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20 February 2018

Augmentum Fintech plc

(the "Company")

INTENTION TO FLOAT ON THE MAIN MARKET OF THE LONDON STOCK EXCHANGE

INITIAL PUBLIC OFFERING OF £100 MILLION FOR INVESTMENT IN EUROPEAN FINTECH

Augmentum Fintech plc, a newly established closed-ended investment company, today announces its intention to launch an initial public offering. The Company is seeking to issue a target of 100 million ordinary shares in the capital of the Company ("**Shares**") at an issue price of £1.00, with a maximum issue size of 125 million Shares, by way of a placing, offer for subscription and intermediaries offer and, pursuant to the Acquisition of the Initial Portfolio, the issue of Consideration Shares (together, the "**Issue**").

The Company will apply for admission of its Shares to the premium listing segment of the Official List of the United Kingdom Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange ("**Admission**").

Investment Highlights

- The Financial Services sector is being revolutionised by technology. "Fintech" businesses are disrupting existing markets and creating new verticals
- The fintech sector is currently at an inflexion point in terms of growth potential across the entire sector
- In Europe, a large addressable and attractive fintech investment opportunity currently exists, while valuations are on average considerably lower than in the US, creating an opportunity for value as well as growth
- There has been significant growth in seed funding in Europe since 2011 and although post seed capital has also shown strong growth, it has not kept pace, resulting in a funding gap and thus strong demand for Series A and B fintech opportunities
- An investment in the Company will provide investors with exposure to fast growing/high potential private fintech businesses, many of which are difficult for investors to gain access to

Company and Deal Highlights

- Focused strategy to invest in fast growing and/or high potential private fintech companies in the UK and wider Europe
- Target launch size of £100 million (maximum launch size of £125 million) with £2.7 million to be invested by the Management Team and £10.0 million by RIT Capital Partners plc, the investment trust chaired by Jacob Rothschild
- Seed portfolio of high-growth assets valued at £33.3 million to be acquired as part of the IPO; including an investment in Zopa
- Managed by the principals of Augmentum Capital LLP: an experienced, well-networked and entrepreneurial management team with a strong track record in fintech venture capital (gross IRR of 19%)
- The Management Team consults with an advisory panel of individuals with significant industry expertise, including Edward Wray, co-founder of Betfair
- Through the Management Team's existing strong network of industry relationships, the Company will have access to an identified pipeline of assets currently in excess of £100 million
- Expected to be substantially fully invested within 12 months

The Company will invest in early stage (but not seed stage, where the risk profile of investments is considered to be higher) and later stage fintech businesses which have high growth potential in scalable sectors. These opportunities will predominantly be focused on disruptive technologies in the banking, insurance and asset management sectors, as well as other cross-industry propositions.

Conditional on Admission, the Company will acquire an initial portfolio of five fintech investments (the "**Initial Portfolio**") with an aggregate valuation of approximately £33.3 million as at 31 December 2017 (the

"Acquisition"). The Initial Portfolio comprises investments in Zopa, Seedrs, Interactive Investor, BullionVault and SRL Global.

The Management Team and RIT Capital Partners plc, the investment trust chaired by Jacob Rothschild, which together represent the principal vendors of the Initial Portfolio, will re-invest £12.7 million in aggregate (£2.7 million and £10 million respectively), as part of the Issue by way of the issue of consideration shares (the "**Consideration Shares**").

The Company will leverage the Management Team's expertise, experience and networks in the fintech sector to drive value creation in its investee companies. The Management Team will actively manage the portfolio to maximise returns, including helping to scale the teams, refining and driving key performance indicators, stimulating growth, and positively influencing future financing and exits.

The Company intends to realise value and generate returns for shareholders through exiting the investments over time and commits to return to shareholders up to 50 percent of the gains realised by the disposal of investments in each financial year. The Management Team's performance record in respect of fintech investments shows a gross IRR of 19%.

The Management Team and its advisory panel of individuals (the "**Advisory Panel**") have been associated with several high profile and successful fintech businesses across Europe. Through their existing industry relationships, the Company expects to be able to benefit from access to an identified pipeline of assets currently in excess of £100 million. The Company aims to substantially deploy the net cash proceeds of the Issue within 12 months of Admission.

It is intended that the Company will be structured as an internally managed closed-ended investment company, once the FCA has granted the necessary authorisation. In the interim period, the Company will appoint Augmentum Capital LLP (the "**Investment Adviser**") as its investment adviser. The key individuals who will be responsible for the management of the Company's investments (the "**Management Team**") are currently principals or employees of, or advisors to, the Investment Adviser and will, in due course, become employees of or advisers to Augmentum Fintech Management Limited (the "**New Portfolio Manager**" and a wholly owned subsidiary of the Company).

The Company has an independent board of non-executive directors and will appoint Frostrow Capital as its alternative investment fund manager for the purposes of the AIFM Rules.

The Company expects to publish a prospectus in relation to the Issue by the end of February (the "**Prospectus**") and for Admission to occur early March 2018. Fidante Capital ("Fidante") is acting as sole financial adviser and bookrunner and joint sponsor (alongside Dickson Minto) in relation to the Issue.

Neil England, Chairman of Augmentum Fintech plc, said:

"Augmentum provides investors with an established and successful management team with access to an attractive seed portfolio which still has significant upside potential and an identified pipeline of investments from which the Company will actively drive value creation.

The substantial demand for post-seed venture capital funding in the European fintech market is being underserved and the Company will be well positioned to capitalise on the best opportunities available in the market and deliver attractive long term returns for investors."

Tim Levene, co-founder and principal of Augmentum Capital, the Company's Investment Adviser, commented:

"Europe offers a large addressable and attractive fintech investment opportunity where we are blessed with a deep pool of talent and the Company is well positioned to capitalise on some of the most compelling opportunities available in the market.

The management team is well-networked and involved in some of Europe's most innovative fintech businesses. Our significant entrepreneurial, operational and investment experience as well as our established track record offers investors targeted exposure to a sector that is difficult to gain access to. We expect to deliver attractive risk adjusted returns through a highly curated portfolio of high calibre fintech companies."

When made generally available, copies of the Prospectus may, subject to any applicable law, be obtained from the registered office of the Company and will be made available for viewing at the National Storage Mechanism at http://www.morningstar.co.uk/NSM and on the Company's website (www.augmentumfintech.com). Defined terms in this announcement will have the same meaning as defined in the Prospectus.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Augmentum Tim Levene Richard Matthews	info@augmentumcapital.com or via Newgate below
Fidante Capital (Sole Financial Adviser, Bookrunner and, Joint Sponsor) Tom Skinner Nick Donovan Katie Standley	+44 (0) 20 7832 0900
Solid Solutions (Intermediaries Offer Adviser) Nigel Morris	+44 (0) 20 7549 1613 intermediaries@solid-solutions.co.uk
Newgate Communications (PR Adviser) James Benjamin Alistair Kellie Anna Geffert	+44 (0) 20 7680 6550 augmentum@newgatecomms.com

Further information on the Company can be found on its website at www.augmentumfintech.com.

The Company's LEI is: 213800OTQ44T555I8S71.

NOTES TO EDITORS

INVESTMENT HIGHLIGHTS

The Management Team believes that the Company benefits from the following key business strengths:

Attractive environment for investing in early stage fintech in the UK and wider Europe at an inflexion point

- The financial services sector is ripe for disruption and disintermediation; however the process has yet to happen in the significant way that has been seen in other sectors such as retail and travel
- Europe is at the centre of this disruption due to a confluence of factors including regulation and sector "DNA"
- Europe will offer investors a compelling growth opportunity given the potential for global expansion emerging from European entrepreneurs, limited competition and receptive global exit markets

Europe offers a large addressable and attractive fintech investment opportunity with a funding gap

- London has a long history as a global financial centre. This financial "DNA" breeds new ideas as well as providing a natural market for them to scale. In addition, a supportive government and progressive regulator provides the ideal backdrop for it to become a global fintech hub
- Beyond London, the Management Team is seeing increasing fintech innovation across Europe, in particular in Berlin, Paris, Scandinavia and Amsterdam
- The Management Team sees the opportunity to capitalise on the lower valuations of early stage businesses in Europe, as compared to the US, resulting from lower levels of capital at key stages of a company's growth

Experienced and entrepreneurial Management Team with a strong track record in fintech venture capital delivering a gross IRR of 19%

- The Company will leverage the Management Team's expertise, experience and networks in the fintech sector to actively drive value creation in its investee companies, stimulating growth, and positively influencing future financing and exits
- The Company's focus on fast growing and/or high potential private fintech companies offers a targeted investment into a sector that investors typically find it difficult to access

Access to a diversified seed portfolio of attractive assets

Trading name	Valuation [1]	Percentage shareholding in portfolio company[2]
BullionVault	£8.4 million	11.0%
Interactive Investor	£3.0 million	4.0%
Seedrs	£1.9 million	4.0%
SRL Global	£1.5 million	10.0%
Zopa	£18.5 million	7.4%

1. Valuations have been audited by PwC as at 31 December 2017

2. On a fully diluted basis

Strong diversified pipeline of identified off-market investment opportunities

- Through the Management Team's existing industry relationships, the Company expects to be able to benefit from access to an identified pipeline of assets currently in excess of £100 million
- The Management Team and its advisory panel of individuals (the "Advisory Panel") have been associated with many successful fintech businesses in Europe, which attracts emerging entrepreneurs and has allowed them to develop strong networks at the centre of the fintech ecosystem
- No seed stage risk: the Company will invest in opportunities after the riskiest proof of concept phase has been passed

Targeting the key areas of fintech disruption

- Banking (Personal Finance, Payments/Transactions and Lending)
- Insurance (Product and Solutions, Distribution, Servicing and Claims Management)
- Asset Management (Distribution, Advice, Portfolio Management)
- Other Cross-Industry Propositions (Capital Markets, Business to Business Fintech, Regtech, Other)

Robust corporate governance framework with strong alignment of interest between the management of the Company and shareholders

- Oversight will be provided by a highly experienced, fully independent Board of Directors
- The management of the Company and RIT Capital Partners plc will invest in the Issue approximately £2.7 million and £10 million respectively at the Issue price

INITIAL PORTFOLIO

Zopa

Zopa was established in 2005 and is the world's first peer-to-peer lending platform. Augmentum invested in 2012 at which point loan disbursals in the previous 12 months had been less than £50 million. Since that time loan disbursals have grown at a compound annual growth rate of 61 per cent. reaching approximately £1 billion in 2017 with more than £3 billion lent to UK customers so far. Over 60,000 active individual investors choose to lend through the platform with over 277,000 borrowers approved. Most recently, Zopa has announced plans to launch a bank in 2018 and is in the process of obtaining its banking licence.

Zopa has won multiple awards: Winner 2017, Most Trusted P2P Platform for Borrowers and Investors Moneywise Customer Service Awards; and Winner 2017, Best Personal Loan Provider and Best Alternative Finance Provider, British Bank Awards among others.

Zopa's institutional backers include Bessemer Venture Partners, Arrowgrass, Northzone and Wadhawan Global Capital among others.

BullionVault

BullionVault is the world's largest retail precious metals investment and trading platform, established in 2005. The platform allows retail investors to hold and transact in investment grade bullion gold and silver, it has approximately US$2 billion in stored bullion on the platform with more than 70,000 users from 175 countries. It earns revenue from commission, custody fees, interest receipts and the difference between buying and selling prices of gold. Augmentum invested in 2010 alongside the World Gold Council.

Interactive Investor

Interactive Investor is now the second largest online broker in the UK after Hargreaves Lansdown. The business was established in 1995 and provides execution-only products and services to facilitate trading and investing in shares, funds, exchange traded funds and investment trusts for a flat quarterly fee. More than one million unique users visit the website every month.

Augmentum invested in 2014 since which point Interactive Investor has grown its assets under administration from approximately £3 billion to approximately £20 billion following the recent acquisition of TD Direct UK. JC Flowers, amongst others, provided the capital for this acquisition and is the largest shareholder.

Seedrs

Seedrs is Europe's leading equity crowdfunding platform that has funded over 600 deals and has had over £320 million invested on the platform as at January 2018. Augmentum invested in 2015 alongside Woodford Patient Capital Trust plc.

2017 was a record year for Seedrs, with a total of £125 million invested into campaigns on the platform. In June 2017 Seedrs launched its Secondary Market, which facilitates secondary trading of shares in private companies funded through the platform.

The company has been named The Most Active Funder in UK Private Companies in 2017.

SRL Global

SRL Global provides a platform that allows large family offices, endowments and pension funds to monitor, measure and manage their investments across any number of sub-managers. Augmentum invested in 2010.

Whisky Invest Direct

In addition the Initial Portfolio includes an interest in Whisky Invest Direct which is held through the investment in BullionVault.

Whisky Invest Direct was founded in 2015, it gives retail investors access to maturing whisky as an asset class. This is an asset class that has a long track record of growth, 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 which would give self-directed investors an opportunity to profit from whisky ownership.

BOARD OF DIRECTORS

The Directors of the Company, all of whom are non-executive, are listed below:

Neil England, Chairman

Neil England has extensive international business expertise in a career spanning public and private companies varying in size from start-ups to global corporations. His executive career started in manufacturing and he has since held leadership roles in sales, marketing and general management across the food, FMCG (fast moving consumer goods), distribution and technology sectors. Mr England is a former Vice President of Mars Incorporated; Group Chief Executive of The Albert Fisher Group Plc and Group Commercial Director of Gallaher Group Plc. Additionally, he has started two technology businesses and advised on others.

In his non-Executive career, Mr England was Chairman of Silverstone and four other private and private equity backed businesses and was Senior Independent Director of Wincanton Plc. He is currently Non-Executive Chairman of BlackRock Emerging Europe plc (investment trust), ITE Group plc (exhibitions) and The Pallet Network Limited (distribution).

Karen Brade

Karen Brade has over 25 years of experience in project finance and private equity. Karen began her career at Citibank where she worked on various multi-national project finance transactions. From 1994 to 2004 she was at the Commonwealth Development Corporation, a leading emerging markets private equity firm, where she held a variety of positions in equity and debt investing, portfolio management, fund raising and investor development. Since 2005 she has been an adviser to hedge funds, family offices and private equity houses. She chairs the Audit Committee and is senior independent director of Crown Place VCT PLC, is a non-executive director of Aberdeen Japan Investment Trust PLC and of Keystone Investment Trust plc.

David Haysey

David Haysey has over 35 years of experience in the investment business, working on both public and private equities, and asset allocation. He began 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. Between 2001 and 2005 he was CIO and co-CEO of Deutsche Asset Management's European Absolute Return business. From 2005 until 2013 David worked for RIT Capital Partners plc, where he was a board member between 2005 and 2008, and head of public equities. He joined the multi-strategy firm Marylebone Partners from its launch in 2013 as head of liquid strategies. He retired in 2017 and is now a non-executive partner and member of the firm's investment committee

MANAGEMENT OF THE INVESTMENT PORTFOLIO

It is intended that the Company will be structured as an internally managed closed-ended investment company. Augmentum Fintech Management Limited (the "**New Portfolio Manager**" and a wholly owned subsidiary of the Company) will manage the investment portfolio of the Company, including the investment and reinvestment of its portfolio once the FCA has granted the necessary authorisation.

In the interim period, the Company will appoint Augmentum Capital LLP (the "**Investment Adviser**") as its investment adviser. The key individuals who will be responsible for the management of the Company's investments are currently principals or employees of, or advisers to, the Investment Adviser and will, in due course, become employees of or advisers to the New Portfolio Manager.

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

The key individuals who will be responsible for the Company's portfolio (initially as partners of or consultants to the Investment Adviser and, upon the Portfolio Management Agreement becoming effective and the New Portfolio Manager being appointed, as employees of the New Portfolio Manager) are:

Tim Levene

Tim began his career at Bain & Co before leaving to co-found Crussh the chain of juice bars. In 1999, Tim became a founding employee at Flutter.com and after it merged with Betfair in 2001, he led the commercial side of the business including launching its international business. In 2010, Tim co-founded Augmentum with the backing of RIT Capital. Tim has been a Young Global Leader at the World Economic Forum since 2012 and is a Digital Advisor to the Royal Foundation. He is a member of the UK Fintech Action Group and is a Global Ambassador for Innovate Finance. Tim was also elected as a Common Councillor (Independent) for the Ward of Bridge in the City of London in 2017 and sits on its Finance, Market and Investment Committees.

Richard Matthews

Richard qualified as a chartered accountant with Coopers & Lybrand/PwC before leaving in 1999 to join Tim as an early employee and chief financial officer of Flutter.com where as well as developing the business plan upon which US$24 million of venture funding was raised, he was a key architect of the ground-breaking peer to peer account management system. In 2001, upon the merger with Betfair, he left to become CFO of Benchmark Europe (now Balderton Capital, a venture capital investor in Betfair). In 2005 he became a partner at Manzanita Capital a large US family office and in 2010 he re-joined Tim Levene to co-found Augmentum.

Perry Blacher

Perry started his career at McKinsey & Co in 1996, moving to Microsoft 1998 and has spent the last decade as an angel investor in, and advisor 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 an investor at Chase Episode 1 when they invested in Flutter.com and is a venture partner at Amadeus Capital. He was Vice President international at Zulilly from 2013 up to its initial public offering on Nasdaq. He was the founder and chief executive officer of two businesses, both sold to public companies (Serum in 2002 and Covestor in 2007). He has a strong network throughout Europe and will give Augmentum improved reach into fintech hubs in Berlin, Scandinavia and the Baltics.

In addition, following Admission the Investment Adviser will bring on board a principal and two associates to add to the Management Team.

The Advisory Panel

The Management Team consults with an advisory panel of individuals with particular industry expertise. The key members of the Advisory Panel are currently:

Edward Wray

Mr Wray co-founded Betfair in 1999. Betfair floated on the London Stock Exchange in October 2010, valued at £1.4bn. Today it is a FTSE 100 company with a market cap of over £7 billion. Mr Wray has twice won the

Ernst & Young Entrepreneur of the Year award. Prior to founding Betfair, Mr Wray spent 8 years at JPMorgan. He has an MA (Hons) in Engineering, Economics & Management from The University of Oxford.

Having stepped down from his role as Chairman of Betfair in 2012, Mr Wray currently holds directorships at Funding Circle, LMAX, Property Partner and Prodigy Finance, and is a Trustee of Nesta, The Mix and Mental Health Innovation. He also chairs the Advisory Board for The Royal Foundation's Coach Core programme. He is an active Fintech Angel investor.

Phillip Riese

Mr Riese has spent more than 40 years in financial services. He started at Chase Manhattan Bank where he led their merchant business. He then spent 18 years in leadership roles at American Express, retiring in 1998 as President of the Consumer Card Group and Chairman of American Express Centurion Bank, and being credited with turning around the American Express core consumer card business.

Since 1999 he has focused on investing in and developing Financial Services, FinTech and Data Analytics companies globally, often serving on the board of directors or as a mentor and adviser to the CEO and Management Team. His portfolio has included investments in North America, Europe and Asia. In addition, he is a board member of Accion, a not-for-profit organisation that is dedicated to providing financial services to the billions of people excluded by traditional financial providers globally. He manages a portfolio of 63 financial services and Fintech companies in 26 countries around the world, and operates each to be sustainable and yield benefits to customers and returns to shareholders.

Josh Hannah

Mr Hannah is a Silicon Valley entrepreneur and investor. Most recently, he was a general partner with Matrix Partners, where he led consumer marketplace and enterprise software investments such as GOAT, Canva, Quora, TechStyle (JustFab), and Marco Polo. In 1999 he co-founded Flutter.com and he later led a merger with its competitor, Betfair.com. In 2004 Mr Hannah was involved in the purchase of eHow, a Web 1.0, how-to directory. Mr Hannah and his partner rebuilt the company and sold it to Demand Media in 2006 for a 400-times return. Mr Hannah has a current focus on cryptocurrency and blockchain investing and is a founding investor in Metastable and Polychain, amongst other similar companies.

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 businesses based predominantly in the UK and wider Europe.

INVESTMENT POLICY

In order to achieve its investment objective, the Company will purchase the Initial Portfolio following Admission by the Acquisition of the limited partnership interests in Augmentum I LP (the **"Partnership"**) and will subsequently invest in early (but not seed) or later stage investments in unquoted fintech businesses. The Company intends to realise value through exiting the investments over time.

The Company will seek exposure to early stage businesses which are high growth, with scalable opportunities, and have disruptive technologies in the banking, insurance and asset management sectors, including 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 position on investee companies and, where in the best interests of the Company, will do so in relation to future investee companies.

Once fully invested, the Company's portfolio is expected to comprise 15-20 holdings (assuming 100 million Shares are issued pursuant to the Issue). 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 teams, 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, provided that one investment in the portfolio may represent up to 20 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.

Each of the restrictions above will apply once the Company is fully invested and will be calculated at the time of 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.

POTENTIAL RETURNS OF CAPITAL

It is expected that the Company will realise investments made in accordance with its investment policy from time to time. The proceeds of these disposals may be re-invested in accordance with the investment policy, used for working capital purposes or, at the discretion of the board, may be returned to shareholders.

The Company commits to return to shareholders up to 50 per cent. of the gains realised by the disposal of investments in each financial year. It is expected that such returns of capital would be made annually. The Company may also seek to make returns of capital to shareholders where available cash is not expected to be substantially deployed within the following 12-18 months.

The available options for effecting any return of capital to shareholders may include the Company making one or more tender offers to purchase Shares, paying one or more special dividends or any alternative method or a combination of methods. Certain methods intended to affect 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 absolute discretion of the directors and is subject to, amongst other things, the working capital requirements of the Company. Accordingly, no expectation or reliance should be placed on the directors exercising such discretion on any one or more occasions.

INVESTMENT TRUST STATUS

It is the intention of the Directors to apply to HMRC for, and to conduct the affairs of the Company so as to satisfy the conditions for, approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010.

INVESTMENT STRATEGY

Model

The Management Team expects to invest the Company's assets predominantly in the areas of opportunity outlined below.

Series A and B

These are early stage investments in fledgling fintech businesses. To help to mitigate risk by investing after proof of concept has been delivered, the Company will not invest in seed stage businesses. The management team will, however, meet and track seed stage businesses so that the Company is ready to make potential investments when these businesses come of age. This can be a highly effective way for the Company to secure lower valuations by pre-empting a more widespread fundraise and, in addition, benefits the investee company by avoiding the need for the founders to be distracted from the business by meeting potential investors at what could be a critical inflexion point for the company.

Value/down rounds

On occasion businesses are launched before the market is ready or raise money at an over ambitious valuation which the company struggles to justify. When those businesses look to the market for further capital, they often have to check their expectations in terms of valuation and seek a lower price. In the past, venture capital funds have steered clear of these businesses and largely focused on younger and higher growth companies without

the “chequered” past. The management team sees opportunity in this area and will look to unlock value that has been built using capital already deployed in previous funding rounds.

Secondary stakes

The fixed term nature of traditional Venture Capital GP/LP funds means that capital that has been invested in a business for some time may create the need for the Fund to seek an exit prior to the opportunity reaching maximum potential. The Management Team sees this repeatedly and is keen to capitalise on the opportunity. In addition, with the tightening of the IPO markets the Management Team sees opportunities to provide liquidity to founders and other funds winding down by buying secondary stakes in attractive businesses at value prices.

Investment criteria

The Management Team aims to seek out high growth fintech focused businesses originating from across Europe that demonstrate a number of the following characteristics:

- Disruptive
- Disintermediating
- Capital efficient
- Strong founder team
- Compelling unit economics
- Scale of the market opportunity
- Competitive barriers to entry
- Ability to exit
- Opportunities that can generate multiples of invested capital for investors

The Company’s investments, whether primary or direct secondary transactions, will typically:

- secure a significant minority stake with board participation and rights in portfolio companies;
- allow the Company to participate in later follow-on funding rounds in order to minimise any dilution where possible; and
- potentially require the Company to invest £5 million to £10 million of equity over the course of several funding rounds in primary and secondary transactions.

Targeting the key areas of fintech disruption

- Banking (Personal Finance, Payments/Transactions and Lending): This sector is probably the most developed of fintech sub-sectors but actual penetration by fintechs is still very small, with largest financial institutions continuing to dominate by market share. The traditional bank is now being unbundled by dynamic, data driven and tech focused fintechs who are deploying models that allow more innovative, simple and more transparent ways for consumers to engage with their finances.
- Insurance (Product and Solutions, Distribution, Servicing and Claims Management): This is perhaps the least developed fintech sub-sector, other than insurance distribution which has seen a number of successful aggregation platforms. Disruptive insuretechs are looking to price risk more effectively as well as looking to usurp existing players entirely with new customer propositions and more innovative approaches to underwriting.
- Asset Management (Distribution, Advice, Portfolio Management): High fees, poor returns, low tech solutions and bloated service delivery chains have made this area fertile ground for new challengers to exploit. Historic customer inertia to switching has allowed existing players to hold on to their strong market positions, however this will become increasingly difficult, as fintechs develop cheaper, more efficient and customer friendly platforms, with some building compelling track records of performance.
- Other Cross-Industry Propositions (Capital Markets, Business to Business Fintech, Regtech, Other): This sub sector is a catch-all for a number of industries within the financial services sector not captured by the above and also includes new ideas that by their disruptive nature do not fit neatly into the existing framework.

Investment process

The Management Team and Advisory Panel are and have been associated with many successful fintech businesses in Europe and beyond. This track record and experience acts as a magnet to emerging entrepreneurs and has allowed them to develop strong networks at the centre of the fintech ecosystem including the incubators, seed funds, angel networks, and venture capital funds.

This network of contacts, cultivated over many years, leads the team to be confident that it will see many of Europe's most attractive fintech investment opportunities. One of the biggest challenges is to effectively curate this deal flow, negotiate reasonable terms and select the right opportunities to invest in.

Whilst there is no set timetable, it would typically be not less than two to three months from first meeting to investment and in some cases, where a company is met at an earlier stage than the management team would want to invest, the relationship can be built over a period of years with the Management Team receiving regular updates throughout, all of which forms part of the due diligence process.

Active management of the portfolio

The Company will be an active investor. In the vast majority of its investments, the Management Team will require a board seat as a condition of investment. The Company intends to limit the number of active board seats that each member of the management team may hold at any one time and expects them to spend at least two days a month helping each investee company for which they are responsible. The Company also encourages regular involvement of other members of the Management Team in investee company meetings to ensure an appropriate balance of views at management team meetings.

There are a number of key areas where the management team believes it is able to add value to the portfolio companies and has done so for other investments in which it has been involved, including:

- Help scaling the management team
- Refine and drive the key performance indicators
- Organic growth and acquisition
- Business development/market entry
- Dealing with underperformance
- Investment exit review

IMPORTANT NOTICE

The content of this announcement constitutes a financial promotion pursuant to section 21 of FSMA, and is issued and approved by Augmentum Capital LLP (the "Investment Adviser") which is authorised and regulated by the Financial Conduct Authority in the United Kingdom and whose registered office is at 27 St James Place, London, SW1A 1NR. This announcement has been prepared and issued by the Investment Adviser and is being delivered in connection with the proposed admission of ordinary shares in the capital of Augmentum Fintech plc (the "Company") to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange's main market and associated Placing, Offer for Subscription and Intermediaries Offer (the "Transaction").

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