registrar from Link Group to Computershare Investor Services PLC. This change will take place on 18 December 2023.

AGM

Our AGM will be held on Tuesday 19 September 2023 at 11.00 a.m. at the Augmentum Fintech Management Limited office at 4 Chiswell Street EC1Y 4UP. The Notice of AGM will be published shortly after the publication of this annual report. Your Board strongly encourages shareholders to register their votes in advance by voting online using the Registrar's portal, www.signalshares.com or, if they are not held directly, by instructing the nominee company through which the shares are held. Registering votes online will not preclude shareholders from attending the meeting.

Chairman's Statement continued

One of our resolutions will be to seek shareholder authority to issue shares by reference to the NAV per share after performance fee as we believe this to be the best reflection of value, as explained in the note at the foot of page 2.

Further details of this and other resolutions will be found in the Notice of AGM, which will be published and sent to shareholders shortly after the publication of this annual report. Both documents will also be available to view on or download from the Company's website at www.augmentum.vc.

Your Directors consider all the resolutions that will be listed in the Notice of AGM to be in the best interests of the Company and its shareholders and recommend voting in favour of them, as your Directors intend to do in respect of their own holdings.

Outlook

Inflation remains high, along with interest rates as the authorities strive to bring it back to target levels. Early stage growth portfolios may currently be out of favour, but Augmentum has proved its model, well-illustrated by our realisations all producing returns in excess of their previous carrying value. Our largest 5 investments, in particular, are performing well.

The underlying need to digitalise and transform last century's infrastructure remains, as nearly all financial services sectors continue to be dominated by traditional operators whose operations cannot ignore the rapid development of less costly, and in many cases more secure, business models. We maintained our investment discipline over the last year and, with our strong cash reserves (£38.5 million at 31 March 2023, £50.0 million at 30 June 2023), we are well placed both to take advantage of new opportunities and to reinforce our appeal as a supportive investor.

Your Board believes that the Company will see a closing of the discount at which its shares trade over time and, with the underlying growth of the portfolio generally being very strong, expects that patient shareholders will be well rewarded.

Neil England

Chairman

3 July 2023

Investment Objective and Policy

Investment objective

The Company's investment objective is to generate capital growth over the long term through investment in a focused portfolio of fast growing and/or high potential private financial services technology ("fintech") businesses based predominantly in the UK and wider Europe.

Investment policy

In order to achieve its investment objective, the Company invests in early or later stage investments in unquoted fintech businesses. The Company intends to realise value through exiting these investments over time.

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

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

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

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

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

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

Investment restrictions

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

- the value of no single investment (including related investments in group entities or related parties) will represent more than 15 per cent. of Net Asset Value;
- the aggregate value of seed stage investments will represent no more than 1 per cent. of Net Asset Value; and
- at least 80 per cent. of Net Asset Value will be invested in businesses which are headquartered in or have their main centre of business in the UK or wider Europe.

* Please refer to the Glossary on page 79.

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

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

Hedging and derivatives

Save for investments made using equity-related instruments as described above, the Company will not employ derivatives of any kind for investment purposes, but 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 and the Portfolio Manager to ensure an appropriate risk/return profile is maintained. Cash and cash equivalents are held with approved counterparties.

It is expected that the Company will hold between 5 and 15 per cent. of its Gross Assets in cash or cash equivalent investments, for the purpose of making follow-on investments in accordance with the Company's investment policy and to manage the working capital requirements of the Company.

Changes to the investment policy

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

Portfolio Review

	Fair value of holding at 31 March 2022 £'000	Net investments/ (realisations) £'000	Impact of foreign currency rate changes £'000	Investment return £'000	Fair value of holding at 31 March 2023 £'000	% of Net assets after performance fee
Grover	42,415	–	1,833	(1,098)	43,150	15.5%
Tide	28,221	–	–	7,471	35,692	12.9%
Zopa ^	25,577	4,000	–	516	30,093	10.8%
Cushon	13,584	750	–	8,456	22,790	8.2%
Volt	5,608	–	–	8,608	14,216	5.1%
Monese	13,225	–	–	(1,542)	11,683	4.2%
BullionVault ^	10,023	(564)	–	2,106	11,565	4.2%
Onfido	15,393	–	1,198	(6,349)	10,242	3.7%
AnyFin	9,870	2,709	57	(3,331)	9,305	3.4%
Intellis	4,003	–	232	4,177	8,412	3.0%
Top 10 Investments	167,919	6,895	3,320	19,014	197,148	71.0%
interactive investor ^	42,797	(42,797)	–	–	–	0.0%
Other Investments *	58,091	11,532	2,325	(14,801)**	57,147	20.6%
Total Investments	268,807	(24,370)	5,645	4,213	254,295	91.6%
Cash & cash equivalents	31,326				40,015	14.4%
Net other current liabilities	(4,929)				(186)	-0.1%
Net Assets	295,204				294,124	105.9%
Performance Fee provision	(15,265)				(16,819)	-5.9%
Net Assets after performance fee	279,939				277,305	100.0%

^ Held via Augmentum I LP

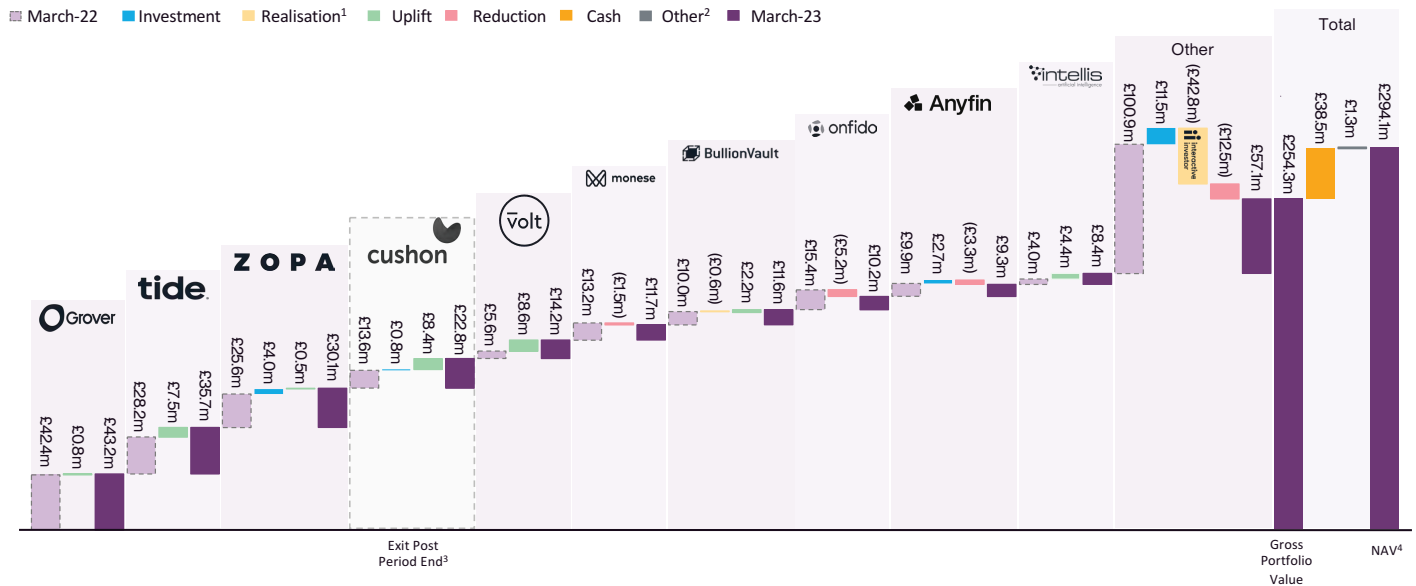
* There are fifteen other investments (31 March 2022: fourteen). See pages 13 and 14 for further details.

** The Other Investments investment loss is primarily from write-downs in the valuations of Gemini and Tesseract, as detailed on page 17.

Key Investments

Portfolio valuation changes

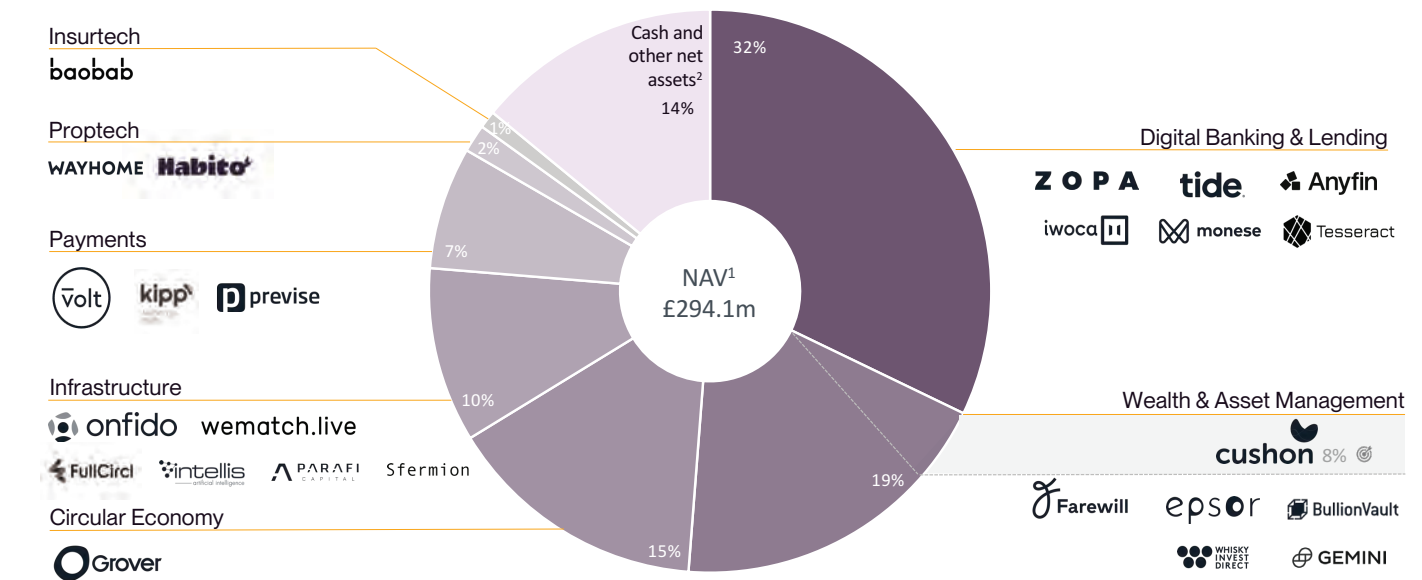
Year ended 31 March 2023



1. BullionVault dividend received in January 2023, interactive investor exited in May 2022
 2. Other is made up of AFML cash less net liabilities
 3. Cushion exited post period end
 4. NAV is shown before performance fee, NAV after performance fee is £277.3m

The Augmentum portfolio is well diversified across the fintech ecosystem

NAV¹ by sub-sector, %



Exit post period end

1. NAV before performance fee, as at 31 March 2023, NAV after performance fee is £277.3m
 2. £38.5m available cash and £2.3m of other net assets as at 31 March 2023

Key Investments continued



Berlin-based Grover (www.grover.com) is the leading consumer-tech subscription platform, bringing 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 5,000 products including smartphones, laptops, virtual reality technology, wearables and smart home appliances. The Grover service allows users to keep, switch, buy, or return products depending on their individual needs. Rentals are available in Germany, Austria, the Netherlands, Spain and the US. Grover is at the forefront of the circular economy, with products being returned, refurbished and recirculated until the end of their usable life. Grover has circulated over 1 million devices. With a total financing volume of around €1.4 billion to date and over 400 employees, Grover is one of the fastest-growing scale-ups in Europe.

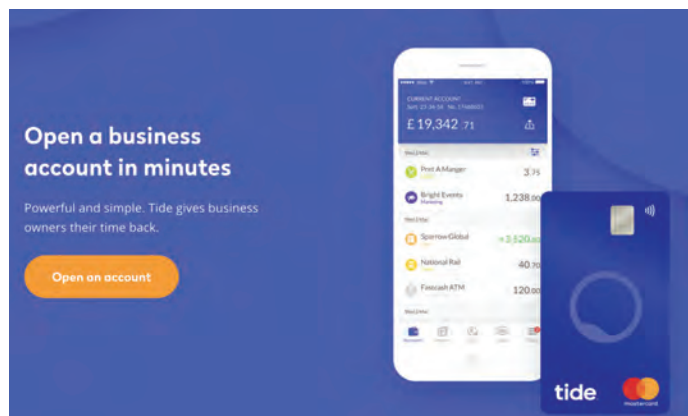
In September 2019 Augmentum led a €11 million funding round with a €6 million convertible loan note ("CLN") investment. This coincided with Grover signing a new €30 million debt facility with Varengold Bank, one of Germany's major fintech banking partners. In March 2021 Grover completed a €60 million Series B funding round, with Augmentum participating and converting its CLN. The round was made up of €45 million from equity investors and €15 million in venture debt financing. With its Series C funding round in April 2022 Grover raised US\$330 million in equity and debt funding, bringing the company's valuation to over US\$1 billion.

Source: Grover

	31 March 2023 £'000	31 March 2022 £'000
Cost:	7,927	7,927
Value:	43,150	42,415
Valuation Methodology [^]	Rev.Multiple	CPORT
% ownership (fully diluted):	6.3%	6.4%

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

[^] See note 13 on pages 62 and 63.



Tide's (www.tide.co) mission is to help SMEs save time and money in the running of their businesses. Customers can be set up with an account number and sort code in less than 10 minutes, and the company is building a comprehensive suite of digital banking services for businesses, including automated accounting, instant access to credit, card control and quick, mobile invoicing. Tide has almost 10% market share of small business accounts in the UK.

In November 2022, Tide acquired Funding Options, a leading UK marketplace for SMEs seeking business finance, subject to FCA approval. The merged credit business will give Tide's 500,000 customers access to a wider range of credit options and creates one of the UK's biggest digital marketplaces for SME credit. In December 2022, Tide launched in India with two business banking solutions – the Tide Business Account and its RuPay-powered Tide Expense Card.

Augmentum led Tide's £44.1 million first round of Series B funding in September 2019, alongside Japanese investment firm The SBI Group. In July 2021 Tide completed an £80 million Series C funding round led by Apax Digital, in which Augmentum invested an additional £2.2 million and into which the £2.5 million loan note converted.

Source: Tide

	31 March 2023 £'000	31 March 2022 £'000
Cost:	13,200	13,200
Value:	35,692	28,221
Valuation Methodology [^]	Rev.Multiple	Rev.Multiple
% ownership (fully diluted):	5.1%	5.4%

As per last filed audited accounts of the investee company for the year to 31 December 2021:

	2021 £'000	2020 £'000
Turnover	33,541	14,442
Pre tax loss	(32,719)	(25,825)
Net assets	66,297	17,761

Key Investments continued



ZOPA

Zopa (www.zopa.com) was founded in 2005 as the world's first peer-to-peer ("P2P") lending company, aiming to give people access to simpler, better-value loans and investments. Following a funding round in 2020 Zopa launched Zopa Bank and was granted a full UK banking licence, which allowed it to offer a wider product range. It is regulated by both the PRA and the FCA.

After 16 years of delivering positive returns for investors, Zopa closed the P2P lending side of its business in 2021 to fully focus on Zopa Bank. Current products include fixed term and smart savings, wedding and home improvement loans, debt consolidation loans, a credit card and motor finance.

Zopa is a multiple awards winner. In 2021 Zopa was awarded Best Personal Loan Provider and Best Credit Card Provider by the British Bank Awards, Best Online Savings Provider by MoneyNet Personal Finance, Best use of IT in Consumer Finance in the FStech Awards and won the Personal Credit Cards Innovation award in the Finder Lending Innovation Awards. In 2022 it won Best Short Term Fixed Rate Bond Provider, Best Fixed Rate Bond Provider and Best New Savings Provider in the Savings Champion Awards and was awarded Banking Brand of the Year 2022 in the MoneyNet Awards.

Augmentum participated in a £20 million funding round led by Silverstripe in March 2021, in October 2021 participated with a further £10 million investment in a £220 million round led by SoftBank and in February 2023 invested a further £4 million as part of a £75 million funding round alongside other existing investors.

Source: Zopa

	31 March 2023 £'000	31 March 2022 £'000
Cost:	33,670	29,670
Value:	30,093	25,577
Valuation Methodology	Rev.Multiple	CPORT
% ownership (fully diluted):	3.4%	3.3%

As per last filed audited accounts of the investee company for the year to 31 December 2021:

	2021 £'000	2020 £'000
Operating income	60,501	21,171
Pre tax loss	(41,599)	(41,479)
Net assets	270,512	134,074



cushon

Cushon (www.cushon.co.uk) provides workplace pensions and payroll-linked ISAs across the UK and is authorised by The Pensions Regulator to operate a master trust pension scheme. In January 2021, Cushon became the first UK pension provider to launch a fully carbon neutral 'Net Zero Now' pension product. In April 2022 it finalised the acquisition of Creative Benefits, manager of Creative Pension Trust, making it the fifth largest master trust pension provider in the UK and doubling its assets under management.

NatWest Group, the FTSE 100 banking and financial services group, announced in February 2023 that it had agreed to acquire a majority shareholding in Cushon. The acquisition was completed on 1 June 2023.

Augmentum invested £5 million in Cushon in June 2021 and followed up with a further £5 million in March 2022 and £750,000 in December 2022.

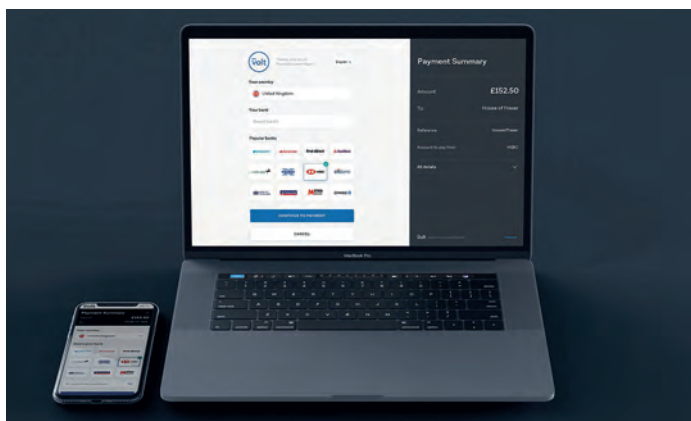
Source: Cushon

	31 March 2023 £'000	31 March 2022 £'000
Cost:	10,750	10,000
Value	22,790	13,584
Valuation Methodology	Sale Proceeds	CPORT
% ownership (fully diluted):	13.9%	13.9%

As per last filed audited accounts of the investee company for the year to 31 March 2022:

	2022 £'000	2021 £'000
Turnover	5,501	1,632
Pre tax loss	(8,548)	(3,742)
Net assets	7,394	5,407

Key Investments continued

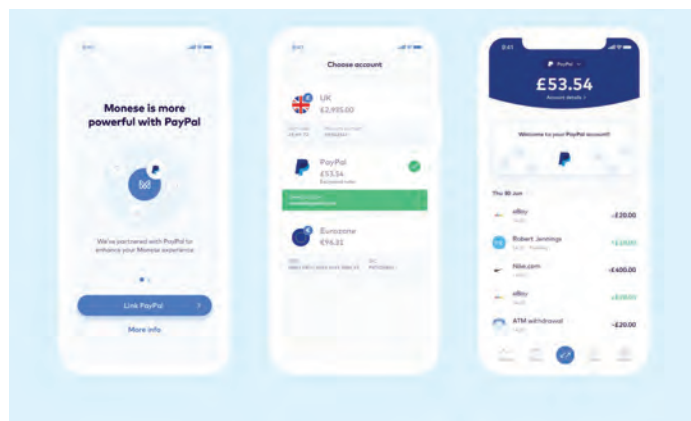


Volt (www.volt.io) is a provider of account-to-account payments connectivity for international merchants and payment service providers (PSPs). An application of Open Banking, account-to-account payments – where funds are moved directly from one bank account to another rather than via payment rails – deliver benefits to both consumers and merchants. This helps merchants shorten their cash cycle, increase conversion and lower their costs. In October 2021 Volt announced their partnership with Worldline, the European leader in payments and transactional services, giving over 600 enterprise-level merchants globally access to Volt's open payments infrastructure. It also announced its expansion into Brazil in November 2021 to integrate Brazil's domestic instant payments network, Pix, and established its physical presence in São Paulo.

Augmentum invested £0.5 million in Volt in December 2020 and a further £4 million in June 2021.

Source: Volt	31 March 2023 £'000	31 March 2022 £'000
Cost:	4,500	4,500
Value:	14,216	5,608
Valuation Methodology	CPORT	CPORT
% ownership (fully diluted):	8.3%	8.3%

Volt is not required to publicly file audited accounts.



With Monese (www.monese.com) you can open a UK or European current account in minutes from your mobile, with a photo ID and a video selfie. Their core customers are amongst the hundreds of millions of people who live some part of their life in another country - whether it's for travel, work, business, study, family, or retirement.

With its mobile-only dual UK and Euro IBAN current account, its portability across 31 countries, and both the app and its customer service available in 15 languages, Monese allows people and businesses to bank like a local across the UK and Europe. Launched in 2015 Monese now has more than 2 million registered users. 70% of incoming funds are from salary payments, indicating that customers are using Monese as their primary account. In October 2020 Mastercard and Monese announced a multi-year strategic partnership, with Monese becoming a principal Mastercard issuer. Monese's new Banking as a Service ("BaaS") platform, which arrived following deals by Monese with Mastercard and core banking provider Thought Machine, has been adopted by Investec for its private client transactional banking service. In December 2021 the company expanded its credit and lending capabilities through the acquisition of financial services provider Trezeo.

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

Source: Monese	31 March 2023 £'000	31 March 2022 £'000
Cost:	11,467	11,467
Value:	11,683	13,225
Valuation Methodology	CPORT	CPORT
% ownership (fully diluted)*:	6.0%	7.5%

* 2022: £0.9m of investment in a convertible loan note.

As per last filed audited accounts of the investee company for the year to 31 December 2021:

	2021 £'000	2020 £'000
Turnover	17,573	16,285
Pre tax loss	(17,529)	(28,461)
Net liabilities	(2,972)	(15,410)

Key Investments continued



BullionVault

BullionVault (www.bullionvault.co.uk) is a physical gold and silver market for private investors online. It enables people across 175 countries to buy and sell professional-grade bullion at the very best prices online, with US\$3.7 billion of assets under administration, over US\$100 million worth of gold and silver traded monthly, and over 100,000 clients.

Each user's property is stored at an unbeaten low cost in secure, specialist vaults in London, New York, Toronto, Singapore and Zurich. BullionVault's unique Daily Audit then proves the full allocation of client property every day.

The company generates solid monthly profits from trading, commission and interest. It is cash generative, dividend paying, and well-placed for any downturns in the wider financial markets.

Source: BullionVault

	31 March 2023 £'000	31 March 2022 £'000
Cost:	8,424	8,424
Value:	11,565	10,023
Valuation Methodology	EBITDA Multiple	EBITDA Multiple
% ownership (fully diluted):	11.1%	11.1%
Dividends paid:	564	520

As per last filed audited accounts of the investee company for the year to 31 October 2022:

	2022 £'000	2021 £'000
Gross profit	13,071	12,086
Pre tax profit	8,364	7,741
Net assets	41,294	39,148



onfido

Onfido (www.onfido.com) 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. It has offices in London, San Francisco, New York, Lisbon, Paris, Amsterdam, New Delhi and Singapore and helps over 900 companies, including industry leaders such as Revolut, bung and Bitstamp. 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 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.

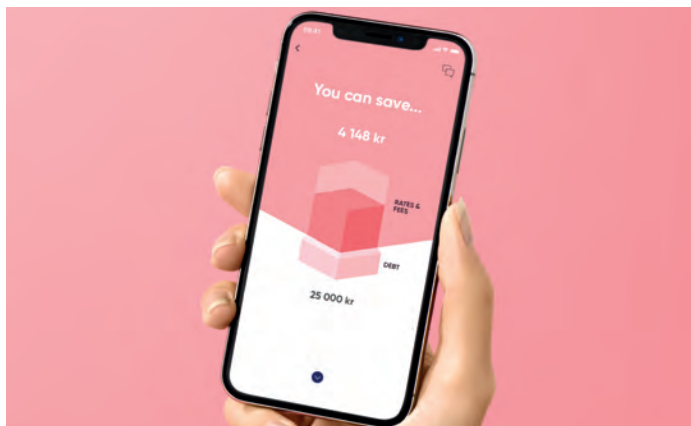
Source: Onfido

	31 March 2023 £'000	31 March 2022 £'000
Cost:	7,750	7,750
Value:	10,242	15,393
Valuation Methodology	Rev.Multiple	Rev.Multiple
% ownership (fully diluted):	2.1%	2.3%

As per last filed audited accounts of the investee company for the 13 months to 31 January 2022 (previous period 12 months to 31 December 2020):

	2022 £'000	2020 £'000
Turnover	94,513	45,408
Pre tax loss	(44,980)	(34,712)
Net assets	39,221	68,508

Key Investments continued



Anyfin (www.anyfin.com) was founded in 2017 by former executives of Klarna, Spotify and iZettle, and leverages technology to allow credit-worthy consumers the opportunity to improve their financial wellbeing by consolidating and refinancing existing credit agreements with improved interest rates, as well as offering smart budgeting tools. Anyfin is currently available in Sweden, Finland, Norway and Germany, with plans to expand across Europe as well as strengthen its product suite in existing markets.

Augmentum invested £7.2 million in Anyfin in September 2021 as part of a \$52 million funding round and a further £2.7 million in November 2022.

Source: Anyfin

	31 March 2023 £'000	31 March 2022 £'000
Cost:	9,924	7,248
Value:	9,305	9,870
Valuation Methodology	Rev. Multiple	CPORT
% ownership (fully diluted):	3.2%	2.7%

As an unquoted Swedish company, Anyfin is not required to publicly file audited accounts.



Intellis, based in Switzerland, is an algorithmic powered quantitative hedge fund operating in the FX space. Intellis' proprietary approach takes a conviction based assessment towards trading in the FX markets, a position which is uncorrelated to traditional news driven trading firms. They operate across a range of trading venues with a regulated Investment Trust fund structure that enables seamless onboarding of new Liquidity Partners.

Augmentum exercised its option to invest a further €1 million in March 2020 and a further €1 million in March 2021.

Source: Intellis

	31 March 2023 £'000	31 March 2022 £'000
Cost	2,696	2,696
Value	8,412	4,003
Valuation Methodology	P/E Multiple	CPORT
% ownership (fully diluted)	23.8%	23.8%

As an unquoted Swiss company, Intellis is not required to publicly file audited accounts.

Other Investments



Gemini (www.gemini.com) enables individuals and institutions to safely and securely buy, sell and store cryptocurrencies. Gemini was founded in 2014 by Cameron and Tyler Winklevoss and has been built with a security and regulation first approach. Gemini operates as a New York trust company regulated by the New York State Department of Financial Services (NYDFS) and was the first cryptocurrency exchange and custodian to secure SOC 1 Type 2 and SOC 2 Type 2 certification. Gemini entered the UK market in 2020 with an FCA Electronic Money Institution licence. Gemini announced acquisitions of portfolio management services company BITRIA and trading platform Omnicex in January 2022.

Augmentum participated in Gemini's first ever funding round in November 2021 with an investment of £10.2 million.



Founded in 2011, iwoca (www.iwoca.co.uk) uses award-winning technology to disrupt small business lending across Europe. They offer short-term loans of up to £500,000 to SMEs across the UK and Germany. iwoca leverages 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 offered more than £3 billion of finance to over 70,000 SMEs in total and successfully lent £370 million through the Coronavirus Business Interruption Loan Scheme to businesses grappling with the fallout of the economic crisis caused by the coronavirus. iwoca launched iwocaPay in June 2020, an innovative business-to-business (B2B) 'buy now pay later' product to provide flexible payment terms to buyers while giving peace of mind to sellers.



In the next 10 years, £1 trillion of inheritance will pass between generations in the UK. Farewill (www.farewill.com) is a digital, all-in-one financial and legal services platform for dealing with death and after-death services, including wills, probate and cremation. In 2022 Farewill won National Will Writing Firm of the Year for the fourth year in a row and in 2021 was Probate Provider of the Year for the second consecutive year at the British Wills and Probate Awards. Farewill also won Best Funeral Information Provider and Low-cost Funeral Provider of the Year at the Good Funeral Awards 2021. The organisation has also been voted the UK's best-rated death experts on Trustpilot, scoring an average customer approval rating of 4.9/5 from over 13,000 reviews. It is now the largest will writer in the UK.

Since its launch in 2015 Farewill's customers have pledged over £450 million in legacy gifts written into their wills.

Augmentum led Farewill's £7.5 million Series A fundraise in January 2019, with a £4 million investment, participated in its £20 million Series B, led by Highland Europe in July 2020, with £2.6 million, and in its further £4.8 million fundraise in March 2023, with £0.8 million.



Wematch (www.wematch.live) is a capital markets trading platform that helps financial institutions transition liquidity to an orderly electronic service, improving productivity and de-risking the process of voice broking. Their solution helps traders find liquidity, negotiate, trade, optimise and manage the lifecycle of their portfolios of assets and trade structures. Wematch is focused on structured products such as securities financing, OTC equity derivatives and OTC cleared interest rates derivatives.

Created in 2017, Wematch is headquartered in Tel Aviv and has offices in London and Paris. In February 2023 it passed a milestone of \$150 billion notional in ongoing open trades on their platform and in March announced a collaboration with MTS Markets, owned by Euronext, creating MTS Swaps by Wematch.live, which aims to bridge the gap between legacy voice trading and pure electronic trading in the interdealer IRS market.

Augmentum invested £3.7 million in September 2021.



Kipp (www.letskip.com) is an Israeli fintech that has developed an AI platform that transforms the traditional payment model to increase credit card transaction approvals, revenue, and customer satisfaction. Its core solution relies heavily on data enrichment and risk management to help merchants and banks split the cost of risk to incentivize issuing banks to approve more transactions.

Augmentum invested £4 million in May 2022.



Wayhome (www.wayhome.co.uk) 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. It launched to the public in September 2021, following closure of the initial phase of a £500 million pension fund investment and has crossed the milestone of completing the purchase of its first 100 homes.

Wayhome opens up owner-occupied residential property as an asset class for pension funds, who earn inflation-linked rent on the portion not owned by the occupier.

Augmentum invested £2.5 million in 2019, £1 million in 2021 and a further £0.9 million in the Company's financial year to 31 March 2023.



Previse (www.previ.se) 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. In January 2022 Mastercard unveiled that its next-generation virtual card solution for instant B2B payments would use Previse's machine learning capabilities. The solution combines Previse's machine learning, with Mastercard's core commercial solutions and global payment network, to transform how businesses send and receive payments.

Augmentum invested £250,000 in a convertible loan note in August 2019. This converted into equity as part of the company's US\$11 million funding round in March 2020, alongside Reefknot Investments and Mastercard, as well as existing investors Bessemer Venture Partners and Hambro Perks. Previse was awarded a £2.5 million Banking Competition Remedies' Capability and Innovation Fund grant in August 2020. In May 2022 Previse closed the first phase of its series B financing round, which was led by Tencent, with US\$18 million raised, including £2 million from Augmentum.

Other Investments continued



FullCirc (www.fullcirc.com) was formed from the combination of Artesian and Duedil. Artesian was founded with a goal to change the way B2B sellers communicate with their customers. They built a powerful sales intelligence service using the latest in Artificial Intelligence and Natural Language Processing to automate many of the time consuming, repetitive tasks that cause the most pain for commercial people.

Augmentum originally invested in DueDil, which merged with Artesian in July 2021. Combining DueDil's Business Information Graph (B.I.G.)™ and Premium APIs, and Artesian's powerful web application and advanced rules engine delivers an easy to deploy solution for banks, insurers and FinTechs to engage, onboard and grow the right business customers.



Berlin based Baobab (www.baobab.io) is a pioneer in the provision of European cyber insurance for SMEs. With capacity provision from Zurich, Baobab uses a novel approach to underwriting, pricing and risk mitigation, and works with leading SME cyber security providers to prevent breaches for its insured customers.

Augmentum invested £2.6 million in January 2023.



ParaFi Capital (www.parafi.com) is an investor in decentralised finance protocols that address tangible use cases of the technology and demonstrate signs of product-market fit. The ParaFi investment has drawn on their domain expertise developed in both traditional finance and crypto to identify and invest in leading protocols such as Compound (lending and interest accrual), Aave (asset borrowing), Uniswap (automated liquidity provision), Synthetix (synthetic asset trading) and MakerDAO (stablecoins). ParaFi also supports its protocols as a liquidity provider and governance participant.

Augmentum invested £2.8 million in ParaFi in January 2021. Co-investors include Bain Capital Ventures and Galaxy Digital.



Epsor (www.epsor.fr) is a Paris based provider of employee and retirement savings plans delivered through an open ecosystem, giving access to a broad range of asset management products accessible through its intuitive digital platform. Epsor serves more than 700 companies in France.

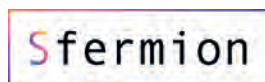
Augmentum invested £2.2 million in Epsor in June 2021.



Founded in 2015, WhiskyInvestDirect (www.whiskyinvestdirect.com) was a subsidiary of BullionVault and is the online market for buying and selling Scotch whisky as it matures in barrel. This is an asset class that has a long track record of growth, yet has previously been opaque and inaccessible.

The 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. At its October 2022 financial year end the company's clients held 12 million LPA (Litres of Pure Alcohol) of spirit.

Augmentum's holding derives from WhiskyInvestDirect being spun out of BullionVault in 2020.



Sfermion is an investment fund focused on the non-fungible token (NFT) ecosystem. Their goal is to accelerate the emergence of the open metaverse by investing in the founders, companies, and entities creating the infrastructure and environments forming the foundations of our digital future.

Augmentum committed US\$3 million in October 2021, to be drawn down in tranches.



Tesseract (www.tesseractinvestment.com) is a forerunner in the dynamic digital asset sector, providing digital lending solutions to market makers and other institutional market participants via regulated custody and exchange platforms. Tesseract was founded in 2017, is regulated by the Finnish Financial Supervisory Authority ("FIN-FSA"), and was one of the first companies in the EU to obtain a 5AMLD (Fifth Anti-Money Laundering Directive) virtual asset service provider ("VASP") licence. It is the only VASP with an express authorisation from the FIN-FSA to deploy client assets into decentralized finance or "DeFi".

Taking no principal position, Tesseract provides an enabling crypto infrastructure to connect digital asset lenders with digital asset borrowers. This brings enhanced capital efficiency with commensurate cost reduction to trading, in a space that is currently significantly under-leveraged relative to traditional capital markets.

Augmentum led Tesseract's Series A funding round in June 2021 with an investment of £7.3 million.



Habito (www.habito.com) 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 had brokered £7 billion of mortgages by July 2021. Habito launched its own buy-to-let mortgages in July 2019 and in March 2021 launched a 40-year fixed-rate mortgage 'Habito One', the UK's longest-ever fixed rate mortgage.

In August 2019, Augmentum led Habito's £35 million Series C funding round with a £5 million investment and added £1.3 million in the Company's financial year ended 31 March 2023.

Portfolio Manager's Review



Overview

I write to you after another 12 months of uncertainty following the economy-wide adjustment to a higher interest rate environment. Having flown the furthest under the market conditions of 2020-21, it is the listed technology sector that has faced the most significant correction to valuations in response to rising rates. Despite a bounce, in particular by the FAANG stocks, listed tech stocks continue to trade well below their 10-year average. The increased cost of capital has reordered priorities from growth to profitability, and returned focus to core business lines and expense control. The market has become more discerning of companies with strong fundamentals and those without, and the significant rotation of capital into low-risk assets means that valuation multiples for listed growth stocks, and fintechs within this, remain compressed.

The stability of Augmentum's NAV per share over the past twelve months therefore belies the real story of continued progress and maturity in the portfolio. Our 10 highest value holdings have seen revenue growth at an impressive average of 117% year-on-year and raised over US\$300 million in equity capital despite a more challenging macroeconomic and fundraising environment. Yet this strong performance has largely been offset by multiple compression in comparable public markets. The growth in our portfolio through the cycle reflects the quality of many of our companies and the unabated advance of digital transformation in the financial services sector.

The digital-asset sector suffered from a series of high-profile collapses and subsequent contagion during 2022. These events highlighted critical gaps in regulation and naivety in the nascent market structure. The response from regulators has been an acceleration in policy development and enforcement action. Europe has positioned itself as a leader through the Markets in Crypto Asset (MiCA) regulation that will apply from 2024 and brings welcome clarity to digital asset firms who are committed to building compliant, legitimate businesses. This clarity is lacking in the US market where enforcement action against high profile firms has increased and we expect to see the biggest players in the market move their domicile from the US to Europe, the Middle East or Asia unless this changes in the coming year.

Recent advances in generative AI have instigated a wave of interest in the technology and its future application in financial services. We believe that generative AI will significantly increase the efficiency of generalisable content-related tasks across industries such as coding and marketing. For more complex financial services use cases, where accuracy and compliance are imperative, it is still early from both a

technology and regulatory perspective. For now we remain in discovery mode but it is our job as thesis driven investors to be ahead of the curve on the investment opportunities that these innovative technologies create.

From our perspective, it has taken the full year of 2022 and the first half of 2023 for the valuation expectations of founding teams and investors to reconverge. Our level of new investment activity, lower than previous periods, has reflected this. We expect the second half of 2023 to be more active than the first half as a result of a larger number of better quality fintechs coming to the market for more capital. Following the reset to private market valuations, this will be an exciting time to deploy early-stage capital.

We are a specialist investor in high potential businesses that are disrupting one of the largest and most profitable sectors of the economy. Our fintech specialism and strong balance sheet position leave us well positioned to take advantage of normalised investment conditions. We remain committed to a diversified, private-market strategy to deliver long-term returns.

Investment Activity

Investment activity during the year totalled £19.9 million. This is lower than the Company's annual average since IPO of £36.4 million but has been appropriate during the period of adjustment that the investment environment has moved through.

New investment activity followed from high conviction thesis development in the areas of digital payments and cyber-insurance, and has been the product of our pan-European strategy, with both new investments located outside the UK.

In my half-year report I introduced our investment in **Kipp**, an Israeli innovator in online payment acceptance. In the period since, we have welcomed German cyber-insurance provider **Baobab** to the portfolio. Both companies characterise our early-stage strategy with teams who bring deep domain-expertise, technology that drives differentiation and a competitive advantage, and large, growing market opportunities.

These new investments, totalling £6.6 million, were secured off-market, outside of competitive investment processes, on the basis of strong relationships with the founding teams and their confidence in Augmentum as the right investment partner. Our thesis driven approach is particularly important when identifying early-stage opportunities ahead of our competition.

We continue to take advantage of our ability to support the strong performers in the portfolio with further capital and completed eight follow-on investments totalling £13.1 million.

With proceeds, now received, from our fifth portfolio exit, of **Cushon** to NatWest Group, the Company ends the period with a strong balance sheet.

New Investments

Falling within our thesis of optimisation in the digital payment technology stack, Augmentum invested £4.0 million in **Kipp** in May 2022. The acceptance of card payments in ecommerce transactions remains a critical issue for merchants and issuing banks, particularly in cross-border payment contexts. **Kipp**'s platform enables these parties to engage in real time information sharing to reduce rates of false-positive payment decline. **Kipp** is delivering significant additional conversion of transactions that would otherwise be lost across their initial cohort of international merchant customers.

Portfolio Manager's Review continued

Cyber-attacks represent a growing risk to businesses of all sizes and the insurance market is undergoing a rapid expansion, with the value of premiums expected to scale to US\$22 billion by 2025¹. An integrated, data-driven approach is critical to understanding risk at an individual business level and to price policies accordingly. Incumbent insurers are not effectively set up to carry out data collection and assessment at scale and herein lies the opportunity for fintechs. In January 2023 Augmentum invested £2.6 million in **Baobab**, who provide coverage to SMEs in Germany and Austria with capacity provided by Zurich Insurance.

Portfolio

As I wrote to you in my half-year report, our team's experience as operators and active engagement through board positions has played a significant role in helping our companies to navigate the change in market conditions. Throughout 2022 and 2023 cost control and sustainable growth have been core areas of focus.

Follow-on funding is also another avenue of portfolio support and we completed eight investments into the existing portfolio during the period. The funding rounds we participated in either supported companies with runway to breakeven or provided additional time ahead of their next funding round. For the companies that will fundraise in the year ahead we expect conditions to be more favourable, assuming they have used this period of market resettlement to realign strategy and costs to current conditions.

Follow-on Investments and Other Top 10

Early in the period, in July 2022, we invested £2.0 million in **Previs**'s £14.5 million Series B funding round led by Tencent. **Previs** provides embedded lending and payment technology within B2B supply chains. They are the technology provider behind Mastercard's virtual card solution for businesses available in more than 100 markets. During 2023 **Previs** has taken steps to rationalise its product suite and there has been compression in the valuation multiples of listed peers. The fair value of our holding has accordingly reduced £1.9 million in the year.

In November 2022 we invested a further £2.7 million into **Anyfin**, the leading consumer credit refinancing player in the Nordics and Germany. Augmentum's investment formed part of a €30 million Series C round which will take the company to breakeven in 2024. The round was led by existing investors along with a strategic investment from the venture investment arm of Citibank. **Anyfin** has seen strong counter cyclical demand for its product but has maintained discipline in underwriting approach given market conditions. The revaluation of our holding, down £3.3 million, reflects compression in market multiples in the listed lending vertical.

In January 2023 we invested £4 million into **Zopa** which, along with a £0.5 million uplift, takes the total value of our holding to £30.1 million. **Zopa** continues to deliver exceptional performance as a fully licensed bank with increasingly diversified lending activity and total deposits approaching £4 billion. The company is performing ahead of budget and on track to achieve full year profitability in 2023. The ability to maintain low cost of capital through deposits and to draw from a 17 year lending track record translate into a distinct competitive advantage for **Zopa** that is particularly powerful in the current economic environment.

We made four small investments of under £1.5 million each as part of funding rounds for **Farewill**, **Wayhome** and **Habito**, and supported **Cushon** through their acquisition process with a short-term investment that has since been returned as part of exit proceeds.

At the beginning of the calendar year we received a dividend of £0.6 million from **BullionVault** following strong trading performance

and profitability, driving a £2.1 million valuation increase. The company is a leading precious metals investment marketplace and continues to trade well during periods of volatility in mainstream markets.

Grover (valuation up £0.7 million in the year) has enjoyed a successful year in its transition towards long-term profitable growth. Total subscription value as at the reporting date was rapidly nearing €250 million representing 50% year-on-year growth in the top line despite a near 50% year-on-year reduction in quarterly marketing spend. Average cost of customer acquisition has fallen by 25% since Q1 2022 with net revenue retention above 100%. **Grover**'s nascent B2B offering now represents fully 15% of overall subscription revenue, with the international business growing at nearly 20% month-on-month and growth outstripping the retail business in the domestic market.

Our second largest holding, **Tide**, is well established as the leading digital business banking platform for SMEs in the UK with half a million customers and market share of 9%. In the last 12 months considerable progress has been made on revenue diversification and geographical expansion with the official launch of Tide India taking place in December 2022. Year-on-year revenue growth of 74% has more than offset valuation multiple compression to deliver an 18% (£7.5 million) increase in our holding value. **Tide** completed their first acquisition; absorbing SME credit marketplace Funding Options into the business to broaden credit access for **Tide** customers. **Tide** is well positioned to consider additional acquisitions in the current market environment in order to further broaden product capabilities or geographical presence.

Fifty countries and counting now have an Open Banking initiative in place and account-to-account ("A2A") payments - where funds are moved in real-time between transacting parties - is the fastest growing use case. **Volt** are established as a leading provider of account-to-account payment connectivity. Through a unique network aggregation model, **Volt**'s coverage is expanding in line with the global roll-out of Open Banking initiatives, delivering the consistency and quality of service demanded by the highest-volume ecommerce merchants and facilitators in twenty-five countries and counting. In June 2023 Worldpay, the world's largest merchant acquirer, and ecommerce software giant Shopify selected **Volt** as their global A2A partner. The increase in the value of our holding, of £8.6 million, has been supported by exceptional revenue growth and post-period end **Volt** announced a Series B fundraising of US\$60 million led by US based IVP with Augmentum investing a further £5.3 million.

Monese continues to advance their B2B strategy while maintaining moderated growth in their pan-European retail banking platform. In May 2023 the company announced their coreless banking platform under the new brand XYB. The last twelve months have been a period of adjustment for the company to the new strategy and market environment and we take confidence from the quality of customers that XYB has been able to secure, supported by a healthy pipeline. In September 2022, the strategic venture arm of HSBC joined Investec Bank with a £30 million investment driven by their interest in XYBs technology and delivery capability. Despite this positive newsflow **Monese**'s valuation fell £1.5 million.

Onfido's product is primarily used in customer on-boarding with volumes therefore influenced by product demand. With a mix of financial services verticals represented in the customer base, reduced on-boarding in areas such as digital assets has been offset by continued expansion in verticals such as digital banking. **Onfido** are another of our portfolio who have taken advantage of value-pricing in the market to extend product capabilities through acquisition,

¹ Munich Re, 2022

Portfolio Manager's Review continued

announcing the acquisition of Airside Mobile in May 2023 to accelerate product development in the area of re-usable digital ID. The reduction in the fair value of our holding, of £5.1 million, is reflective of compression in the valuation multiples of listed peers despite a positive year-on-year growth rate and being on a fully funded pathway to profitability.

Our investments in the digital asset sector make up 5.2% (2022: 8.6%) of the portfolio. Our thesis has focused on backing companies that have a long-term view and are intent on building an institutional grade proposition underpinned by robust regulatory frameworks. Despite our continued conviction in this approach, our investments so far have disappointed, and we are reporting significant reductions in the fair value of our positions in **Gemini**, **Tesseract** and **Parafi**, of £2.2 million, £6.3 million and £2.0 million, respectively. In the last 12 months digital asset markets have been undermined by actors operating without regard for regulation and the general reduction in the demand for risk assets in the new macroeconomic environment. The growth trajectories of our companies have been impacted by these events and each has taken steps to adjust costs and strategy to current trading conditions.

Exits

The Company saw its second significant exit during the year, with **interactive investor**, the direct-to-consumer fixed fee investment platform, acquired by abrdn in May 2022 for £1.49 billion. This resulted in proceeds for the Company of £42.8 million, delivering an IRR of 84.8% and multiple on capital invested of 11.1 times. **interactive investor** was an early investment in the Augmentum portfolio, quite antithetical to most venture capital radars at the point of investment. Under strong leadership and disciplined focus the company grew rapidly to over £55 billion of customer assets under administration, becoming the second largest self-directed investment platform in the UK.

The acquisition of workplace pensions provider **Cushon** by NatWest Group was announced during the period in February 2023 and, following regulatory approval, completed post-period end on 1st June. Augmentum received proceeds of £22.8 million from the sale, giving an IRR of 61.6% and multiple on capital invested of 2.1 times. Realised value represents a c40% uplift on the holding value we reported in the Company's half year results. This marks the fifth exit from the portfolio and is a further example of our measured approach to valuation; each exit to date has been realised above or on-par with the previously reported carrying value.

Performance

For the year to 31 March 2023 we are reporting gains on investments of £9.9 million (2022 £56.7 million). Since IPO this represents an IRR of 18.5% on the capital that we have deployed.

We continue to take a consistent and disciplined approach to arrive at fair values for the Company's portfolio positions. The valuation methodology (or methodologies) applied to each company is selected with consideration of individual stage and circumstance. Our growing track record of exits shows realisations above or on-par with the last reported holding value.

In recent reports we have spoken more actively to shareholders about the downside protections that form an integral part of the structure of our typical investments. The most common protections across the portfolio are liquidation preferences and anti-dilution provisions with 21 out of 25 portfolio positions protected by at least one of these.

These structures differentiate our shareholdings from ordinary shares held in public or private companies because they protect value in the

eventuality that a company's headline valuation is reduced. Through the market volatility of 2022 these structures provided additional support to the holding value of some of our positions, particularly those held in earlier stage companies.

Our diversified portfolio approach also remains important. This extends across verticals, stages of maturity and geographies and reduces our overall exposure to market impact on any one of these.

Outlook

In the dislocation that follows from periods of economic turbulence, entrepreneurs are presented with new opportunities to establish ground-breaking businesses. This principle can also apply to venture capital firms that operate with a clear purpose and we have welcomed the general retreat of 'tourist capital' and the so-called 'mega-rounds' that played a distortionary role in private markets during the second half of 2020 and 2021.

Quality deal flow is visibly improving as companies funded internally through the turbulence of 2022 are now returning to market. Amongst them are high potential prospects in line with our mandate which are bolstering the investment pipeline. Increasing levels of "dry powder" in the market maintain competition for quality companies but our thesis driven approach and unique proposition – fintech specialism, patient capital and operating experience – continue to cut through.

Less compelling investment opportunities are also returning to market, and we anticipate a further shakeout and consolidation of companies to come. Several of our established portfolio companies have already found value-opportunities to add product and personnel capabilities through acquisition. As fast-growing market leaders in their respective fintech verticals they are well positioned to consider further opportunities in the period ahead. Investors should see this is another signal of maturity in the portfolio along with progression towards profitability and exit.

The headroom for further disruption in financial services remains significant and recent policy dialogue provides us many reasons for optimism around the future of the technology sector in the UK and Europe. Strong cross-party support was in evidence at the recent London Tech Week (June 2023) where both the Prime Minister and Leader of the Opposition spoke in favour of further investment and progressive regulation in the UK in order to capture the economy-wide benefits of a generational opportunity in AI. Reforms such as the removal of the fee cap on defined contribution pension funds and a potential UK sovereign wealth fund will begin to address the historic under-investment from UK institutions in the venture capital asset class. In the interests of the UK building on its preeminent position in European fintech we hope and expect that those with the power to implement these measures proceed to do so in a full and timely fashion.

As we navigate an evolving investment and technology landscape where change is not uniform across countries, it is ever more important to continue to develop our brand across Europe. We are well positioned to identify and win exceptional investment opportunities and build on our reputation as one of Europe's leading fintech venture investors.

Tim Levene CEO

Augmentum Fintech Management Ltd

3 July 2023

Strategic Report

Business Review

The Strategic Report, set out on pages 18 to 30, 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.

It also includes information for shareholders to assess how the Directors have performed their duty to promote the success of the Company. In this respect, information on how the Directors have discharged their duties under Section 172 of the Companies Act 2006 can be found on pages 26 and 27.

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 objective and policy, seeking 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 Alternative Investment Fund Managers Regulations (“UK AIFMD”) and has appointed Frostrow Capital LLP as its alternative investment fund manager (“AIFM”).

During the year, the Board, Frostrow Capital LLP as AIFM, and the Portfolio Manager undertook all strategic and administrative activities.

Principal Risks and Risk Management

The Board considers that the risks detailed below are the principal risks currently facing the Company. These are the risks that could affect the ability of the Company to deliver its strategy.

The Board is responsible for the ongoing identification, evaluation and management of the principal risks faced by the Company and has established a process for the regular review of these risks and their mitigation. This process accords with the UK Corporate Governance Code and the FRC’s Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Board has carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. Further details of the risk management processes that are in place can be found in the Corporate Governance Statement.

The Board’s policy on risk management has not materially changed during the course of the reporting period and up to the date of this report.

The Company maintains a framework of the key risks, with the policies and processes devised to monitor, manage and mitigate them where possible. This risk map is reviewed regularly by the Audit Committee.

Further details of the financial risks are included in note 13 starting on page 61.

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

Principal Risks and Uncertainties	Mitigation
<p>Macroeconomic Risks</p> <p>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.</p> <p>All of these factors could have an impact on the Group’s ability to realise a return from its investments and cannot be directly controlled by the Group. Particular current factors include high inflation, recession fears and sanctions related to the situation in Ukraine.</p>	<p>Within the constraints dictated by its objective, the Company’s portfolio is diversified across a range of sectors, has no leverage, a net cash balance and, as set out below, the Portfolio Manager structures investments to provide downside protection, where possible.</p> <p>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, <i>inter alia</i>, developments in relation to the macro environment and trends.</p>
<p>Strategy Implementation Risks</p> <p>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.</p>	<p>A robust and sustainable corporate governance structure has been implemented with the Board responsible for continuing to act in the best interests of shareholders.</p> <p>An experienced fintech Portfolio Manager has been retained in order to deliver the strategy.</p>

Strategic Report continued

Principal Risks and Uncertainties	Mitigation
<p>Investment Risks</p> <p>The performance of the Group's portfolio is influenced by a number of factors. These include, but are not limited to:</p> <ul style="list-style-type: none"> (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; (vi) the macroeconomic risks described above; and (vii) environmental, social and governance ("ESG") factors. <p>Any of these factors could have an impact on the valuation of an investment and on the Group's ability to realise the investment in a profitable and timely manner.</p> <p>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.</p>	<p>The Portfolio Manager has put in place a rigorous investment process which ensures disciplined investment selection and portfolio management. This includes detailed due diligence, regular portfolio reviews and in many cases active engagement with portfolio companies by way of board representation or observer status.</p> <p>Investing in young businesses that may be cash consuming for a number of years is inherently risky. In order to reduce the risks of permanent capital loss the Portfolio Manager will, where possible, structure investments to afford a degree of downside protection through mechanisms such as a liquidation preference and/or anti-dilution provisions.</p> <p>As noted above the Portfolio Manager provides a detailed update at each Board meeting, including, <i>inter alia</i>, investee company developments and funding requirements.</p>
<p>Portfolio Diversification Risk</p> <p>The Group is subject to the risk that its portfolio may not be diversified, being heavily concentrated in the fintech sector and the portfolio value may be dominated by a single or limited number of companies.</p>	<p>The Group attempts to mitigate this risk by making investments across a range of companies in a range of fintech company subsectors and in companies at different stages of their lifecycle in accordance with the Investment Objective and Investment Policy. There is also geographic diversification with 66.6% of the portfolio being based in the UK and 33.4% in continental Europe, Israel and the US. Given the nature of the Company's Investment Objective this remains a significant risk.</p>
<p>Cash Risk</p> <p>Returns to the Company through holding cash and cash equivalents are currently low. The Company may hold significant cash balances, particularly when a fundraising has taken place, and this may have a drag on the Company's performance.</p> <p>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 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.</p>	<p>To mitigate this risk the Board has agreed prudent cash management guidelines with the AIFM and Portfolio Manager.</p> <p>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.</p>

Strategic Report continued

Principal Risks and Uncertainties

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.

Valuation Risk

The valuation of investments in accordance with IFRS 13 and International Private Equity and Venture Capital (IPEV) Valuation Guidelines requires considerable judgement and is explained in note 19.17.

The Company's investments are 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.

Valuations are often based on comparator prices and market-based multiples, which can be affected by equity market sentiment and comparators' situations that may not reflect the individual positions of companies invested in.

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.

Mitigation

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, who are required 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.

The Company has a rigorous valuation policy and process as set out in notes 19.4 and 19.17. This process is led by the Board and includes benchmarking valuations against actual prices received when a sale of shares is made, as well as taking account of liquidity issues and/or any restrictions over investments.

To manage these risks the Board:

- receives a quarterly compliance report from the AIFM and the Portfolio Manager, which includes, *inter alia*, details of compliance with applicable laws and regulations;
- reviews internal control reports, where available, key policies, including measures taken to combat cybersecurity issues, and also the disaster recovery procedures of its service providers;
- maintains a risk matrix with details of risks to which the Group and Company are exposed, the controls relied on to manage those risks and the frequency of operation of the controls; 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

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.

Mitigation

The Board manages 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;
- delegating to the Management Engagement & Remuneration Committee oversight of the remuneration of employees of AFML;
- meeting the wider team, outside the designated lead managers, at the Portfolio Manager's offices and by video conference, and encouraging the participation of the wider AFML team in investor updates; and
- delegating to the Management Engagement & Remuneration Committee responsibility to perform an annual review of the service received from AFML, including, *inter alia*, the team supporting the lead managers and succession planning.

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 (re-emerging). Failure to identify emerging risks may cause mitigating actions to be reactive rather than being proactive and, in the worst case, could cause the Company to become unviable or otherwise fail or force the Company to change its structure, objective or strategy.

The Audit Committee reviews the risk map at least half-yearly. Emerging risks are discussed in detail as part of this process and also throughout the year to try to ensure that emerging (as well as known) risks are identified and, so far as practicable, mitigated.

The experience and knowledge of the Directors are useful in these discussions, as are update papers and advice received from the Board's key service providers such as the Portfolio Manager, the AIFM and the Company's Brokers. In addition, the Company is a member of the AIC, which provides regular technical updates as well as drawing members' attention to forthcoming industry and/or regulatory issues and advising on compliance obligations.

Ukraine

The Board continues to monitor events in Ukraine and related sanctions. The Board remains confident that the situation should have no direct impact on the Company and has not identified any Russian shareholders in the Company. The portfolio companies have no Russian operations.

ESG

As mentioned above under Investment Risks, the Board recognises the risks posed by environmental, social and governance ("ESG") factors, particularly with respect to the portfolio. Investment companies are currently exempt from reporting under the Task Force on Climate-Related Financial Disclosures ("TCFD") and the Company has not voluntarily adopted the requirements, but recognises the potential for reputational risk should the Company not meet investor expectations in relation to ESG. This, together with ESG factors that might affect portfolio companies, is considered to be an emerging risk area for the Company. ESG risk assessment is embedded in the Portfolio Manager's due diligence and decision-making process when investing in new companies and monitored thereafter.

* See Glossary on page 79

Strategic Report continued

Performance and Prospects

Performance

The Board assesses the Company's performance in meeting its objective against the following Key Performance Indicators ("KPIs"). Due to the unique nature and investment policy of the Company, with no direct listed competitors or comparable indices, the Board considers that there is no relevant external comparison against which to assess the KPIs and as such performance against the KPIs is considered on an absolute basis. Information on the Company's performance is provided in the Chairman's Statement and the Portfolio Manager's Review. The KPIs have not changed from the prior year:

- **The Net Asset Value ("NAV") per share after performance fee total return***

The Directors regard the Company's NAV per share after performance fee total return as being the critical measure of value delivered to shareholders over the long term. The Board considers that the NAV per share after performance fee better reflects the current value of each share than the consolidated NAV per share figure, the calculation of which eliminates the performance fee.

This is an Alternative Performance Measure ("APM") and its calculation is explained in the Glossary on page 79 and in note 16 on page 64. Essentially, it adds back distributions made in the period to the change in the NAV after performance fee to arrive at a total return.

The Group's NAV per share after performance fee total return for the year was 2.4% (2022: 19.0%). This result is discussed in the Chairman's Statement on page 2.

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

The Directors also regard the Company's TSR as a key indicator of performance. Like the NAV per share after performance fee total return discussed above, this is an APM and its calculation is explained in the Glossary on page 79. The TSR is similar in nature to the NAV per share after performance fee total return, except that it adds back distributions made in the period to the change in the share price, to reflect more closely the return in the hands of shareholders. Share price performance is monitored closely by the Board.

The Company's TSR for the year was (27.1%) (2022: (16.4%)) reflecting the swing in market sentiment against listed growth and tech stocks from the beginning of 2022 and the associated wide discount to NAV at which the Company's shares have traded.

- **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 terms of appointment of the Company's AIFM and the Portfolio Manager are set out on pages 23 and 24. In reviewing their continued appointment the Board took into account the ongoing charges ratio of other investment companies with specialist mandates.

The Group's OCR for the year was 1.9% (2022: 1.7%).

Discount/Premium*

The Board monitors the price of the Company's shares in relation to their net asset value after performance fee and the premium/discount at which the shares trade. Shareholder approvals are sought each year to issue and buy back shares, which can assist in reducing share price volatility. However, the level of discount or premium is understood to be mostly a function of investor sentiment and demand for the shares, over which the Board has little influence. The Portfolio Manager, the management fee arrangements and the Company's cost base generally have not changed and the current discount follows an extended period during which the shares traded at a premium to NAV. The Board does not believe that Company specific factors have influenced the discount. Rather, the share price falling to a discount to NAV at the beginning of 2022 correlates with market sentiment turning against growth stocks generally, with the Company's shares being affected notwithstanding the portfolio's potential. This situation continued unabated through the year under review.

The Board has sought to communicate its faith in the underlying value of the portfolio and simultaneously to take advantage of the discount by undertaking a programme of accretive share buybacks, to the benefit of remaining shareholders. It is thought that helping to create additional market liquidity for sellers in this way also had an effect on stabilising the share price. All shares purchased are held in treasury and will potentially be reissued when the share price returns to a premium to NAV after performance fee. Shareholder authorities to issue and buy back shares are being sought at the forthcoming AGM.

Prospects

The Company's current position and prospects are described in the Chairman's Statement and Portfolio Manager's Review sections of this annual report.

Performance and Future developments

The Board's primary focus is on the Portfolio Manager's investment approach and performance. The subject is thoroughly discussed at every Board meeting.

In addition, the AIFM updates the Board on company communications, promotions and investor feedback, as well as wider investment issues.

An outline of performance, investment activity and strategy, market background during the year and the outlook is provided in the Chairman's Statement on pages 2 to 4 and the Portfolio Manager's Review on pages 15 to 17.

Viability Statement

The Board has considered the Company's financial position, including its ability to liquidate portfolio assets and meet its expenses as they fall due, and notes the following:

As part of its review the Board considered the impact of a significant and prolonged decline in the Company's performance and prospects. This included a range of plausible downside scenarios such as reviewing the effects of substantial falls in investment values and the impact on the Company's ongoing charges.

The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments currently foreseen which would alter that position.

* See Glossary on page 79

Strategic Report continued

In considering the Company's longer-term viability, as well as considering the principal risks on pages 18 to 21 and the financial position of the Company, the Board considered the following factors and assumptions:

- The Company is and will continue to be invested primarily in long-term illiquid investments which are not publicly traded;
- The Board reviews the liquidity of the Company, regularly considers any commitments it has and cash flow projections;
- The Board, AIFM and Portfolio Manager will continue to adopt a long-term view when making investments and anticipated holding periods will be at least five years;
- As detailed in the Directors' Report, the Valuations Committee oversees the valuation process;
- There will continue to be demand for investment trusts;
- Regulation will not increase to a level that makes running the Company uneconomical; and
- The performance of the Company will continue to be satisfactory.

Whilst acknowledging that market and economic uncertainty remain heightened in view of current inflation, concerns about a recession and the Ukraine conflict, based on the results of its review, and taking into account the long-term nature of the Company, the Board has a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for the foreseeable future, taken to mean at least the next five years. The Board has chosen this period because, whilst it has no information to suggest this judgement will need to change in the coming five years, forecasting over longer periods is imprecise. The Board's long-term view of viability will, of course, be updated each year in the annual report.

Going Concern

In light of the conclusions drawn in the foregoing Viability Statement and as set out in note 19.1 to the financial statements on page 65, the Company has adequate financial resources to continue in operational existence for at least the next 12 months from the date of signing of this report.

Therefore, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

Management Arrangements

Principal Service Providers

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

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

Alternative Investment Fund Manager ("AIFM")

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

- oversight of the portfolio management function delegated to Augmentum Fintech Management Limited;
- promotion of the Company's shares;
- investment portfolio administration and valuation;
- risk management services;
- share price discount and premium monitoring;
- administrative and company secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- review of the Company's website;
- preparation and publication of annual and half year reports; and
- ensuring compliance with applicable legal and regulatory requirements.

AIFM Fees

Under the terms of the AIFM Agreement Frostrow is entitled to an annual fee of:

- on NAV up to £150 million: 0.225% per annum;
- on that part of NAV in excess of £150 million and up to £500 million: 0.2% per annum; and
- on that part of NAV in excess of £500 million: 0.175% per annum,

calculated on the last working day of each month and payable monthly in arrears.

The AIFM Agreement may be terminated by either party on giving notice of not less than 12 months.

Portfolio Manager

Augmentum Fintech Management Limited, as delegate of the AIFM, is responsible for the management of the Company's portfolio of investments under an agreement between it, the Company and Frostrow (the "Portfolio Management Agreement").

Under the terms of its Portfolio Management Agreement, Augmentum Fintech Management Limited provides, *inter alia*, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

* See Glossary on page 79

Strategic Report continued

Portfolio Manager Fees

Portfolio Management Fee

Under the terms of the Portfolio Management Agreement Augmentum Fintech Management Limited (the "Portfolio Manager") receives an annual fee of 1.5% of the NAV per annum, falling to 1.0% of any NAV in excess of £250 million.

Performance Fee

The Portfolio Manager is entitled to a performance fee in respect of the performance of any investments and follow-on investments. Each performance fee operates in respect of investments made during a 24 month period and related follow-on investments made for a further 36 month period, save that the first performance fee would be in respect of investments acquired using 80% of the net proceeds of the Company's IPO in March 2018 (including the Initial Portfolio), and related follow-on investments.

Subject to certain exceptions, the Portfolio Manager receives, in aggregate, 15% of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Company has received an aggregate annualised 10% realised return on investments (the "hurdle") and follow-on investments made during the relevant period. The Portfolio Manager's return is subject to a "catch-up" provision in its favour. The performance fee is paid in cash as soon as practicable after the end of each relevant period, save that at the discretion of the Board payments of the performance 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 performance fees as calculated following the relevant period.

Based on the investment valuations as at 31 March 2023 the hurdle has been met, on an unrealised basis, and as such a performance fee has been provided for as set out in notes 2 and 12. This will only be payable if the hurdle is met on a realised basis.

The Portfolio Management Agreement may be terminated by either party giving notice of not less than 12 months.

AIFM and Portfolio Manager Evaluation and Re-Appointment

The performance of Frostrow as AIFM and Augmentum Fintech Management Limited as Portfolio Manager is regularly monitored by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them.

Following a review at a Management Engagement & Remuneration Committee meeting in March 2023 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, together with the clarity and rigour of the investment process.

Depository

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

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

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

The notice period on the Depository Agreement is not less than six months.

Registrar

The Board has decided to change the Company's share registrar. The Company's current registrar is Link Group. With effect from 18 December 2023 the Company's registrar will become Computershare Investor Services PLC. Contact details for both registrars are set out on page 81.

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 has committed to return to Shareholders up to 50 per cent. of the gains realised by the disposal of investments in each financial year, with such returns of capital expected to be made on an annual basis. The Company may also seek to make returns of capital to Shareholders where available cash is not expected to be substantially deployed within the following 12-18 months. The options for effecting any return of capital to shareholders may include the Company making tender offers to purchase Shares, paying special dividends or any alternative method or a combination of methods. Certain methods intended to effect a return of capital may be subject to, amongst other things, shareholder approval. Shareholders should note that the return of capital by the Company is at the discretion of the Directors and is subject to, amongst other things, the working capital requirements of the Company. As described in the Chairman's Statement the Board has confirmed its decision taken last year, following a consultation, that the Company will retain the bulk of the proceeds of the investment

Strategic Report continued

realisations to date for reinvestment to support its capital growth objective and utilise the balance to support accretive share buybacks.

Company Promotion

The Company has retained the services of Peel Hunt LLP and Singer Capital Markets Advisory LLP as joint corporate brokers, to work alongside one another to encourage demand for the Company's shares.

In addition to AIFM services, Frostrow also provides investor relations & marketing 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 factsheets, annual reports and updates from the Portfolio Manager on portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders:

The Company's brokers and Frostrow maintain regular contact with sector broker analysts and other research and data providers, and provide the Board with up-to-date information on the latest shareholder and market developments.

Community, Social, Employee, Human Rights, Environmental Issues, Anti-bribery and Anti-corruption

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery, tax evasion and corruption. As such, policies and procedures are in place to prevent bribery and corruption. In carrying out its activities, the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues.

As an investment trust with limited internal resource, the Company has little impact on the environment. The Company believes that high ESG (Environmental, Social and Governance) standards within both the Company and its portfolio companies make good business sense and have the potential to protect and enhance investment returns. Consequently, the Group's investment process ensures that ESG issues are taken into account and best practice is encouraged.

Diversity

There are currently three male and two female Directors (being 40% female representation) on the Board, and these Directors have three different nationalities and diverse educational backgrounds. 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. The Company's diversity policy is set out on pages 40 and 41. The Board also encourages diversity within AFML, where the team of 11 people represents four different nationalities and is 45% female. The Board is also keen to promote the benefits of diversity in the companies we invest in.

Strategic Report continued

Engaging with our stakeholders

The following 'Section 172' disclosure describes how the Directors have had regard to the views of the Company's stakeholders in their decision-making.

Who? Stakeholder group	Why? The benefits of engagement with our stakeholders	How? How the Board the AIFM and the Portfolio Manager has engaged with our stakeholders
Investors	<p>Clear communication of the Company's strategy and the performance against its objective can help the share price trade at a narrower discount or a wider premium to its net asset value which benefits shareholders.</p> <p>New shares may be issued to meet demand without diluting the NAV per share of existing shareholders. Increasing the size of the Company can benefit liquidity as well as spread costs.</p> <p>Understanding investor preferences in relation to potential Board decisions, such as in relation to possible distributions.</p>	<p>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 endeavours to make himself available to meet with shareholders wishing to engage.</p> <p>Key mechanisms of engagement included:</p> <ul style="list-style-type: none"> • 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; and • The Portfolio Manager hosts an annual Capital Markets Day event to inform investors about portfolio constituents.
Portfolio Manager	<p>Engagement with our Portfolio Manager is necessary to evaluate performance against the stated strategy and to understand any risks or opportunities this may present to the Company. It also provides clarity on the Board's expectations and helps ensure that portfolio management costs are closely monitored and remain competitive.</p>	<p>The Board meets regularly with the Company's Portfolio Manager throughout the year both formally at the quarterly Board meetings and more regularly on an informal basis. The Board also receives quarterly performance and compliance reporting at each Board meeting.</p> <p>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.</p>
Service Providers	<p>The Company contracts with third parties for other services including: depositary, investment accounting & administration, company secretarial and share registration. It is necessary for the Company's success to ensure the third parties to whom we have outsourced services complete their roles diligently and correctly.</p> <p>The Company ensures all service providers are paid in accordance with their terms of business.</p> <p>The Board closely monitors the Company's Ongoing Charges Ratio.</p>	<p>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.</p>

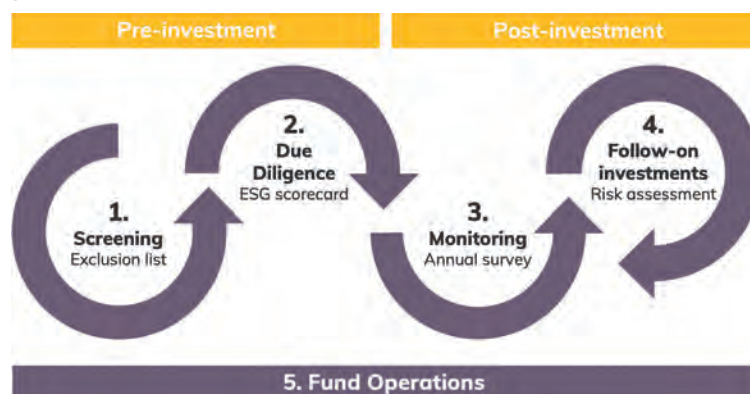
Strategic Report continued

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	<p>In order to attract and retain talent to ensure the Group has the resources to successfully implement its strategy and manage third-party relationships.</p>	<p>AFML has an open plan office, facilitating ready interaction and engagement. Senior team members report to the Board at each meeting.</p> <p>Given the small number of employees, engagement is at an individual level rather than as a group.</p>
Portfolio companies	<p>Incorporating consideration of ESG factors into the investment process assists in understanding and mitigating risks of an investment and potentially identifying future opportunities.</p>	<p>The Board encourages the Company's Portfolio Manager 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 28 to 30 for further detail on AFML's ESG approach to investing.</p>
What? What were the key topics of engagement?	Outcomes and actions What actions were taken, including principal decisions?	
<p>Key topics of engagement with investors</p> <p>Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio.</p> <hr/> <p>Key topics of engagement with the Portfolio Manager</p> <p>On an ongoing basis the Board engages on portfolio composition, performance, outlook and business updates.</p> <p>Additional topics included:</p> <ul style="list-style-type: none"> • The impact of market conditions upon their business and the portfolio. • The impact of the Ukraine conflict upon their business and the portfolio. • The integration of ESG into the Portfolio Manager's investment processes. • Compensation arrangements within AFML. • The structure of management arrangements. 	<ul style="list-style-type: none"> • 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. The Chairman and Mr Haysey also engaged with certain of the Company's larger shareholders. This interaction informed the Board's deliberations on various matters, including in relation to the distribution of investment realisation proceeds where it contributed to the Board's decision to restrict distributions to an accretive share buyback programme, with it being considered that shareholders were better served by realisation proceeds mainly being used for further investment. <hr/> <ul style="list-style-type: none"> • The prospects for the portfolio and the pipeline of potential investment opportunities were of particular interest to the Board. • Russian sanctions have no direct impact on the Company and extremely limited impact on portfolio companies. • The portfolio manager reports regularly any ESG issues in the portfolio companies to the Board. Please see pages 28 to 30 for further details of AFML's ESG policies. • As a result of discussions about the compensation arrangements within AFML the remuneration policy put to shareholders at the last AGM no longer covers key personnel of AFML and the terms of reference of the Management Engagement & Remuneration Committee were also revised. • The structure of management arrangements is the subject of continuing dialogue. 	

Strategic Report continued

Approach to Responsible Investing

Augmentum Fintech Management Limited ("AFML") continues to be committed to a responsible investment approach through the lifecycle of its investments, from pre-screening to exit. AFML believes that the integration of Environmental, Social and Governance ("ESG") factors within the investment analysis, diligence and operating practices is pivotal in mitigating risk and creating sustainable, profitable investments.



1. Screening

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

2. Due Diligence

An ESG Due Diligence (DD) survey is completed by teams from companies in the later stages of the investment process. An ESG scorecard is completed for each potential investment, in which potential ESG risks and opportunities are identified, and discussed with the investment committee. Where necessary, an action plan is agreed with the management team on areas for improvement and commitments are incorporated into the Term Sheet.

3. Post-Investment Monitoring and Engagement

An annual survey is completed by portfolio companies and areas for improvement are discussed with management teams, with commitments agreed and revisited as appropriate.

4. Follow On Investments

ESG risks and opportunities are assessed when making follow-on investment decisions, with an ESG scorecard completed and co-investors taken into consideration. Follow on investments are only made into companies that continue to meet AFML's ESG criteria.

5. Internally at Augmentum

AFML has continued to identify priority areas in which to make suitable ESG-related advancements across fund operations. Key progress areas include:

- Tracking the gender diversity of founders/CEOs of companies in our dealflow;

Five-Stage Approach to Future-Proofing the Portfolio

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

- Continuing to embrace diversity and inclusion through inclusive hiring and professional development practices and Female Founder Office Hours;
- Building on our programme of CSR initiatives through supporting Crisis Venture Studio and The Lord Mayor's Appeal 'We Can Be' initiative.

ESG Focus Areas

AFML has identified eight key areas for consideration, across the three ESG categories, which best align with its values and are most relevant for companies operating in the fintech industry.

The key environmental consideration as identified by the AFML is the potential impact of business operations on the global issue of climate change. Social factors include the risks and opportunities associated with data security, privacy and ethical use, consumer protection, diversity and financial inclusion. Governance considerations include anti-bribery and corruption, board structure and independence and compliance.

AFML is committed to:

- Incorporating ESG and sustainability considerations into its investment analysis, diligence, and operating practices.
- Providing ESG training and support to the AFML employees involved in the investment process, so that they may perform their work in accordance with AFML's policy.
- Actively engaging with portfolio companies to encourage improvement in key ESG areas.
- Annual reporting on progress to stakeholders.

Strategic Report continued

Pertinent Sustainable Development Goals



ESG in Action

Company Initiatives

Investing in Women Code (ESG Focus Area – Social: Diversity)

This year Augmentum became signatories of the Investing in Women Code. The Investing in Women Code is a commitment to support the advancement of female entrepreneurship in the United Kingdom by improving female entrepreneurs' access to tools, resources and finance from the financial services sector.

As a signatory to the Investing in Women Code, the Company is committed to a culture of inclusion and to advance access to capital for female entrepreneurs. As a signatory, the Company will:

- Have a nominated member of the senior leadership team who is responsible for supporting equality in all its interactions with entrepreneurs.
- Provide HM Treasury with a commonly agreed set of data concerning: all-female-led businesses; mixed-gender-led businesses and all-male-led businesses. The Company agrees that HM Treasury will collate this data and publish it on an aggregated and anonymised basis in an annual report.
- Adopt internal practices which aim to improve the potential for female entrepreneurs to successfully access the tools, resources, investment and finance they need to build and grow their businesses, working with relevant players in the ecosystem. The Company will review these actions annually and make this commitment publicly available.

The Lord Mayor's Appeal (Environmental: climate/carbon footprint and Social: Diversity)

In September the Augmentum team took part in The Lord Mayor's Appeal's 'City Giving Day', entering a cycling challenge raising money for the various charitable causes supported by The Lord Mayor's Appeal.

The Company participated in The Lord Mayor's Appeal's 'We Can Be' initiative for the first time, hosting a group of school girls, introducing them to a career in the City and the inner workings of an investment trust.

Female Founders in Fintech Office Hours (Social: Diversity)

Augmentum launched Female Fintech Founders monthly Office Hours along with other fintech investors Outward and Portage, providing an opportunity for early stage female fintech founders to speak with leading fintech investors and discuss fundraising and business scaling more broadly. 25 founders were selected and hosted across the first three sessions.

Portfolio Business Models

Anyfin: Consumer Financial Education (Social: Consumer protection)

A core element of Anyfin's mission is to help get people out of debt and to date the company has helped customers save millions of Euros in credit costs. They are proactive with consumer financial education; earlier this year they released the third edition of the Anyfin Report, a financial health study conducted by YouGov. The report focused on the ways in which people are planning to deal with their debts (and finances more broadly) in 2023. The company hosts regular 'Anyfin House' sessions, open to the public, and covering topics such as financial management, financial stress and the economy.

Grover: Circular Economy Model (Environmental: Climate/carbon footprint)

Grover provides a sophisticated solution for the increasing number of consumers who value access over ownership via their circular economy tech-rental model. By replacing the highly wasteful linear product ownership approach (take -> make -> dispose), Grover's model extends the lifecycle of a product by re-using, repairing and redistributing. A device rented from Grover is circulated 2-6 times on average, and as of 2023 the company has circulated over 1 million devices.

Wayhome: Gradual Home Ownership Model (Social: Financial inclusion)

Wayhome's 'Gradual Homeownership' model aims to help aspiring homeowners who are unable to obtain a traditional mortgage to buy a home get on the housing ladder. With the average home now costing 9 times average income and the average first time buyer only able to borrow 3.55 times income, millions of hardworking families are locked out of homeownership. Wayhome customers own the share of the home they paid for and rent the remainder, gradually buying more and renting less over time.

Strategic Report continued

Portfolio Initiatives

Onfido: The Trust Framework Certification *(Social: Data security and consumer protection)*

In January 2023 Onfido announced it had achieved certification for high confidence profile H1A under the UK Digital Identity and Attributes Trust Framework (the trust framework). The certification serves use cases where a higher confidence level in digital identity verification is required. The trust framework is part of the UK government's wider plan to make it easier and more secure for people to prove their identity online. It provides a set of rules for organisations to adhere to in order to provide secure and trustworthy digital identity. The Home Office now recommends companies use identity service providers (IDSPs) that meet the trust framework standards for Right to Work, Right to Rent and Disclosure and Barring Service's (DBS) screening checks.

Tide: *(Environmental: Climate/carbon footprint)*

In March, Tide became the first fintech globally to remove 100% of its emissions with durable carbon removals as of 2022 onwards. The business has also committed to becoming fully NetZero by 2030 and to support its UK members (more than 9% of UK SMEs), and growing network of Indian SMEs on their journey to NetZero.

Tide made three climate-focused pledges which included committing to removing 100% of their emissions with durable carbon removal from 2022 onwards and reducing 90% of their 2021 emissions per employee by 2030. These would make Tide fully Net Zero by 2030. The organisation also committed to making Net Zero simpler for their Members by developing the support on offer.

Post-period end Tide and Transcorp announced the launch of India's-first recycled PVC RuPay Card. Made from 99% recycled plastic, this is a first for fintechs in India. Each rPVC card saves 7g of carbon and 3.18g plastic that would normally be used in production.

Zopa: 2025 Fintech Pledge *(Social: Consumer protection and financial inclusion)*

Led by Zopa, 33 fintechs and their industry partners are working together to tackle the cost-of-living crisis. The 2025 Fintech Pledge aims to drive 10 million consumer actions that build up the financial resilience of UK consumers by 2025. It will achieve this by connecting people to platforms that make savings work harder, improve credit scores, consolidate debt, and lower utility bills and household outgoing costs. To date, more than 2 million actions have been reported from all members combined.

This Strategic Report was approved by the Board of Directors and signed on its behalf by:

Neil England

Chairman

3 July 2023

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.

He has held leadership roles in various sectors including food, FMCG, distribution, media, sport 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. He is a past Chairman of a number of other companies, most recently ITE Group plc and Blackrock Emerging Europe plc.

Neil is currently Chairman of Schroder British Opportunities Trust plc and a non-executive director of two private companies. He is a Fellow of The Chartered Institute of Marketing.

Neil holds 300,000 shares in the Company.



Karen Brade

(Chairman of the Audit Committee)

Karen has extensive experience of project finance, private equity and asset management. She started her career at Citibank working on various multi-national project finance transactions.

Karen worked at CDC (now known as British International Investment), the UK Government's development finance institution, where she held a variety of positions in equity and debt investing, portfolio management, fund raising and investor development.

She currently serves as Chairman of Aberdeen Japan Investment Trust PLC; Chairman of Keystone Positive Change Investment Trust plc; Non-Executive Director of HeiQ plc and is an external panel member of the Albion Capital VCT investment committee.

Karen holds 39,019 shares in the Company.



David Haysey

(Chairman of the Management & Remuneration Committee and Valuations Committee, and Senior Independent Director)

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. He is now a non-executive partner and member of the firm's investment committee.

David holds 94,230 shares in the Company.



Conny Dorrestijn

Conny joined the Board on 1 November 2021. She has been an active part of European fintech for many years and has worked with a number of early stage fintech businesses. She is a founding partner of BankiFi, a developer of technology 'putting banks at the heart of business', where she currently fulfils a non-executive role, Chair of the Supervisory Board of Cobase bv. Conny is also Chair of the Advisory Board of Amsterdam Fintech Week, an Associate of the Digital Insurance Agenda (DIA) and a Global Innovation Awards Judge at BAI (US). Previous roles include Chair of the supervisory board of pan-European fintech provider Blanco Services, VP Global Payments Marketing at FIS, following its acquisition of Clear2Pay, where she was Global Head of Corporate Marketing & Analyst Relations.



Sir William Russell

Sir William joined the Board on 1 April 2022. He was the Lord Mayor of the City of London from November 2019 until November 2021 and is an Alderman of The City of London. He is a past board member of Innovate Finance, the industry body for the UK Fintech community, and has more than 30 years' experience in financial services including senior positions in domestic and international banking with Merrill Lynch.

Sir William holds 240,000 shares in the Company.

Management Team

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. They are London based and are authorised and regulated in the UK by the FCA. All of the team members featured below are investors in the Company. In aggregate employees of AFML hold 3,616,902 (2.1%) of the Company's shares..



Tim Levene
CEO and Partner

Tim began his career at Bain & Co before leaving to co-found Crusshe, 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, 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 and was also elected as a Common Councillor (Independent) for the Ward of Bridge in the City of London in 2017.



Richard Matthews
COO and Partner

Richard qualified as a chartered accountant with Coopers & Lybrand/PricewaterhouseCoopers LLP before joining Tim as chief financial officer of Flutter.com in 1999. In 2001, upon the merger with Betfair, he left to become chief financial officer of Benchmark Europe. In 2005 Richard became a partner at Manzanita Capital, a large US family office, and in 2010 he co-founded Augmentum.



Perry Blacher
Partner

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
Partner

Martyn has 20 years of experience as an operator, adviser and investor in tech and growth spaces. His early career was spent as a strategy consultant with the Boston Consulting Group, with FTSE 100 clients across consumer, energy, financial services and heavy industry sectors. He was a key member of the early Betfair team and later co-founded LMAX Exchange which has featured as the number 1 Times Tech Track Growth Company and a Fintech Future 50 member. Most recently, Martyn has been an investor and partner in UK venture capital where he helped raise a £60 million early seed fund.



Ellen Logan
Principal

Ellen previously worked at OC&C Strategy Consultants, conducting commercial due diligence and strategy projects for private equity and multinational corporate clients across TMT, B2B services, FMCG and retail sectors. Ellen also worked at HR analytics startup Bunch, after studying Economics at the University of Edinburgh. Ellen has a particular interest in emerging technologies such as the digital asset economy and alternative payment methods.



Réginald de Wasseige
Principal

Réginald (Reggie) started his career at Cobepa in Belgium (his home country), and then founded a software company focused on document security for large organisations. Off the back of both experiences, VC was a natural evolution and Reggie joined ABN AMRO Ventures, the venture capital arm of the Dutch bank, and relocated to Amsterdam. This position introduced him to the world of fintech.



Georgie Hazell Kivell
Director of Marketing and Operations

Georgie started her career working in startups across marketing, people and strategy positions. Following time at a startup studio, investment platform Crowdcube and gaining an MBA, she joined Augmentum in 2018. Georgie is head of marketing and communications, company ESG champion and supports portfolio companies post-investment. She co-chairs the UK Women in VC community and is a trained coach, working primarily with women in tech.

Directors' Report

The Directors present the audited Financial Statements of the Group and the Company for the year ended 31 March 2023 and their Report on its affairs.

In accordance with the requirement for the Directors to prepare a Strategic Report for the year ended 31 March 2023, the following information is set out in the Strategic Report on pages 18 to 30: 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 on the Company's contractual arrangements with key service providers and information regarding community, social, employee, human rights and environmental issues. Information about Directors' interests in the Company's ordinary shares is included within the Directors' Remuneration Report on page 45.

The Corporate Governance Statement starting on page 37 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 5.

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 portfolio manager of the Company.

The Partnership, Augmentum I LP, is a limited partnership registered in Jersey and 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 Directors of the Company, who all served throughout the year to 31 March 2023, are listed on page 31.

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

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

Directors' Conflicts of Interest

Directors report on actual or potential conflicts of interest at each Board meeting. Any Director or Directors with a potential conflict would be excluded from any related discussion.

Directors' & Officers' Liability Insurance Cover

Directors' and officers' liability insurance cover has been maintained by the Company since its incorporation. It is intended that cover will continue for the year ending 31 March 2024 and subsequent years.

Directors' Indemnity

The Company provides, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them and also liabilities owed to third parties, in either case arising out of their positions as Directors. This was in place throughout the financial year under review, up to and including the date of the Financial Statements.

A copy of each deed of indemnity is available for inspection at the Company's offices during normal business hours and will be available at the Annual General Meeting.

Directors' Fees

The Directors' Remuneration Report and the Directors' Remuneration Policy are set out on pages 43 to 47

Directors' Responsibilities

The Statement of Directors Responsibilities is to be found on page 51 and is included in this Directors' Report by reference.

Portfolio Manager

It is the opinion of the Directors that the continuing appointment of the Portfolio Manager (details on page 23) is in the interests of the Company's shareholders as a whole and that the terms of engagement negotiated with them are competitive and appropriate to the investment mandate. The Board and the Company's AIFM review the appointment of the Portfolio Manager on a regular basis and make changes as appropriate.

Directors' Report continued

Capital Structure

At 31 March 2023 there were 181,013,697 ordinary shares of 1p each in issue (31 March 2022: 181,013,697), of which 6,494,845 were held in treasury (31 March 2022: 687,911).

The Company bought back 5,806,934 shares into treasury during the year at an average price of 102.9 pence per share.

The shares, other than those held in treasury, entitle the holders to one vote per share on a poll. Total voting rights at 31 March 2023 was 174,518,852.

At the end of the year under review, the Directors had shareholder authorities to issue a further 18,101,369 shares without relying on a prospectus and to buy back a further 26,793,349 shares. These authorities will expire at the forthcoming Annual General Meeting.

Since the year end, to 30 June 2023, the Company has bought back a further 3,918,878 shares at an average price of 98.6 pence per share. These shares are held in treasury.

The Company's capital structure is summarised in note 15 on page 63.

Substantial Interests

The Company was aware of the following interests in voting rights of 3% or more of the Company as at 31 March 2023 and 31 May 2023.

Shareholder	31 May 2023		31 March 2023	
	Number of Ordinary Shares	% of Voting Rights	Number of Ordinary Shares	% of Voting Rights
Canaccord Genuity Wealth Management - Institutional	13,904,183	8.1	16,004,183	9.2
Hawkesmoor Investment Management	12,205,046	7.1	12,225,046	7.0
Interactive Investor	11,021,099	6.4	10,874,655	6.2
Hargreaves Lansdown, stockbrokers	10,379,666	6.0	10,656,352	6.1
EFG Harris Allday, stockbrokers	8,474,980	4.9	8,557,477	4.9
Rathbones	8,472,835	4.9	8,593,909	4.9
South Yorkshire Pension Authority	7,263,157	4.2	7,263,157	4.2
Tikehau Investment Management	7,112,917	4.1	7,112,917	4.1
Close Brothers Asset Management	6,909,541	4.0	7,051,191	4.0
Charles Stanley	6,671,397	3.9	6,932,107	4.0
RBC Brewin Dolphin, stockbrokers	5,751,537	3.3	5,575,923	3.2

Percentages shown are the percentage of the ordinary shares in issue less shares held in treasury at the respective date.

No changes of interest in voting rights have been notified to the Company in accordance with the FCA Disclosure Guidance and Transparency Rules since 31 May 2023.

Interests in the Company's shares and percentage of voting rights of key management personnel of its subsidiary at 31 March 2023 are shown below:

Tim Levene	2,774,203	1.6%
Richard Matthews	575,000	0.3%

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 2023

At the date of this report, the Group has a staff of 11 individuals, operating from small office premises in the UK. Accordingly, it does not have any significant greenhouse gas emissions to report from the operations of the Group, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio. The Group consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

Modern Slavery Act 2015

As an investment vehicle, the Company does not provide goods or services in the normal course of business and does not have customers. Also, the Company's portfolio management subsidiary, which does provide services to the Company, is not in scope on grounds of scale. Accordingly, the Directors consider that the Group and Company are not required to make any anti-slavery or human trafficking statement under the Modern Slavery Act 2015.

Political Donations

The Company has not in the past and does not intend in the future to make political donations.

Common Reporting Standard ('CRS')

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The reporting obligation began in 2016 and is now an annual requirement. The Registrars, Link group, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Directors' Report continued

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

UK Securities Financial Transactions Regulation Disclosure (unaudited)

The Company does not engage in Securities Financing Transactions including 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.

Alternative Performance Measures

The Financial Statements (on pages 52 to 68) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against criteria that are viewed as particularly relevant for investment trusts, which are summarised on page 2 and explained in greater detail in the Strategic Report, under the heading "Performance" on page 22.

Definitions of the terms used and the basis of calculation adopted are set out in the Glossary and Alternative Performance Measures on page 22.

Statement of Disclosure of Information to the Auditor

As at the date of this report each of the Directors confirms that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Independent Auditor

Resolutions to reappoint BDO LLP as the Company's auditor and to authorise the Audit Committee to determine their remuneration will be proposed at the forthcoming Annual General Meeting. Further details are included in the Report of the Audit Committee on pages 48 to 50.

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 Company's risk management and internal control arrangements, are contained in the Corporate Governance Statement.

Annual General Meeting ("AGM")

The AGM will be held on Tuesday, 19 September 2023. The formal notice of the AGM is sent out as a separate circular and will be posted to shareholders shortly after the publication of this annual report.

Explanatory notes to the proposed resolutions will be included in the Notice of Meeting circular.

The Board considers the proposed resolutions to be in the best interests of the shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the resolutions by proxy ahead of the meeting, as the Directors intend to do in respect of their own beneficial holdings.

Authority to Purchase Own Shares

A special resolution will be proposed at the forthcoming AGM to grant the Company authority to purchase its own shares, so as to permit the purchase of up to 14.99% of the number of ordinary shares in issue excluding shares held in treasury at the date of the passing of the resolution, subject to the constraints set out in the special resolution. The Directors intend to use this authority to purchase shares only if this would result in an increase in net asset value per share and if they consider it to 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 that shareholders vote in favour of this resolution.

Authorities to Issue Shares

Separate resolutions will be proposed at the forthcoming AGM to grant the Company authority to issue ordinary shares with and without pre-emption rights. Both resolutions seek to permit the issue of up to 20% of the share capital in issue, excluding shares held in treasury, at the date of the passing of the resolution. The latter resolution will be proposed as a special resolution and incorporates within that limit the sale of shares held in treasury. This is an increase on the authority sought last year following a revision of the Pre-emption Group's principles. For this purpose the Board classes the Company as a 'capital hungry company', it having completed fund raises in 2019 (24.5%), 2020 (20.0%) and 2021 (28.9%), with plans for further fundraises only deferred because of the market rotation in 2022 and the shares moving to a discount. Additionally, since the Company is an investment vehicle rather than a commercial operating entity, it is considered unlikely that the potential dilution of voting rights will be of concern for existing shareholders. Shares will only be issued or sold from treasury in accordance with this resolution at a premium to the prevailing NAV per share after performance fee in order not to dilute the financial interests of existing shareholders. The Board considers the NAV per share after performance fee to be the most appropriate metric of NAV and to best reflect the value of each share.

Directors' Report continued

Voting Rights

Subject to any rights or restrictions attached to any shares, on a show of hands, every member who is present in person has one vote and every proxy present who has been duly appointed has one vote. However, if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) that proxy has one vote for and one vote against the resolution. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll, every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which they are the holder or in respect of which the appointment as proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if they vote, use all their votes or cast all the votes used the same way.

In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.

A member is entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Delivery of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it. A proxy need not be a member. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares.

Other Statutory Information

The following information is disclosed in accordance with the Companies Act 2006:

- The rules on the appointment and replacement of Directors are set out in the Company's articles of association (the "Articles"). Any change to the Articles is governed by the Companies Act 2006.
- Subject to the provisions of the Companies Act 2006, to the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. The powers shall not be limited by any special powers given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all the powers exercisable by the Directors. The Directors' powers to issue and buy back shares in force at the end of the year are recorded in the Directors' Report.
- There are no agreements:
 - (i) to which the Company is a party that might affect its control following a takeover bid; and/or
 - (ii) between the Company and its Directors concerning compensation for loss of office.

By order of the Board

Frostrow Capital LLP

Company Secretary
3 July 2023

Corporate Governance Report

Corporate Governance Statement

The Board has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses all the principles and provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders. By reporting against the AIC Code investment companies will meet their obligations under the UK Corporate Governance Code and associated disclosure requirements under paragraph 9.8.6 of the UK Listing Rules. As such, the Company does not need to report further on issues contained in the UK Code which are not relevant to it.

The AIC Code can be viewed on the AIC's website www.theaic.co.uk and the UK Code can be viewed on the Financial Reporting Council website www.frc.org.uk.

Statement of Compliance

The Company has complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code except that:

- the Chairman of the Board is a member of the Audit Committee, which is permitted by the AIC Code since he was independent on appointment, and in the Board's view he continues to be so. It is the opinion of the Board that, given its small size, it is appropriate for him to be a member of the Audit Committee in order for it to benefit from his experience and knowledge.

Board Leadership and Purpose

Responsibility for effective governance and for the overall management of the Company's affairs lies with the Board. The governance framework of the Company reflects the fact that it is an investment company that outsources company secretarial, administration, marketing, portfolio and risk management services to Frostrow. Portfolio management is then delegated to Augmentum Fintech Management Limited ("Portfolio Manager") by Frostrow.

Role of the Board

The Board's statutory duties are defined by sections 171 to 177 of the Companies Act 2006. In particular, under section 172 the Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long term; the need to foster the Company's business relationships with its service providers; the impact of the Company's operations on the community and the environment; the desire for the Company to maintain a reputation for high standards of business conduct; and the need to act fairly between members of the Company. The Board reports on its engagement with stakeholders in the context of its duties under section 172 within the Strategic Report on pages 26 and 27.

The Board is responsible for all aspects of the Company's affairs, including setting the parameters for monitoring the investment strategy and the review of investment performance and policy. It also has responsibility for all strategic policy issues, including share issuance and buy backs, share price and discount/premium monitoring, corporate governance matters, dividends and gearing.

Company's Purpose, Values and Strategy

The Company's purpose is to generate value for shareholders over the long term in accordance with its investment objective, and the Board assesses the basis on which this is achieved. The Strategic Report describes how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy. The Company's investment objective and investment policy are set out on page 5.

The Board's key responsibilities are to set the strategy, values and standards; to provide leadership within a controls framework which enables risks to be assessed and managed; to challenge constructively and scrutinise the 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 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 41 under Board Evaluation.

Audit Committee

As expanded in the Report of the Audit Committee starting on page 48, 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 ("ME&R") 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 2023, at which time it was agreed that no amendments to the agreements were required.

Corporate Governance Report continued

The Committee's duties also include determining and agreeing with the Board the policy for remuneration of the Directors and monitoring the Portfolio Manager's remuneration arrangements. Where appropriate, the Committee will consider both the need to judge the position of the Company relative to other companies on the remuneration of Directors and whether to appoint external remuneration consultants. The Committee met once in the year to consider remuneration matters. A report on its activities in relation to remuneration is contained in the Directors' Remuneration Report.

Nominations Committee

The Nominations Committee considers annually the skills possessed by the Board and identifies any skill shortages to be addressed. When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.

In view of the size of the Board and the nature of the Company, all independent non-executive Directors are members of each Committee.

Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary and 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 that follows sets out the number of formal Board and Committee meetings held during the year ended 31 March 2023 and the number of meetings attended by each Director.

Four Board meetings are scheduled each year. In addition to the scheduled Board and Committee meetings, Directors attended a number of ad hoc Board and Committee meetings to consider matters such as the granting of powers of attorney in connection with investment projects.

Meeting Attendance

	Neil England	Karen Brade	David Haysey	Conny Dorrestijn	William Russell
Scheduled Board meetings	4	4	4	4	4
Ad Hoc Board meetings	2	2	3	3	3
Audit Committee	4	4	4	4	4
ME&R Committee	2	2	2	2	2
Valuations Committee	2	2	2	2	2
Nominations Committee	2	2	2	2	2

All the Directors attended the Annual General Meeting in September 2022.

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 and the AIFM. 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 endeavours to make himself available to meet with shareholders wishing to engage.

The Board encourages shareholders to attend the Company's Annual General Meeting, which provides an opportunity for engagement. The Notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting. The Chairman, Directors and the Portfolio Manager all expect to be in attendance at the Annual General Meeting and encourage shareholders to submit questions ahead of the Meeting. Details of the proxy votes received in respect of each resolution will be announced after the Meeting. In the event of a significant (defined as 20% or more) vote against any resolution proposed at the Annual General Meeting, the Board will consult with 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 81.

While the Portfolio Manager and AIFM expect to lead on preparing and effecting communications with investors, all major corporate issues are put to the Board or, if time is of the essence, to a Committee thereof.

The Board places importance on effective communication with investors and approves a marketing programme each year to enable this to be achieved. Copies of the annual report and the half year report are made available to shareholders and, where possible, to investors through other providers' products and nominee companies. All this information is readily accessible on the Company's website www.augmentum.vc. A Key Information Document is also published on the Company's website. The Company is a member of the Association of Investment Companies which publishes information to increase investors' understanding of the sector.

Stakeholders

Section 172 of the Companies Act 2006 requires that the Directors have regard to the Company's stakeholders, amongst other considerations, within their duty to promote the success of the Company. The Board's report on its compliance with Section 172 of the Companies Act 2006 is contained within the Strategic Report on pages 26 and 27.

Corporate Governance Report continued

Subsidiary Employees

The Board seeks to ensure that workforce policies and practices are in line with the Company's purpose and values and support its culture. The Management Engagement & Remuneration and Nominations Committees advises the Board in respect of policies on remuneration-related matters.

Since the subsidiary company has only 11 employees, including its two executive directors, the Board considers that the directors of AFML are best-placed to engage with the workforce. In accordance with the Company's whistleblowing policy, members of staff who wish to discuss any matter with someone other than the subsidiary directors are able to contact the Audit Committee Chairman or, in her absence, another member of the Audit Committee.

Relationship with other service providers

The Board has delegated a wide range of activities to external agents, in addition to the Portfolio Manager.

These services include investment administration, management and financial accounting, company secretarial and certain other administrative and registration services. The contracts for each of these were entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

Further information on the service providers is contained within the Strategic Report on pages 23 and 24.

The Board receives and considers reports and information from these contractors as required. The Board and AIFM are responsible for monitoring and evaluating the performance of the Company's service providers.

Viability Statement and Going Concern

The Board's assessment of the Company's longer-term viability and that it is appropriate for the financial statements to be prepared on a going concern basis are set out in the Strategic Report on pages 22 and 23.

Significant Holdings and Voting Rights

Details of the substantial interests in the Company's Shares, the voting rights of the shares and the Directors' authorities to issue and repurchase the Company's shares, are set out in the Directors' Report.

Nominee Share Code

Where shares in the Company are held via a nominee company, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's Annual General Meeting.

Stewardship and the Exercise of Voting Powers

It is the Board's view that, in order to achieve long-term success, companies need to maintain high standards of corporate governance and corporate responsibility. Therefore the Company expects the companies in which it is invested to comply with best practice in corporate governance matters, or to provide adequate explanation of any areas in which they fail to comply, whilst recognising that a different approach may be justified in special circumstances. In respect of UK companies, current best practice in corporate governance matters is set out in the UK Corporate Governance Code.

The Board has delegated authority to the Portfolio Manager to vote the shares owned by the Company. The Board has instructed that the Portfolio Manager submit votes on behalf of the Company wherever possible, in the best long-term interest of shareholders in accordance with their own investment philosophy and knowledge of the relevant circumstances, although the Portfolio Manager may refer to the Board on matters of a contentious nature.

The Board also monitors the ESG policies of the Portfolio Manager, given the likely influence of such factors on the long-term growth prospects of the companies in the portfolio.

Division of Responsibilities

Responsibilities of the Chairman

The Chairman's primary role is to provide leadership to the Board, assuming responsibility for its overall effectiveness in directing the company. The Chairman is responsible for:

- ensuring that the Board is effective in its task of setting and implementing the Company's direction and strategy taking the chair at general meetings and Board meetings, conducting meetings effectively and ensuring all Directors are involved in discussions and decision-making;
- setting the agenda for Board meetings and ensuring the Directors receive accurate, timely and clear information for decision-making;
- taking a leading role in determining the Board's composition and structure, overseeing the induction of new Directors and the development of the Board as a whole, leading the annual board evaluation process and assessing the contribution of individual Directors;
- supporting and also challenging the AIFM and the Portfolio Manager (and other suppliers where necessary) ensuring effective communications with shareholders and, where appropriate, stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of shareholder views.

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

Corporate Governance Report continued

Directors' Interests

The beneficial interests of the Directors in the Company are set out on page 45 of this annual report.

Directors' Independence

The Board consists of five 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

Each of the Directors has assessed the overall time commitment of their external appointments and it was concluded that they have sufficient time to discharge their duties.

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 any final dividend, 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.

Some of these are delegated to committees of the Board. Day-to-day operational and portfolio management is delegated to Frostrow and AFML, respectively.

The Board takes responsibility for the content of communications regarding major corporate issues, although Frostrow or AFML may act as spokesmen. The Board is kept informed of relevant promotional material that is issued by Frostrow.

Tenure, Composition, Succession and Evaluation

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.

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.

The Board considers that five Directors is the appropriate number for the Company given the workload, particularly around valuations and audit, in addition to its general governance activities. The Board intends to comply with accepted best practice and will replace Directors at or around nine years of tenure. The three Directors at the time of the Company's IPO are all scheduled to rotate off the Board in 2027. They hold key positions as Chair of the Company, Valuations Committee and Audit Committee respectively.

To allow orderly succession, it is intended to spread the replacement of these Directors over three years and for their replacements to join approximately six months prior to their departure.

Appointments to the Board

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. 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 new Director candidates. When considering new appointments, the Board endeavours to ensure that its members collectively have the capabilities necessary for it 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.

Diversity Policy

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

The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. The Board believes that this will make the Board more effective at promoting the long-term sustainable success of the Company and generating value for all shareholders by ensuring there is a breadth of perspectives among the Directors and the challenge needed to support good decision-making. To this end achieving a diversity of perspectives and backgrounds on the Board is a key consideration in any Director search process. The Board currently comprises Directors of different nationalities, educational backgrounds and gender.

The gender balance of three men and two women meets the FCA rules on gender diversity for premium listed investment companies. No current members of the Board are from a non-white ethnic minority, but the Board supports the representation of ethnic minorities on boards and this will be a material factor for the Board when undertaking its next search process. However, this is unlikely to be before 2027, since the Company was only launched in 2018 and after two recent appointments the Board, which comprises only five Directors, is now considered to be the right size for the Company, and succession is expected to follow the nine year cycle of the Board's policy on tenure.

Corporate Governance Report continued

The Board has noted the FCA's new Listing Rules which require companies to report against the following diversity targets:

- (a) At least 40% of individuals on the board are women;
- (b) At least one of the senior board positions is held by a woman; and
- (c) At least one individual on the board is from a minority ethnic background.

The following tables set out the information a listed company must now include in its annual financial report under listing rule 9.8.6R (10). The information below reflects the Board's position as at the Company's year end. The Company is an investment company with a non-executive Board and no executive employees. As such it does not have the roles of CEO or CFO. Given the nature of the Company, the Board considers the chairs of the Audit Committee and Valuations Committee to be senior positions. These are not captured by the prescribed listing rules disclosure, so an additional column has been added to the right of the prescribed tables below to show the Board-defined senior positions. Each Director volunteered how they wished to be included in the tables.

(a) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Board-defined senior positions
Men	3	60	2	2
Women	2	40	–	1
Not specified/prefer not to say	–	–	–	–

(b) Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Board-defined senior positions
White British or other White (including minority-white groups)	5	100	2	3
Mixed/Multiple Ethnic Groups	–	–	–	–
Asian/Asian British	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–
Other ethnic group, including Arab	–	–	–	–
Not specified/prefer not to say	–	–	–	–

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 year the process was administered by the AIFM in order to provide a degree of independence. It involved a questionnaire tailored to suit the nature of the Company and discussions with individual directors. The performance of the Chairman was evaluated in the same manner.

The latest evaluation did not identify any material deficiencies in the Board or its Committees, so no new actions were implemented as a result. However, as a matter of course, the Board continues to monitor particular areas of relevance highlighted in the evaluation process, including intra-meeting communications between service providers and the Board and the discount at which the Company's shares trade.

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 for them to be re-elected at the AGM.

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 is sought prior to the appointment of any new Director or if any new conflicts or potential conflicts arise.

Exercise of Voting Powers

Stewardship and the exercise of voting powers is summarised on page 39.

Anti-Bribery and Corruption Policy

The Board has adopted a zero-tolerance approach to bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit.

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

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

Prevention of the Facilitation of Tax Evasion

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

Corporate Governance Report continued

Company Secretary

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

Relationship with the AIFM and with the Portfolio Manager

The Company manages its own operations through the Board and AIFM, as set out on pages 23 and 24. 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 pages 23 and 24.

Audit, Risk and Internal Control

The Statement of Directors' Responsibilities on page 51 describes the Directors' responsibility for preparing this report.

The Report of the Audit Committee, beginning on page 48, 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 18 to 21.

Annual General Meeting

The fifth AGM of the Company will be held on Tuesday, 19 September 2023 at 11.00 a.m. at the offices of Augmentum Fintech Management Limited, 4 Chiswell Street, London EC1Y 4UP.

The Notice for the Annual General Meeting will be published as a separate document from this annual report and financial statements. A summary of the Annual General Meeting business will be appended to that document, in the form of explanatory notes to the resolutions.

These include specific reasons why (in the Board's opinion) each Director's contribution is, and continues to be, important to the Company's long-term sustainable success.

In addition to the ordinary business of the meeting the following items of special business will be proposed:

Authority to allot shares;

Authority to disapply pre-emption rights;

Authority to buy back shares;

Authority to hold General Meetings (other than the Annual General Meeting) on at least 14 clear days' notice.

The details of the resolutions to be proposed at the Annual General Meeting will be set out in the separate Notice of Meeting document, which will be sent to Shareholders shortly and will be made available on the Company's website www.augmentum.vc.

By order of the Board

Frostrow Capital LLP

Company Secretary

3 July 2023

Directors' Remuneration Report



Statement by the 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 2023. It sets out the remuneration policy and remuneration details for the non-executive Directors.

Role of the Management Engagement & Remuneration Committee

All of the members of the Board are members of the Committee, all being 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 non-executive Directors of the Company;
- overseeing the remuneration of employees of Augmentum Fintech Management Limited ("AFML"), including the total remuneration packages (including bonuses, incentive payments or other awards) for key management personnel of AFML; and
- Reviewing management engagement terms in place with the Company's AIFM and Portfolio Manager.

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

The activity of the Committee during the year focused predominantly on the remuneration of the non-executive Directors and matters in respect 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.

Consideration by Directors of Matters Relating to Directors' Remuneration

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

The Committee assesses the workload and responsibilities of the non-executive Directors and reviews, annually, the fees paid to them in accordance with the Directors' Remuneration Policy.

The Directors' fees are determined subject to the limit set out in the Company's Articles of Association.

The Directors are remunerated exclusively by fixed fees in cash and do not receive bonus payments or pension contributions from the Company, hold options to acquire shares in the Company, or other benefits, nor do they participate in the AFML performance fee allocation. The Company does not have share options or a share scheme.

Directors are entitled to be reimbursed for reasonable out of pocket expenses incurred by them in order to perform their duties as Directors of the Company. Under HMRC guidance, travel expenses and other out of pocket expenses may be considered as taxable benefits for the Directors. Where expenses reimbursed to the Directors are classed as taxable under HMRC guidance they are shown in the taxable expenses column of the Directors' remuneration table along with the associated tax liability, which is settled by 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 2023.

Over the year ended 31 March 2023 the Directors' fees were as follows: Chairman of the Board: £45,000 per annum; Directors: £27,000 per annum; additional fees paid to Directors who chair one or more of the Audit, Valuations and Management Engagement & Remuneration Committees: £8,000 per annum.

At the most recent review of Directors' fees, held in March 2023, it was agreed that with effect from 1 April 2023 the Directors' fees be increased to the following: Chairman of the Board: £50,000 per annum; Directors: £30,000 per annum; additional fees paid to Directors who chair one or more of the Audit, Valuations and Management Engagement & Remuneration Committees: £8,000 per annum.

The Committee was not provided with any external advice or services during the financial year ended 31 March 2023 in respect of the fees payable to the non-executive Directors.

The Committee is required to submit its remuneration policy to a shareholder vote every three years and accordingly a resolution to approve the remuneration policy was put to shareholders at the last AGM.

Directors' Remuneration Report continued

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 have been no

substantial shareholder votes against the resolutions at Annual General Meetings since listing.

At the Annual General Meeting held on 14 September 2022 ordinary resolutions to approve the Directors' Remuneration Report for the year ended 31 March 2022 and to approve the Directors' Remuneration Policy were put to shareholders and approved by poll. The results of the polls for the respective resolutions were as follows:

Resolution	Votes For	%	Votes Against	%	Total Votes Cast	Votes Withheld
Approval of the Directors' Remuneration Report for the year ended 31 March 2022	76,046,297	99.7	196,821	0.3	76,243,118	69,651
Approval of the Directors' Remuneration Policy	76,057,949	99.7	204,640	0.3	76,262,589	50,180

Single total figure of remuneration (Audited)

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

		2023			2022		
	Role	Fixed fees £'000s	Taxable expenses ¹ £'000s	Total £'000s	Fixed fees £'000s	Taxable expenses £'000s	Total £'000s
Neil England	Chairman of the Board and Nominations Committee	45	–	45	45	2	47
Karen Brade	Chairman of the Audit Committee	35	–	35	35	–	35
David Haysey	Chairman of the Management Engagement & Remuneration Committee and Valuations Committee	35	–	35	35	–	35
Conny Dorrestijn	Director	27	–	27	11	–	11
William Russell	Director	27	–	27	n/a	n/a	n/a
Total		169	–	169	126	2	128

¹ taxable expenses primarily comprise travel and associated expenses incurred by the Directors in attending Board and Committee meetings in London. These are reimbursed by the Company and, under HMRC Rules, are subject to tax and National Insurance and therefore are treated as a benefit in kind within this table.

Changes in Directors' Remuneration

The following table shows the percentage changes in the levels of fixed fees paid to the Directors from year to year for each financial year since the launch of the Company:

	2024 (projected) %	2023 Change %	2022 Change %	2021 Change %	2020 Change %
Neil England	11.1	–	28.6	–	–
Karen Brade	8.6	–	16.7	–	–
David Haysey	8.6	–	16.7	–	–
Conny Dorrestijn ¹	11.1	–	n/a	n/a	n/a
William Russell ²	11.1	n/a	n/a	n/a	n/a

¹ Appointed with effect from 1 November 2021.

² Appointed with effect from 1 April 2022.

Directors' Remuneration Report continued

Directors' share interests (Audited)

The interests at 31 March 2023 of the Directors who served in the year and who held an interest in the ordinary shares of the Company were as follows:

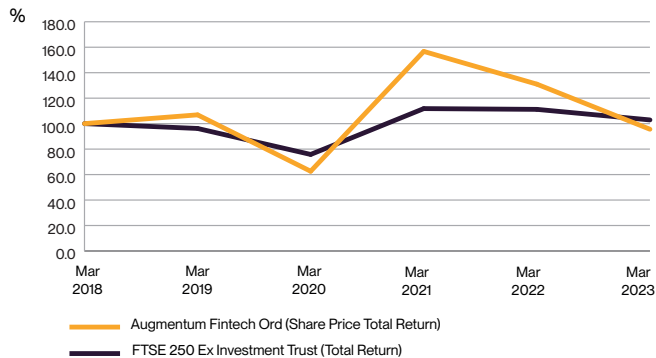
	Number of ordinary shares as at 31 March 2023	Number of ordinary shares as at 31 March 2022
Neil England	300,000	210,000
Karen Brade	39,019	39,019
David Haysey	94,230	94,230
William Russell	240,000	n/a

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

There have been no changes to Directors' share interests from 31 March 2023 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 2023 against the FTSE 250 Ex Investment Trust Index.



Relative importance of spend on pay

Spend	2023 £'000	2022 £'000
Fees of non-executive Directors	169	126
Remuneration paid to or receivable by all employees of the Group in respect of the year**	2,944	1,877
Total Expenses**	5,271	3,801

** excludes performance fee allocation and other capital expenses.

David Haysey

Chairman of the Management Engagement & Remuneration Committee

3 July 2023

Directors' Remuneration Policy

The Company reports on the implementation of its remuneration policy each year in accordance with the Regulations and is required to submit its remuneration policy to a binding shareholder vote every three years. An ordinary resolution for the approval of the current policy was passed by members at the Annual General Meeting on 14 September 2022.

The Directors' Remuneration Policy aims to 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;

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.

Directors' Remuneration Policy

The table below sets out the Company's policy for Directors' 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	<p>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</p> <p>The Chairman's and Directors' fees are determined by the Management Engagement & Remuneration Committee</p> <p>Fees are reviewed annually to ensure that they remain in line with market practice and are paid in equal monthly instalments</p>	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 if they chair one or more Board Committees	See page 43
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	No maximum set

The above policy will also apply to new Directors.

Directors' Remuneration Policy continued

Terms of appointment

No Director has a contract of employment or service with the Company. Directors' terms and conditions of appointment are set out in letters of appointment, which 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.

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.

David Haysey

Chairman of the Management Engagement & Remuneration Committee

3 July 2023

Report of the Audit Committee



Statement by the Chairman of the Audit Committee

I am pleased to present my report as Chairman of the Audit Committee. All of the members of the Board are members of the Committee. 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 Board 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.

Responsibilities of the Committee

The Audit Committee's responsibilities include:

- Monitoring and reviewing the integrity of the financial statements, the internal financial controls and the independence, objectivity and effectiveness of the external auditor
- Providing advice to the Board on whether the annual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy
- Making recommendations to the Board in relation to the appointment of the external auditor and approving their remuneration and the terms of their engagement
- Advising the Board on the Company's overall risk appetite, tolerance and strategy
- Overseeing and advising the Board on the current risk exposures of the Company and future risk strategy, including reviewing the Company's key risks and internal controls
- Developing and implementing the Company's policy on the provision of non-audit services by the external auditor
- Considering annually whether there is a need for the Company to have its own internal audit function

- Reviewing the arrangements in place whereby employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

Meetings and Business

I report to the Board after each Audit Committee meeting on the main matters discussed at the meeting.

The Audit Committee met four times during the year under review and again in the subsequent period to the date of this report. The main matters discussed at those meetings were:

- Review and approval of the annual plan of the external auditor
- Discussion and approval of the fee for the external audit
- Review of Audit Committee terms of reference and the accounting policies
- Review of the Company's key risks and internal controls
- Review of the Annual and Interim Reports, including consideration of the significant accounting issues relating to the financial statements
- Meeting with the external auditor without management present
- Assessment of the need for an internal audit function
- Review of whistleblowing arrangements
- Consideration of the Valuations Committee's assessment and recommendation concerning the adequacy of the methodologies applied in and results of the Group's valuation process, and its discussions with the AIFM, Portfolio Manager and the external auditor.

Internal Controls and Risk Management

The Board has overall responsibility for risk management and for the review of the internal controls of the Company, undertaken in the context of its investment objective.

A summary of the principal risks facing the Company is provided in the Strategic Report.

The review covers the key business, operational, compliance and financial risks facing the Company, including emerging risks. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in light of the following factors:

- The nature and extent of risks which it regards as acceptable for the Company to bear within its overall investment objective;
- The threat of such risks becoming a reality; and
- The Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, a risk matrix has been developed which covers all key risks that the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and mitigating controls in place.

Report of the Audit Committee continued

The Board has delegated to the Audit Committee responsibility for the review and maintenance of the risk matrix and it reviews, in detail, the risk matrix at least half-yearly, 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 also ask the external auditor to pay particular attention this area. We have considered the work of the Valuations Committee and the results of their discussions with the AIFM, Portfolio Manager and the external auditor. We consider the work to be detailed, comprehensive and that the persons preparing the reports have sufficient and appropriate expertise through their experience and qualifications. Furthermore, we believe that the process is planned and managed so as to devote adequate time and resource to preparation and review by the AIFM, Portfolio Manager and the Valuations Committee. This is the most significant area of judgement in the compilation of the financial statements and we specifically note the challenge provided by the members of the Valuations Committee in this process.

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 pages 22 and 23. The Committee reviewed the Company's financial position, expected future cash flows and position, together with the principal risks and uncertainties. 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.

External Auditor

The Committee met with BDO in March 2023 to review the audit plan and in June to review the outcome of the year end audit, during part of which the Committee also met separately with BDO without Frostrow or the Portfolio Manager being present. I also engaged with BDO on their progress ahead of the June Audit Committee meeting. In addition, BDO attended all Valuations Committee meetings.

In order to fulfil the Committee's responsibility regarding the independence of the Auditor, the Committee reviewed:

- The senior audit personnel in the audit plan, in order to ensure that there were sufficient, suitably experienced staff with knowledge of the investment trust sector working on the audit;
- The steps the Auditor takes to ensure its independence and objectivity;
- The statement by the Auditor that they remain independent within the meaning of the relevant regulations and their professional standards; and
- The extent of non-audit services provided by the Auditor.

Following the finalisation of the 2022 annual report the Committee conducted a formal review of the quality and effectiveness of the audit. During this exercise we reviewed:

- The Auditor's execution and fulfilment of the agreed audit plan, including their ability to communicate with and challenge management and to resolve any issues promptly and satisfactorily, and the audit partner's leadership of the audit team;
- Communications between the Auditor, the Directors and the AIFM on the consideration of certain disclosure matters in the annual report;
- The quality of the Auditor's report to the Committee
- Feedback from Frostrow as the AIFM on the conduct of the audit and their working relationship; and
- We particularly noted, in relation to the significant reporting matter last year, which was the same as that above for the current year, that the Auditor attended each of the Valuations Committee meetings in the year and diligently challenged valuation methodologies and conclusions when they thought it appropriate.

The Committee is satisfied with the overall quality of the audit, the Auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear and notes that, pending a formal review, the current year's audit has proceeded in a consistent manner.

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.

Report of the Audit Committee continued

Non-Audit Services

The Committee has approved a policy on non-audit services, which requires that non-audit fees must not exceed 70% of the average of the fees paid in the last three consecutive years for the statutory audit. BDO was not engaged for any non-audit services during the year, other than those disclosed in note 2 on page 58.

Internal Audit Function

The Group does not have an internal audit function. Through Frostrow, the AIFM, most of the Company's operations are delegated to third parties and the portfolio management subsidiary, AFML, employs only a small staff. AFML and certain other key service providers are subject to external regulation and have compliance functions in place. The Audit Committee receives an annual assurance report on the AIFM's internal controls, which includes a report from the AIFM's auditor on the control policies and procedures in operation. AFML provides half yearly compliance reports to the Audit Committee confirming, amongst other things, that compliance monitoring is carried out in the manner and with the frequency specified in its compliance monitoring programme. The appointment of separate service providers ensures a clear separation of duties and a structure of internal controls that is balanced and robust. For these reasons, supported by the review of the effectiveness of internal controls referred to above, the Audit Committee considers that an internal audit function specific to the Company is unnecessary. The Board and the AIFM will continue to monitor the system of internal controls in order to provide assurance that it operates as intended and the Directors will review at least annually whether a function equivalent to an internal audit is needed.

Evaluation

The Committee's evaluation of its own performance was 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

3 July 2023

Statement of Directors' Responsibilities in respect of the Annual Report, the Directors' Remuneration Report and the Financial Statements

The directors are responsible for preparing the annual report and financial statements in accordance with United Kingdom applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the return or loss for the Group and Company for that period.

In preparing these group financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility Statement

The Directors consider that this 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 and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed under the 'Board of Directors' on page 31 confirm that, to the best of their knowledge:

- The financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company;
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

Neil England

Chairman

3 July 2023

Note to those who access this document by electronic means:

The annual report for the year ended 31 March 2023 has been approved by the Board of Augmentum Fintech plc.

Copies of the annual report and the half year report are circulated to shareholders and, where possible, to investors through other providers' products and nominee companies (or written notification is sent when they are published online). It is also made available in electronic format for the convenience of readers. Printed copies are available from the Company's registered office in London.

The Directors are responsible for the maintenance and integrity of the company's website: www.augmentum.vc. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

	Notes	Year ended 31 March 2023			Year ended 31 March 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on Investments	8	–	9,858	9,858	–	56,681	56,681
Interest Income		412	–	412	3	–	3
Expenses	2	(5,270)	(107)	(5,377)	(3,801)	6,432	2,631
(Loss)/Return before Taxation		(4,858)	9,751	4,893	(3,798)	63,113	59,315
Taxation	6	–	–	–	–	–	–
(Loss)/Return for the year		(4,858)	9,751	4,893	(3,798)	63,113	59,315
(Loss)/Return per Share (pence)	7	(2.7)p	5.4p	2.7p	(2.2)p	37.1p	34.9p

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

The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Group does not have any other comprehensive income and hence the total return, as disclosed above, is the same as the Group's total comprehensive income.

All items in the above statement derive from continuing operations.

All returns are attributable to the equity holders of Augmentum Fintech plc, the parent company.

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

Consolidated and Company Statements of Changes in Equity

Group	Year ended 31 March 2023					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders' funds	1,810	105,383	91,191	107,989	(11,169)	295,204
Purchase of own shares into treasury	–	–	(5,973)	–	–	(5,973)
Return/(loss) for the year	–	–	–	9,751	(4,858)	4,893
At 31 March 2023	1,810	105,383	85,218	117,740	(16,027)	294,124

Group	Year ended 31 March 2022					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders' funds	1,405	52,151	92,101	44,876	(7,371)	183,162
Issue of shares following placing and offer for subscription	405	54,595	–	–	–	55,000
Costs of placing and offer for subscription	–	(1,363)	–	–	–	(1,363)
Purchase of own shares into treasury	–	–	(910)	–	–	(910)
Return/(loss) for the year	–	–	–	63,113	(3,798)	59,315
At 31 March 2022	1,810	105,383	91,191	107,989	(11,169)	295,204

Company	Year ended 31 March 2023					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders' funds	1,810	105,383	91,191	92,724	(12,556)	278,552
Purchase of own shares into treasury	–	–	(5,973)	–	–	(5,973)
Return/(loss) for the year	–	–	–	8,195	(5,020)	3,175
At 31 March 2023	1,810	105,383	85,218	100,919	(17,576)	275,754

Company	Year ended 31 March 2022					
	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Other capital reserve £'000	Revenue reserve £'000	Total £'000
Opening Shareholders' funds	1,405	52,151	92,101	44,876	(7,774)	182,759
Issue of shares following placing and offer for subscription	405	54,595	–	–	–	55,000
Costs of placing and offer for subscription	–	(1,363)	–	–	–	(1,363)
Purchase of own shares into treasury	–	–	(910)	–	–	(910)
Return/(loss) for the year	–	–	–	47,848	(4,782)	43,066
At 31 March 2022	1,810	105,383	91,191	92,724	(12,556)	278,552

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

Consolidated Balance Sheet

as at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-Current Assets			
Investments held at fair value	8	254,295	268,807
Property, plant & equipment		297	9
Current Assets			
Right-of-use asset	5	588	750
Other receivables	10	555	391
Cash and cash equivalents		40,015	31,326
Total Assets		295,750	301,283
Current Liabilities			
Other payables	11	(948)	(5,296)
Lease liability	5	(678)	(783)
Total Assets less Current Liabilities		294,124	295,204
Net Assets		294,124	295,204
Capital and Reserves			
Called up share capital	15	1,810	1,810
Share premium		105,383	105,383
Special reserve		85,218	91,191
Retained earnings:			
Capital reserves		117,740	107,989
Revenue reserve		(16,027)	(11,169)
Total Equity		294,124	295,204
Net Asset Value per share (pence)	16	168.5p	163.7p
Net Asset Value per share after performance fee (pence)*	16	158.9p	155.2p

The Financial Statements on pages 52 to 68 were approved by the Board of Directors on 3 July 2023 and signed on its behalf by:

Neil England
Chairman

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

Augmentum Fintech plc
Company Registration Number: 11118262

* Considered to be Alternative Performance Measure. Please see the Glossary and Alternative Performance Measures on page 79.

Company Balance Sheet

as at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-Current Assets			
Investments held at fair value	8	254,295	268,807
Investment in subsidiary undertakings	9	500	500
Current Assets			
Other receivables	10	118	39
Cash and cash equivalents		38,470	29,694
Total Assets		293,383	299,040
Current Liabilities			
Other payables	11	(810)	(5,223)
Provisions	12	(16,819)	(15,265)
Total Assets less Current Liabilities		275,754	278,552
Net Assets		275,754	278,552
Capital and Reserves			
Called up share capital	15	1,810	1,810
Share premium		105,383	105,383
Special reserve		85,218	91,191
Retained earnings:			
Capital reserves		100,919	92,724
Revenue reserve		(17,576)	(12,556)
Total Equity		275,754	278,552

The Company's return for the year was £3,852,000 (2022: £43,066,000). 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 52 to 68 were approved by the Board of Directors on 3 July 2023 and signed on its behalf by:

Neil England
Chairman

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

Augmentum Fintech plc
Company Registration Number: 11118262

Consolidated Cash Flow Statement

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Operating activities		
Sales of investments	44,226	11,263
Purchases of investments	(24,855)	(55,992)
Acquisition of property, plant and equipment	(365)	(9)
Interest income received	326	1
Expenses paid	(5,058)	(3,958)
Lease payments	(153)	(139)
Net cash inflow/(outflow) from operating activities	14,121	(48,834)
Issue of shares following placing and offer for subscription	–	55,000
Costs of placing and offer for subscription	–	(1,363)
Purchase of own shares into treasury	(5,432)	(910)
Net cash generated from financing activities	(5,432)	52,727
Net increase in cash and cash equivalents	8,689	3,893
Cash and cash equivalents at start of year	31,326	27,433
Cash and cash equivalents at end of year	40,015	31,326

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

Company Cash Flow Statement

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Operating activities		
Sales of investments	44,226	11,263
Purchases of investments	(24,855)	(55,992)
Interest income received	326	–
Expenses paid	(5,489)	(4,837)
Net cash outflow from operating activities	14,208	(49,566)
Issue of shares following placing and offer for subscription	–	55,000
Costs of placing and offer for subscription	–	(1,363)
Purchase of own shares into treasury	(5,432)	(910)
Net cash generated from financing activities	(5,432)	52,727
Net increase in cash and cash equivalents	8,776	3,161
Cash and cash equivalents at start of year	29,694	26,533
Cash and cash equivalents at end of year	38,470	29,694

The notes on pages 58 to 68 are integral to and form part of these Financial Statements.

Notes to the Financial Statements

1 Segmental Analysis

The Group operates a single business segment for reporting purposes and is managed as a single investment company. Reporting is provided to the Board of Directors on an aggregated basis. The investments are located in the UK, continental Europe, Israel and the US.

2 Expenses

	Revenue £'000	2023 Capital £'000	Total £'000	Revenue £'000	2022 Capital £'000	Total £'000
AIFM fees	593	–	593	507	–	507
Administrative expenses	1,415	107	1,522	1,141	76	1,217
Directors' fees*	169	–	169	126	–	126
Performance fee (see note 4)^	–	–	–	–	(6,508)	(6,508)
Staff costs (see note 4)	2,944	–	2,944	1,877	–	1,877
Auditor's remuneration	149	–	149	150	–	150
Total expenses	5,270	107	5,377	3,801	(6,432)	(2,631)

£209,138 of interest and depreciation relating to a lease (2022: £153,000) is 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 44.

^ See note 4 for further details of the performance fee arrangements. Non-executive Directors of the Company are not eligible to participate in any allocation of the performance fee.

Auditor's Remuneration

	2023		2022	
	Group £'000	Company £'000	Group £'000	Company £'000
Audit of Group accounts pursuant to legislation	104	104	83	83
Audit of subsidiaries accounts pursuant to legislation	18	–	14	–
Audit related assurance services	27	20	18	15
Reporting accountant services	–	–	35	35
Total auditors' remuneration	149	124	150	133

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 auditor are given in the Report of the Audit Committee beginning on page 48. In addition to the above BDO LLP was also paid £50,000 in 2022 for reporting accountant services, which is included within the costs of placing and offer for subscription in the Statement of Changes in Equity.

3 Key Management Personnel Remuneration

The Directors of the Company are considered to be the Key Management Personnel along with the directors of the Company's subsidiary.

	Salary/Fees £'000	2023 Other benefits £'000	Total £'000	Salary/Fees £'000	2022 Other benefits £'000	Total £'000
Key management personnel remuneration	1,352	277	1,629	799	175	974
Performance fee allocation*	–	–	–	(4,296)	–	(4,296)
	1,352	277	1,629	(3,497)	175	(3,322)

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

* Allocation of the performance fee to the directors of the Company's subsidiary. See note 4 for further details of the performance fee arrangements.

4 Staff Costs

The monthly average number of employees for the Group during the year was eleven (2022: ten). All employees are within the investment and administration function and employed by the Company's subsidiary.

	2023 £'000	2022 £'000
Wages and salaries	2,437	1,551
Social security costs	347	211
Other pension costs	104	84
Other staff benefits	56	31
Staff costs	2,944	1,877
Performance fee (charged to capital)*	–	(6,508)
Total	2,944	(4,631)

* The performance fee arrangements were set up to provide a long-term employee benefit plan to incentivise employees of AFML and align them with shareholders through participation in the realised investment profits of the Group. During the year to 31 March 2022 the existing plan for AFML staff was terminated and the performance fee liability to AFML employees accrued as at 31 March 2021 of £6,508,000 was reversed. AFML continues to be entitled to a performance fee as before, but any performance fee paid by the Company to AFML will now be allocated to employees of AFML on a discretionary basis by the Management Engagement & Remuneration Committee of the Company.

The performance fee is payable by the Company to AFML when the Company has realised an aggregate annualised 10% return on investments (the 'hurdle') in each basket of investments. Based on the investment valuations and the hurdle level as at 31 March 2023 the hurdle has been met, on an unrealised basis, and as such a performance fee of £16,517,000 (2022: £15,265,000) has been provided for by the Company, equivalent to 9.1 pence per share. This provision is reversed on consolidation and not included in the Group Statement of Financial Position. The performance fee is only payable to AFML if the hurdle is met on a realised basis and the actual amount payable will depend on the amount and timing of investment realisations. See page 24 and note 19.9 for further details.

5 Leases

Leasing activities

The Group, through its subsidiary AFML, has leased an office in the UK from which it operates for a fixed fee. When measuring lease liabilities for leases that were classified as operating leases, the Group discounts lease payments at a rate of 6.4% (2022: 5.9%).

Right-of-use Asset

	2023 Group Office Premises £'000	2022 Group Office Premises £'000
As at 1 April	750	145
Addition	–	752
Depreciation	(162)	(147)
At 31 March	588	750

Lease Liability

	2023 Group Office Premises £'000	2022 Group Office Premises £'000
As at 1 April	783	148
Addition	–	769
Interest Expense	48	6
Lease Payments	(153)	(140)
At 31 March	678	783

5 Leases (continued)

Maturity Analysis

At 31 March 2023	Group			
	Up to 3 months £'000	3 – 12 months £'000	Between 1 – 2 years £'000	Between 2 – 5 years £'000
Lease payments	60	181	241	362

6 Taxation Expense

For the year ended 31 March	Revenue £'000	2023 Capital £'000	Total £'000	Revenue £'000	2022 Capital £'000	Total £'000
Current tax:						
UK corporate tax on profits for the year	–	–	–	–	–	–

The difference between the income tax expense shown above and the amount calculated by applying the effective rate of UK corporation tax of 19% (2022: 19%) to the (loss)/return before tax is as follows:

For the year ended 31 March	Revenue £'000	2023 Capital £'000	Total £'000	Revenue £'000	2022 Capital £'000	Total £'000
(Loss)/return before taxation	(4,858)	9,751	4,893	(3,798)	63,113	59,315
(Loss)/return before tax multiplied by the effective rate of UK corporation tax of 19% (2022: 19%)	(923)	1,853	930	(722)	11,991	11,269
Effects of:						
Non-taxable capital returns	–	(1,873)	(1,873)	–	(10,770)	(10,770)
Excess management expenses	923	20	943	722	(1,221)	(499)
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 £32,904,000 (2022: £26,524,000). 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:

	2023 £'000	2022 £'000
Net revenue loss	(4,858)	(3,798)
Net capital return	9,751	63,113
Net total return	4,893	59,315

Weighted average number of ordinary shares in issue	178,651,736	169,923,583
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	Pence	Pence
Revenue loss per share	(2.7)	(2.2)
Capital return per share	5.4	37.1
Total return per share	2.7	34.9

8 Investments Held at Fair Value

Non-current Investments Held at Fair Value

	2023 Group and Company £'000	2022 Group and Company £'000
As at 31 March		
Unlisted at fair value	254,295	268,807

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

	2023 Group and Company £'000	2022 Group and Company £'000
As at 1 April	268,807	164,127
Purchases at cost	19,854	59,262
Realisation proceeds	(44,224)	(11,263)
Gains on investments	9,858	56,681
As at 31 March	254,295	268,807

The Group and Company received £44,224,000 (2022: £11,263,000) from investments sold in the year. The book cost of these investments when they were purchased was £6,348,000 (2022: £8,227,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments. In addition, Augmentum I LP, the Company's unconsolidated subsidiary (See note 19.2), received proceeds of £2,673,000 in 2022 from investments sold during the year, which had a book cost of £3,173,000.

9 Subsidiary undertakings

The Company has an investment of £500,000 (2022: £500,000) in the issued ordinary share capital of its wholly owned subsidiary undertaking, Augmentum Fintech Management Limited ("AFML"), which is registered in England and Wales, operates in the United Kingdom and is regulated by the Financial Conduct Authority. AFML's principal activity is the provision of portfolio management services to the Company. AFML's registered office is 4 Chiswell Street, London EC1Y 4UP.

10 Other Receivables

	2023 Group £'000	2023 Company £'000	2022 Group £'000	2022 Company £'000
As at 31 March				
Other receivables*	555	118	391	39

*Includes £73,000 due back from the portfolio managers at 31 March 2022 due to an inadvertent overpayment that was repaid after the year end.

11 Other Payables

	2023 Group £'000	2023 Company £'000	2022 Group £'000	2022 Company £'000
As at 31 March				
Purchases payable	–	–	5,000	5,000
Other payables	948	810	296	223
	948	810	5,296	5,223

12 Provisions

	2023 Company £'000	2022 Company £'000
As at 31 March		
Performance fee provision*	16,819	15,265

* See page 24 and notes 4 and 19.9 for further details.

13 Financial Instruments

(i) Management of Risk

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

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

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

Market Price Risk

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

13 Financial Instruments (continued)

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

Liquidity Risk

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

Credit Risk

The Group's exposure to credit risk principally arises from cash and cash equivalents. Only highly rated banks or liquidity funds (with credit ratings above A3, based on S&P's ratings or the equivalent from another ratings agency) are used for cash deposits and the level of cash is reviewed on a regular basis. The components of cash and cash equivalents are shown in the table below.

(ii) Financial Assets and Liabilities

	Group Fair value 2023 £'000	Company Fair value 2023 £'000	Group Fair value 2022 £'000	Company Fair value 2022 £'000
As at 31 March				
Financial Assets				
Unlisted equity shares	249,529	249,529	266,720	266,720
Unlisted convertible loan notes	4,766	4,766	2,087	2,087
Cash at bank	14,715	13,470	24,326	22,694
Cash Equivalents – Liquidity Funds	25,300	25,000	7,000	7,000
Other assets	1,143	118	1,141	39
Financial Liabilities				
Other payables and lease liabilities	(1,626)	(810)	(6,079)	(5,223)

Cash and other receivables and payables are measured at amortised cost and the rest of the financial assets in the table above are held at approximate to fair value. The carrying values of the financial assets and liabilities measured at amortised cost are equal to the fair value.

The unlisted financial assets held at fair value are valued in accordance with the IPEV Guidelines as detailed within note 19.4.

(iii) Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The Group complies with IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for which any significant input to the valuation is not based on observable market data (unobservable inputs).

All investments were classified as Level 3 investments as at, and throughout the year to, 31 March 2023. Note 8 on page 61 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.

13 Financial Instruments (continued)

In the calibration exercise and in determining the valuation for the Group's equity instruments, comparable trading multiples are used. In accordance with the Group's policy, appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its revenue, EBITDA or earnings. The trading multiple is then adjusted for considerations such as illiquidity, marketability and other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company specific facts and circumstances.

The main input into the PWERM ('Probability Weighted Expected Return Methodology') is the probability of conversion. This method is 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 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 2023 £'000	Fair Value 2022 £'000	Unobservable Inputs	Reasonably possible shift in input +/-	Change in valuation +/- (£'000)
Multiple methodology	197,876	35,888	Multiple	10%	15,772/(15,780)
			Premium/Discount to quoted multiples	30%	(21,344)/21,941
CPORT*	21,568	180,359	Transaction price	10%	2,107/(2,107)
PWERM**	4,766	2,087	Probability of conversion	25%	247/(247)
NAV	7,295	7,677	Discount to NAV	10%	(456)
Sales Price	22,790	42,796	N/a		

* Calibrated price of recent transaction.

** Probability weighted expected return methodology.

14 Substantial holdings in Investments

The table below shows substantial holdings in investments where the Company owns more than 3% of the fully diluted capital of the investee company and the investment value is more than 5% of the Company's non-current investments.

	2023		2022	
	% ownership (fully diluted)	% of portfolio	% ownership (fully diluted)	% of portfolio
interactive investor*	–	–	3.6	15.9
Zopa*	3.4	11.8	3.3	9.5
Augmentum I LP**	100	17.5	100.0	30.3
Tide	5.1	14.0	5.4	10.5
Grover	6.3	17.0	6.4	15.8
Cushon	13.9	9.0	13.9	5.1
Volt	8.3	5.6	8.3	2.1

* indirect ownership via Augmentum I LP.

** Augmentum I LP's registered office is IFC 5, St Helier, Jersey JE1 1ST and it is registered in Jersey.

15 Called up Share Capital

	2023		2022	
	Ordinary Shares No.	£'000	Ordinary Shares No.	£'000
Opening issued and fully paid ordinary shares of 1p each	180,325,786	1,810	140,423,291	1,405
Issue of shares	–	–	40,590,406	405
Ordinary shares purchased into treasury	(5,806,934)	–	(687,911)	–
Closing issued and fully paid ordinary shares of 1p each	174,518,852	1,810	180,325,786	1,810

15 Called up Share Capital (continued)

No shares were issued during the year ended 31 March 2023. In the prior year 40,590,406 ordinary shares were issued on 8 July 2021. The nominal value of the shares issued was £405,000 and the total gross cash consideration received was £55,000,000. The costs of issue, which totalled £1,363,000, are offset against the consideration received in the share premium account.

5,806,934 shares were bought back into treasury during the year at an average price of 102.9p per share. In the year ended 31 March 2022 687,911 shares were bought back into treasury at an average price of 131.1p per share.

At 31 March 2023 there were 6,494,845 shares held in treasury (2022: 687,911).

16 Net Asset Value per Share

The net asset value per share is based on the Group net assets attributable to the equity shareholders of £294,124,000 (2022: £295,204,000) and 174,518,852 (2022: 180,325,786) shares in issue at the year end excluding shares held in treasury.

The net asset value per share after performance fee* is based on the Group net assets attributable to the equity shareholders of £294,124,000 (2022: £295,204,000), less the performance fee provision made by the Company of £16,819,000 (2022: £16,819,000), and 174,518,852 (2022: 180,325,786) shares in issue at the year end excluding shares held in treasury.

* Alternative Performance Measure

17 Related Party Transactions

Balances and transactions between the Company and its subsidiaries are eliminated on consolidation. Details of transactions between the Group and Company and other related parties are disclosed below.

The following are considered to be related parties:

- Frostrow Capital LLP (under the Listing Rules only)
- The Directors of the Company and the Company's subsidiary, Augmentum Fintech Management Limited
- Augmentum Fintech Management Limited

Details of the relationship between the Company and Frostrow Capital LLP, the Company's AIFM, are disclosed on page 23. Details of fees paid to Frostrow by the Company and Group can be found in note 2 on page 58.

Details of the remuneration of all Directors can be found on page 44. Details of the Directors' interests in the capital of the Company can be found on page 45.

Augmentum Fintech Management Limited is appointed as the Company's delegated Portfolio Manager. The Portfolio Manager earns a portfolio management fee of 1.5% of NAV up to £250 million and 1.0% of NAV for any excess over £250 million and is entitled to a performance 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 24 in the Strategic Report. During the year the Portfolio Manager received a portfolio management fee of £4,026,000 (2022: £3,510,000), which has been eliminated on consolidation and therefore does not appear in these accounts. A performance fee provision of £16,217,000 (2022: £15,265,000) has been accrued in the Company's accounts, which is eliminated on consolidation in the Group accounts. No performance fee is payable or has been paid during the year. There were no outstanding balances due to the Portfolio Manager at the year end (2022: nil).

18 Capital Risk Management

	Group 2023 £'000	Group 2022 £'000
Equity		
Equity share capital	1,810	1,810
Retained earnings and other reserves	292,314	293,394
Total capital and reserves	294,124	295,204

The Group's objective in the management of capital risk is to safeguard its liquidity in order to provide returns for shareholders and to maintain an optimal capital structure. In doing so the Group may adjust the amount of dividends paid to shareholders or issue new shares or debt.

The Group manages the levels of cash deposits held whilst maintaining sufficient liquidity for investments and operating expenses.

There are no externally imposed restrictions on the Company's capital.

19 Basis of Accounting and Significant Accounting Policies

19.1 Basis of preparation

The Group and Company Financial Statements for the year ended 31 March 2023 have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Financial Statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value, as disclosed in note 19.4. The Board has considered a detailed assessment of the Group and Company's ability to meet their liabilities as they fall due, including stress tests which modelled the effects of a fall in portfolio valuations and liquidity constraints on the Group and Company's financial position and cash flows. 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 from the date of signing of these financial statements 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 July 2022 (the "SORP").

The recommendations of the SORP which have been followed include:

- Realised and unrealised profits or losses arising on the revaluation or disposal of investments classified as held at fair value through profit or loss should be shown in the capital column of the Consolidated Income Statement. Realised gains are taken to the realised reserves in equity and unrealised gains are transferred to the unrealised reserves in equity.
- Other returns on any investment (whether in respect of dividends, interest or otherwise) should be shown in the revenue column of the Consolidated Income Statement. The total of the revenue column of the Consolidated Income Statement is taken to the revenue reserve in equity.
- The Board should determine whether the indirect costs of generating capital returns should be allocated to capital as well as the direct costs incurred in generating capital profits. In this regard the Board has decided to follow a non-allocation approach to indirect costs, which will therefore be charged in full to the revenue column of the Consolidated Income Statement.

19.2 Basis of Consolidation

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

IFRS 10 and IFRS 12 define an investment entity and include an exemption from the consolidation requirements for investment entities.

The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- The Company has multiple unrelated investors which are not related parties, and holds multiple investments
- Ownership interests in the Company are exposed to variable returns from changes in the fair value of the Company's net assets
- The Company has obtained funds for the purpose of providing investors with investment management services
- The Company's business purpose is investing solely for returns from capital appreciation and investment income
- The performance of investments is measured and evaluated on a fair value basis.

The Company will not consolidate the portfolio companies or other investment entities it controls. The principal subsidiary Augmentum Fintech Management Limited as set out in note 9 is wholly owned. It provides investment related services through the provision of investment management. As the primary purpose of this subsidiary is to provide investment related services that relate to the Company's investment activities it is not held for investment purposes. This subsidiary has been consolidated.

The Company also owns 100% of the interests in Augmentum I LP (the 'LP'). As this LP is itself an investment entity and is held as part of the Company's investment portfolio it has not been consolidated.

19.3 Application of New Standards

(i) New standards, interpretations and amendments effective from 1 April 2022

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 April 2022 that had a significant effect on the Group's financial statements.

(ii) New standards, interpretations and amendments not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board ('IASB') that are effective in future accounting periods. The Group does not expect any of the standards issued by the IASB, but not yet effective, to have a material impact on the Group or Company.

19 Basis of Accounting and Significant Accounting Policies (continued)**19.4 Investments**

All investments are defined by IFRS as fair value through profit or loss (described in the Financial Statements as Investments held at fair value) and are subsequently measured at reporting dates at fair value. The fair value of direct unquoted investments is calculated in accordance with the Principles of Valuation of Investments below. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Increases or decreases in valuation are recognised as part of gains on investments at fair value in the Consolidated Income Statement.

Principles of Valuation of Investments**(i) General**

The Group estimates the fair value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.

Fair value is the price for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating fair value, the AIFM and Board apply valuation techniques which are appropriate in light of the nature, facts and circumstances of the investment and use reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of fair value.

In general, the enterprise value of the investee company in question will be determined using one of a range of valuation techniques. The enterprise value is adjusted for factors such as surplus assets, excess liabilities or other contingencies or relevant factors; the resulting amount is apportioned between the investee company's relevant financial instruments according to their ranking and the effect of any instrument that may dilute economic entitlements.

(ii) Unlisted Equity Investments

In respect of each unlisted investment one or more of the following valuation techniques is used:

- A market approach, based on the price of the recent investment, market multiples or industry valuation benchmarks.
- A probability-weighted expected returns methodology. Under the PWERM fair value is based on consideration of values for the investment under different scenarios. This will primarily be used where there is a convertible element to the investment.
- A net assets based approach based on the value of the underlying assets of the investment.

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

Price of Recent Investment/Transaction

Where the investment being valued was itself made recently, or there has been a third party transaction in the investment, the price of the transaction may provide a good indication of fair value. Using the Price of Recent Investment technique is not a default and at each reporting date the fair value of investments is estimated to assess whether changes or events subsequent to the relevant transaction would imply a material change in the investment's fair value.

Multiple

Under the multiple methodology an earnings or revenue multiple technique is used. This involves the application of an appropriate and reasonable multiple to the maintainable earnings or revenue 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 due to which the quality of revenue or earnings may differ.

In respect of maintainable revenue/earnings, the most recent 12 month period, adjusted if necessary to represent a reasonable estimate of the maintainable amount, is used. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes.

PWERM ('Probability-Weighted Expected Returns Methodology')

Under the PWERM potential scenarios are identified. Under each scenario the value of the investment is estimated and a probability for each scenario was selected. The fair value is then calculated as the sum of the value under each scenario multiplied by its probability.

Net Assets

For the net asset approach the fair value estimate is based on the attributable proportion of the reported net asset value of the investment derived from the fair value of underlying assets / investments. Valuation reports provided by the manager or general partner of the investments are used to calculate fair value where there is evidence that the valuation is derived using fair value principles that are consistent with the Company's accounting policies and valuation methods. Such valuation reports may be adjusted to take account of changes or events to the reporting date, or other facts and circumstances which might impact the underlying value.

19.5 Cash and Cash Equivalents

Cash comprises cash at bank and short-term deposits with an original maturity of less than 3 months and subject to minimal risk of changes in value.

19.6 Presentation and Functional Currency

The Group's and Company's presentation and functional currency is Pounds Sterling ("Sterling"), since that is the currency of the primary economic environment in which the Group operates.

19 Basis of Accounting and Significant Accounting Policies (continued)

19.7 Other income

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

19.8 Expenses

Expenses are accounted for on an accruals basis, and are charged through the revenue column of the Consolidated Income Statement except for transaction costs and the carried interest fee as noted below.

Transaction costs are legal and professional fees incurred when undertaking due diligence on investment transactions. Transaction costs, when incurred, are recognised in the Income Statement. If a transaction successfully completes, as a direct cost of an investment, the related transaction cost is charged to the capital column of the Income Statement. If the transaction does not complete the related cost is charged to the revenue column of the Income Statement.

19.9 Performance Fee

As set out in prior annual reports the performance fee arrangements were set up to provide a long-term employee benefit plan to incentivise employees of AFML and align them with shareholders through participation in the realised investment profits of the Group. During the year to 31 March 2022 the existing plan for AFML staff was terminated and the performance fee liability to AFML employees accrued as at 31 March 2021 of £6,805,000 was reversed. AFML continues to be entitled to a performance fee as before, but any performance fee paid by the Company to AFML will now be allocated to employees of AFML on a discretionary basis by the Management Engagement & Remuneration Committee of the Company. Non-executive Directors of the Company are not eligible to participate in any allocation of the performance fee.

The Company provides for the performance fee in full. A performance fee is provided for 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. The performance fee is equal to the share of profits in excess of the performance conditions in the basket. On consolidation the performance fee is eliminated since it is payable to the Company's subsidiary, AFML.

Performance fees will be charged to the capital column of the Income Statement and taken to the Capital Reserve.

19.10 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate. Right-of-use assets are measured at the amount of the lease liability less provisions for dilapidations, where applicable.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

19.11 Taxation

The tax effect of different items of income/gain and expense/loss is allocated between capital and revenue on the same basis as the particular item to which it relates.

19.12 Deferred Tax

Deferred taxation is provided on all timing differences other than those differences regarded as permanent. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available from which the reversal of timing differences can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is provided at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date.

19.13 Receivables and Payables

Receivables and payables are typically settled in a short time frame and are carried at amortised cost. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after taking into account potential impairment losses.

19.14 Share Capital

Ordinary shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs are deducted from equity.

19.15 Share Premium and Special Reserve

The share premium account arose following the Company's admission to listing in 2018 and represented the difference between the proceeds raised and the par value of the shares issued. Costs of the share issuance were offset against the proceeds of the relevant share issue and also taken to the share premium account.

Subsequent to admission and following the approval of the Court, the initial share premium account was cancelled and the balance of the account was transferred to the Special Reserve. The purpose of this was to enable the Company to increase the distributable reserves available to facilitate the payment of future dividends or with which to make share repurchases.

19 Basis of Accounting and Significant Accounting Policies (continued)**19.16 Revenue and Capital Reserves**

Net capital return is added to the Capital Reserve in the Consolidated Statement of Financial Position, while the net revenue return is added to the Revenue Reserve. When positive, the revenue reserve is distributable by way of dividend, as is any realised portion of the capital reserve. The realised portion of the capital reserve is £40,519,000 (2022: £2,750,000) representing realised capital profits less costs charged to capital.

19.17 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting judgements and estimates will, by definition, seldom equal the related actual results.

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 auditor and works closely with the AIFM and Portfolio Manager to review the appropriate valuation techniques and inputs to the model. The Chairman of the Audit Committee reports its findings to the Board of Directors of the Group every six months to explain the cause of fluctuations in the fair value of the investments.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 19.4. As set out in note 19.9 performance fee is calculated based on the valuation of the investments and as such is considered a significant accounting estimate.

20 Post Balance Sheet Events

At the year end regulatory approval remained outstanding for a deal announced in February 2023 in which the Company's holding in Cushon would be realised as part of its acquisition by Natwest Group. This transaction completed in June 2023, with the Company receiving proceeds of £22.8 million. There are no other significant events after the end of the reporting period requiring disclosure.

21 Financial Commitment

The Company made commitments to invest up to \$3,000,000 into the Snowcrash Offshore Feeder LP. Of this commitment \$750,000 (2022: \$1,500,000) remains outstanding.

Independent Auditor's Report to the Members of Augmentum Fintech PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards 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.

We have audited the financial statements of Augmentum Fintech plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Changes in Equity, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Directors in February 2020 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 31 March 2020 to 31 March 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the inputs and assumptions (ie. forecasted income, expenditure and Investment Portfolio Value) within the board's assessment of the going concern status of the Group and Parent Company to supporting documentation and our own understanding of the Group.
- assessing the appropriateness of assumptions made by the Directors in their stress tests and considered the likelihood of the extreme downside scenarios occurring and the resulting effects on the liquidity of the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Independent Auditor's Report to the Members of Augmentum Fintech PLC continued

Overview

Coverage	100% (2022: 100%) of Group profit before tax		
	100% (2022: 100%) of Group revenue		
	100% (2022: 100%) of Group total assets		
Key audit matters		2023	2022
	Valuation of unquoted Investments (Group and Parent Company)	Yes	Yes
Materiality	Group financial statements as a whole		
	£5.77m (2022: £5.91m) based on 2% of net assets at planning (2022: 2% of net assets)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group audit team performed a full scope audit of the Group, Parent Company and sole subsidiary using materiality levels set out in the materiality section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Augmentum Fintech PLC continued

Key audit matter

Valuation of unquoted investments (Group and Parent Company)

The Group's accounting policy for assessing the fair value of investments is disclosed on page 66 in note 19.4 and disclosures regarding the fair value estimates are given on page 68 in note 19.17.

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 Portfolio Manager is responsible for valuing investments in the financial statements, and there is a high level of estimation uncertainty in determining the valuation of unquoted investments due to the lack of readily available prices, there is a potential risk of overstatement of the valuation of the unquoted investments.

How the scope of our audit addressed the key audit matter

Our testing of unquoted investments was stratified according to risk considering, *inter alia*, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique.

For all investments in our sample:

- We considered whether the assumptions and underlying evidence supporting the year end valuations are in line with the requirements of the applicable accounting standards 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 5 June 2023 where we discussed the valuations with management and challenged significant judgements made.
- We recalculated the attributable value based on the rights of the relevant instruments, which were agreed to investment agreements. We received direct confirmation of the capital structure from all of the investee companies.

For CPORT (Calibrated Price of Recent Transaction) valuations:

- We agreed the price of the recent investment to supporting documentation and management information. We considered whether or not the performance of the portfolio company has significantly varied from expectations at the transaction date by obtaining management's evaluation of post transaction performance against relevant milestones to determine the appropriateness of the level of adjustment, if any, made to the recent transaction price. In particular, we challenged management in respect of whether the current market and economic conditions have been considered and taken into account where valuations have been calibrated to a price of recent investment.
- We assessed whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company or otherwise connected;

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 and reviewed management accounts/board packs to understand the performance of the portfolio company, including its cash runway, and challenged estimates used in the valuations of the investments. We assessed the reasonableness of the budgeted revenue figures used considering historical performance and information available in board packs. We recalculated discounts and premiums and assessed these against those of comparable companies. We also performed a review of the appropriateness of the basket of comparable companies through consideration of those companies' operations and business sectors.

Independent Auditor's Report to the Members of Augmentum Fintech PLC continued

Key audit matter

How the scope of our audit addressed the key audit matter

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 weighted probability of the various scenarios by agreeing to supporting documentation.

For investments based on the share of net assets of fund investment:

- We confirmed the market value based on the net asset value statement provided by the independent fund administrator. We obtained an understanding of the controls surrounding the fund accounting and reconciliation process performed by the independent administrator of the General Fund through review of the Systems and Organization Controls Report certified by an independent auditor. We also assessed the Portfolio Manager's reasonableness testing of the market value of the underlying assets using information obtained from the due diligence procedures performed by the Portfolio Manager and movements in the publicly quoted Decentralized Finance index to the year end.

Key observations:

Based on the procedures performed we consider the unquoted investment valuations to be appropriate, and the estimates made by management in valuing the unquoted investments to be reasonable.

Independent Auditor's Report to the Members of Augmentum Fintech PLC continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023 £m	2022 £m	2023 £m	2022 £m
Materiality	5.77	5.91	5.42	5.58
Basis for determining materiality	2023: 2% of net assets at planning (2022: 2% of net assets)			
Rationale for the benchmark applied	In determining the appropriate benchmark, consideration was given as to: <ul style="list-style-type: none"> ▪ The nature of the investment portfolio and the level of judgement inherent in the valuation. ▪ The range of reasonable alternative valuations. 		In determining the appropriate benchmark, consideration was given as to: <ul style="list-style-type: none"> ▪ The nature of the investment portfolio and the level of judgement inherent in the valuation. ▪ The range of reasonable alternative valuations. 	
Performance materiality	4.03	4.43	3.79	4.18
Basis for determining performance materiality	70% of materiality	75% of materiality	70% of materiality	75% of materiality
Rationale for the benchmark applied	In determining the appropriate benchmark, consideration was given as to: <ul style="list-style-type: none"> ▪ Our risk assessment, ▪ Consideration of the control Environment, and ▪ The level of historical misstatements identified. 		In determining the appropriate benchmark, consideration was given as to: <ul style="list-style-type: none"> ▪ Our risk assessment, ▪ Consideration of the control Environment, and ▪ The level of historical misstatements identified. 	

Component materiality

We set materiality for each significant component of the Group based on our assessment of the risk of material misstatement of that component. Materiality for the Parent Company is set out above. The materiality for the sole subsidiary was set at £80k (2022: £70k) and was based on 2% (2022: 2%) of its Revenue. We further applied a performance materiality level of 70% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £230k (2022: £295k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's Report to the Members of Augmentum Fintech PLC continued

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> ▪ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 23; and ▪ The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 22.
Other Code provisions	<ul style="list-style-type: none"> ▪ Directors' statement on fair, balanced and understandable set out on page 51; ▪ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 18; ▪ The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 48 and 49; and ▪ The section describing the work of the Audit Committee set out on page 48.

Independent Auditor's Report to the Members of Augmentum Fintech PLC continued

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> 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. <p>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.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Augmentum Fintech PLC continued

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations, we considered the significant laws and regulations to be Companies Act 2006, AIC Code of Governance, Section 1158 of Corporation Tax Act 2010, UK-adopted international accounting standards, London Stock Exchange and Financial Conduct Authority Listing requirements, Alternative Investment Fund Managers Directive and The AIC Guidance.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Anti - Money Laundering Act 2018, Data Protection Act 1988 and Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Enquiries of management, the Directors, and the Audit Committee, as to whether they were aware of any non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal invoices and legal correspondence to identify potential non-compliance with laws and regulations or undisclosed contingencies and commitments; and
- Review of the complaints and breaches register for any instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Directors, and the Audit Committee, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be Management Override of Controls and Valuation of Unquoted Investments.

Independent Auditor's Report to the Members of Augmentum Fintech PLC continued

Our procedures in respect of the above included:

- A critical review of the consolidation and, in particular, agreeing manual or late journals posted at consolidated level to supporting documents; and
- the procedures outlined in our key audit matters section above in respect of unquoted investment valuations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK [Office location, UK]

3 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Information for Shareholders

How to Invest

Retail Investors Advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive and does not constitute any form of recommendation, can be found below:

AJ Bell Youinvest	www.youinvest.co.uk
Charles Stanley Direct	www.charles-stanley-direct.co.uk
EQi	www.eqi.co.uk
Halifax Investing	www.halifax.co.uk/investing
Hargreaves Lansdown	www.hl.co.uk
iDealing	www.idealing.com
interactive investor	www.ii.co.uk
Pello Capital	www.pellocapital.com
Redmayne Bentley	www.redmayne.co.uk
Share Deal Active	www.sharedealactive.co.uk
Shareview	www.shareview.co.uk
X-O	www.x-o.co.uk

Financial Calendar

Date	Event
31 March	Financial Year End
June/July	Financial Results Announced
September	Annual General Meeting
30 September	Half Year End
November/December	Half Year Results Announced

Website

For further information on share prices, regulatory news and other information, please visit www.augmentum.vc.

Shareholder Enquiries

In the event of queries regarding your shareholding, please contact the Company's registrar, Link Group, who will be able to assist you with:

- Registered holdings
- Balance queries
- Lost certificates
- Change of address notifications

Link's full details are provided on page 81 or please visit www.linkgroup.eu.

Shareholder services

Link Group (a trading name of Link Market Services Limited and Link Market Services Trustees Limited) may be able to provide you with a range of services relating to your shareholding. To learn more about the services available to you please visit the shareholder portal at www.signalshares.com or call +44 (0) 371 664 0300.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

From 18 December 2023, if you have any queries in relation to your shareholding please contact: Computershare Investor Services PLC, the Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

Email: WebCorres@computershare.co.uk

Telephone: +44 (0)370 889 3231

Website: www.investorcentre.co.uk

Risk Warnings

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined, in part, by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, some of the holdings in the portfolio are currently denominated in currencies other than sterling and therefore they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.

Glossary and Alternative Performance Measures

Within the Strategic Report and Business Review, certain financial measures common to investment trusts are shown. Where relevant, these are prepared in accordance with guidance from the AIC, and this glossary provides additional information in relation to them.

Alternative Investment Fund Managers Regulations ("UK AIFMD")

Agreed by the European Parliament and the Council of the EU and transposed into UK legislation, the UK AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Average net assets

The average net assets figure is the average of the net assets of the Group after performance fee calculated on a time weighted basis and adjusted for share buybacks and issuance.

Downside Protection

Downside protection is an investment technique that is employed to mitigate against or prevent a decrease in the value of an investment. In relation to venture capital investing the key methods of achieving this are through liquidation preferences over other investors, and/or anti-dilution provisions, which allow an investor to maintain their ownership percentage in the event that new shares are issued.

Discount or Premium

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

Initial Public Offering ("IPO")

An IPO is a type of public offering in which shares of a company are sold to institutional investors and usually also retail (individual) investors. Through this process, colloquially known as floating, or going public, a privately held company is transformed into a public company.

Internal Rate of Return ("IRR")

IRR is the annualised return on an investment calculated from the cash flows arising from that investment taking account of the timing of each cash flow. It is derived by computing the discount rate at which the present value of all subsequent cash flows arising from an investment are equal to the original amount invested.

Leverage

For the purposes of the UK AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated using **gross** and a **commitment** methods.

Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances,

without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions (as detailed in the UK AIFMD) are offset against each other.

Net Asset Value ("NAV")

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided by the number of shares in issue, excluding treasury shares. 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.

Net Asset Value ("NAV") per share after performance fee*

The NAV of the Group as calculated above less the performance fee provision made by the Company divided by the number of shares in issued (excluding treasury shares).

NAV per share Total Return after performance fee*

The theoretical total return on the NAV per share after performance fee, reflecting the change in NAV after performance fee during the period assuming that any dividends paid to shareholders were reinvested at NAV after performance fee 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.

	2023 pence per share	2022 pence per share
Opening NAV after performance fee	155.2	130.4
Earnings per share	2.7	34.9
Performance fee impact	(0.8)	(10.6)
Impact of buybacks and issuance	1.8	0.5
Closing NAV after performance fee	158.9	155.2
NAV after performance fee Total Return	2.4%	19.0%

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 2023 £'000	Year ended 31 March 2022 £'000
Operating expenses	5,377	(2,631)
Less: due diligence costs	(107)	(76)
Add-back: performance fee	–	6,508
Recurring operating expenses	5,270	3,801
Average net assets	275,575	221,741
Ongoing charges ratio	1.9%	1.7%

* Alternative Performance Measure.

Glossary and Alternative Performance Measures continued

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 their regulatory obligations.

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.

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*)
 Conny Dorrestijn
 Sir William Russell

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
 Telephone: 0203 008 4910
 Email: info@frostrow.com

Portfolio Manager

Augmentum Fintech Management Limited
 4 Chiswell Street
 London EC1Y 4UP
 United Kingdom

Joint Corporate Brokers

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

Singer Capital Markets Advisory LLP
 1 Bartholomew Lane
 London EC2N 2AX
 United Kingdom

Depository

IQ EQ Depository Company (UK) Limited
 4th Floor
 3 More London Riverside
 London SE1 2AQ
 United Kingdom

Legal Adviser to the Company

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

Independent Auditor

BDO LLP
 55 Baker Street
 London W1U 7EU
 United Kingdom

Registrars

Until 15 December 2023, if you have any queries in relation to your shareholding please contact:

Link Group
 10th Floor
 Central Square
 29 Wellington Street
 Leeds LS1 4DL
 United Kingdom

Email: enquiries@linkgroup.co.uk
 Telephone: +44 (0)371 664 0300
 Website: www.linkgroup.eu

+ Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

From 18 December 2023, if you have any queries in relation to your shareholding please contact: Computershare Investor Services PLC, the Pavilions, Bridgwater Road, Bristol BS99 6ZZ, United Kingdom.

Email: WebCorres@computershare.co.uk

Telephone: +44 (0)370 889 3231

Website: www.investorcentre.co.uk

Identification codes

SEDOL: BG12XV8
 ISIN: GB00BG12XV81
 BLOOMBERG: AUGM LN
 EPIC: AUGM

Legal Entity Identifier:

213800OTQ44T55518S71

Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN): 755CKI.99999.SL.826

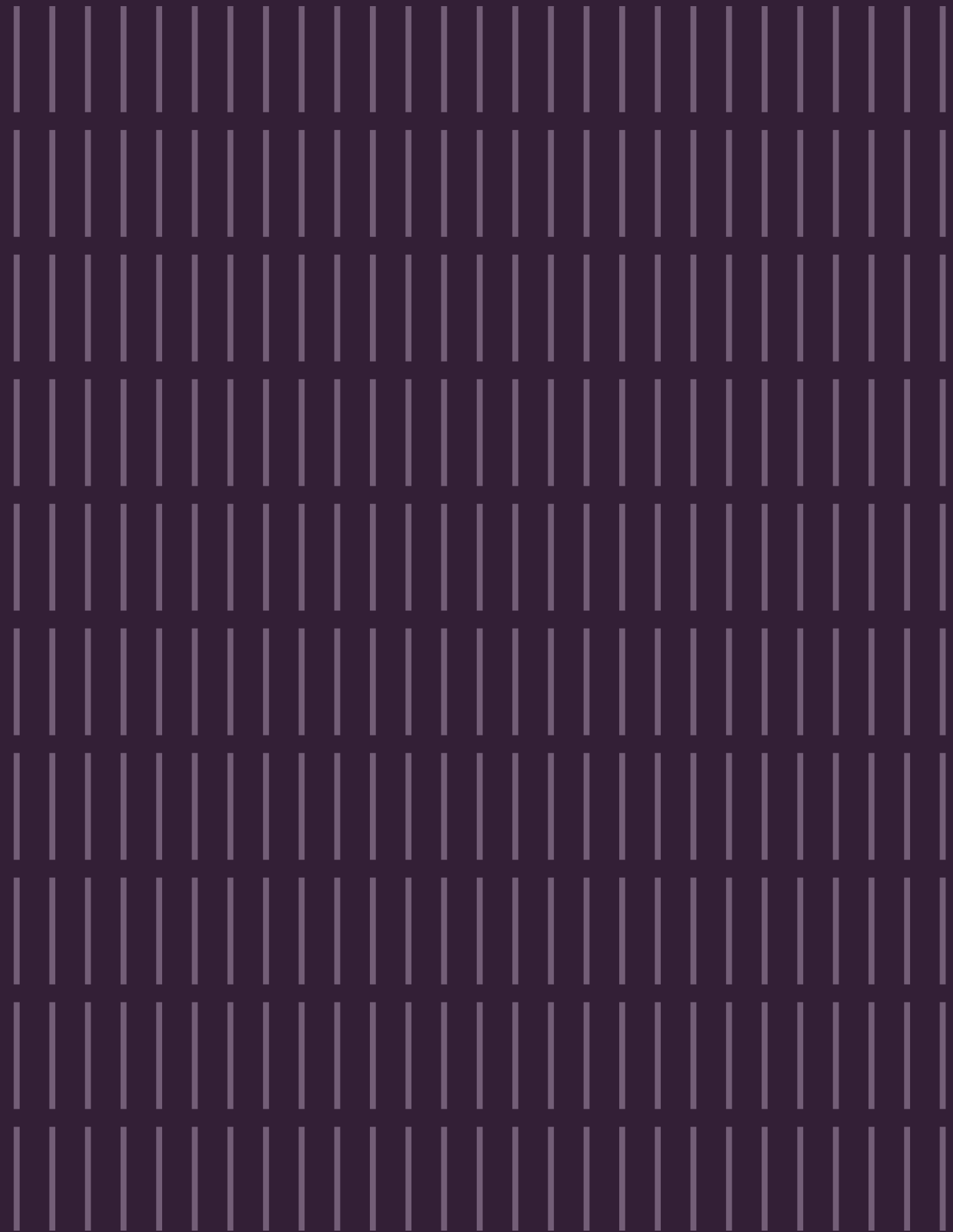
Disability Act

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 Group, 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 telephone followed by the number you wish to dial.



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