1 July 2025

Augmentum Fintech plc

Amendment of Investment Advisory Structure

and

Notice of General Meeting

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Augmentum Fintech plc (LSE: AUGM) (the "**Company**" or "**Augmentum**"), Europe's leading publicly listed fintech fund,Â announces that, subject to Shareholder approval, the Companyâ€™s portfolio manager, Augmentum Fintech Management Limited (â€œ**AFML**â€) will appoint Augmentum Capital LLP (â€œ**ACLLP**â€) as Investment Adviser in relation to AFMLâ€™s duties as portfolio manager in respect of the Companyâ€™s portfolio (the â€œ**IA Appointment**â€). ACLLP will engage, as employees or members, the staff of AFML who are currently engaged in the provision of investment advice. ACLLP is controlled by Tim Levene and Richard Matthews and is not a subsidiary of the Company.

The Board believes that the proposed IA Appointment and related entry into the Agreements, as more fully described below (the â€œ**Proposal**â€) is in the best interests of Shareholders and believe that the Proposal will have the following benefits for Shareholders: (i) the Proposal will ensure that the investment advisory team at ACLLP has a more conventional employee remuneration structure which should assist with employee recruitment and retention and provide greater alignment with long term shareholder returns; and (ii) the Company has agreed fee share arrangements as part of the Proposal such that the Company can benefit from the fees received by ACLLP in connection with Further Funds that ACLLP and AFML may launch thereby potentially providing the Company with additional income.

The Board is acutely aware of the wide discount to Net Asset Value at which the Companyâ€™s shares currently trade, and shares the frustrations of many Shareholders regarding it. The Board considers that the Proposal will improve the competitiveness and robustness of its management arrangements which it believes could assist, and will not hinder, in addressing the discount.

The proposed IA Appointment is a Relevant Related Party Transaction and requires Shareholder approval. A circular (the â€œ**Circular**â€), containing a notice convening the General Meeting in order to pass the Resolution, will be despatched to Shareholders today and will shortly be available on the Company's website at https://augmentum.vc/.

The General Meeting which has been convened for 10.00 a.m. on 24 July 2025 at the registered office of the Company at 25 Southampton Buildings, London WC2A 1AL, United Kingdom.

Further details regarding the Proposal can be found in the Circular and are set out at the end of this announcement.

Capitalised terms used in this announcement have the meanings given to them in the circular, unless the context provides otherwise.

Enquiries

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About Augmentum Fintech

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

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Background to the Proposal

At the time of the Companyâ€™s IPO in 2018, it was decided that the Company would adopt an internalised management structure, with Augmentum Fintech Management Limited (â€œAFMLâ€ or the â€œPortfolio Managerâ€), a subsidiary of the Company, appointed as the Companyâ€™s portfolio manager (after an initial period whilst AFML obtained FCA authorisation during which Frostrow Capital LLP (â€œFrostrowâ€ or the â€œManagerâ€) acted as manager and Augmentum Capital LLP (â€œACLLPâ€) as investment adviser).

The IPO Prospectus noted that, in time, the business of AFML may be expanded to take on other fund management and advisory mandates with third parties (â€œFurther Fundsâ€), providing an additional income stream to the Group.

Since that date, an unanticipated disadvantage of the internalised structure has emerged. During 2021, the Company was advised that the 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 had adverse accounting consequences for the Group. As a result, the AFML employee remuneration plan that had been in place since shortly after the Companyâ€™s IPO was terminated.

AFML continued to be entitled to a performance fee as before, but any performance fee paid by the Company to AFML would thenceforth be allocated to employees of AFML on a discretionary basis by the board of AFML with oversight from the Management Engagement & Remuneration Committee of the Company.

Replacing the original remuneration plan with a discretionary arrangement meant that AFML was not able to offer its directors and employees a binding points-based remuneration structure. Such a structure, which is the established practice for venture capital investment managers, would better align the interests of the Company as a long-term investor with the incentives of its management team, and better align management remuneration with investment performance to Shareholdersâ€™ returns. Instead, incentive arrangements are required to be entirely discretionary, and this has, in the Boardâ€™s view, put AFML at a competitive disadvantage in hiring at a senior level and could be detrimental to staff retention as well as potentially having a negative impact on the Companyâ€™s future long-term investment performance and Shareholder returns.

The Company is keenly aware of the importance of staff retention and recruitment within its portfolio manager, from the twin perspectives of generating investment returns from the portfolio for the benefit of Shareholders and maximising the opportunity of earning additional income from launching and managing Further Funds.

Following careful consideration by the Board, and consultation with major Shareholders, the Company has agreed that, subject to Shareholder approval, AFML will appoint ACLLP as Investment Adviser in relation to AFMLâ€™s duties as portfolio manager in respect of the Companyâ€™s portfolio (the â€œIA Appointmentâ€). ACLLP will engage, as employees or members, the staff of AFML who are currently engaged in the provision of investment advice.

ACLLP is an English limited liability partnership controlled by Tim Levene and Richard Matthews; it is not a subsidiary of the Company. ACLLP is authorised and regulated by the FCA.

ACLLP should be able to offer its members and employees a more conventional remuneration package than AFML can. As further described below, there will be no change to the overall level of fees paid by the Company, the provisions for fee sharing in respect of Further Funds will be formalised and the notice period under which AFML and ACLLP can be terminated will not be extended. Furthermore, the Company and/or AFML will continue to own intellectual property associated with the management of the portfolio.

The appointment will be effected through the entry into an investment advisory agreement (the â€œInvestment Advisory Agreementâ€) and a framework agreement (the â€œFramework Agreementâ€) (together, and with certain other agreements, the â€œAgreementsâ€).

Provision of services

Under the proposed new arrangements, there will be no change to the Companyâ€™s AIFM, Frostrow Capital LLP; and AFML will remain as portfolio manager to the Company. Tim Levene and Richard Matthews will remain as directors of AFML and members of AFMLâ€™s investment committee. The services to be provided by ACLLP as investment adviser to AFML are limited to investment advisory services, including the provision of specific investment advice and the background and supporting services that an investment adviser would ordinarily provide. AFML will retain certain functions (and associated personnel), being portfolio management, investor relations and marketing, systems and office administration.

Fees and termination

ACLLP will be entitled to a fee payable by AFML out of the fee income earned by AFML. Following the IA Appointment, there will be no change to the rate at which the annual management fee or performance fee (together, the â€œFeesâ€) payable by the Company are currently calculated.

The basis of the calculation of the Fees is not changing under the proposed IA Appointment, save that there will be a valuation of the assets within the portfolio at the date of the IA Appointment with this interim valuation being the end point for the AFML calculation and starting point for the ACLLP calculation. Accordingly, there is not expected to be any direct economic effect on the Company as a result of the IA Appointment. When a performance fee payment is due, there will be two parallel calculations to establish the amount attributable to AFML alone and the amount attributable to ACLLP, with this interim valuation being the end point for the AFML calculation and starting point for the ACLLP calculation.

The Investment Advisory Agreement is terminable by either AFML or ACLLP on 12 monthsâ€™ notice. It is also terminable on certain standard breach events. The Investment Advisory Agreement will automatically terminate on termination of the Framework Agreement or the Portfolio Management Agreement.

The Framework Agreement contains a key person termination provision that replaces the one in the existing Portfolio Management Agreement. The existing provision allows the Company to terminate if both Tim Levene and Richard Matthews cease to be officers or employees of the Group and are not replaced with personnel that are reasonably satisfactory within three months. The new provision allows the Company to terminate if Tim Levene (alone) ceases to devote a sufficient amount of his normal working time to the performance of the Investment Advisory Agreement and is not satisfactorily replaced within six months. The Framework Agreement may also be terminated by any party if another party commits certain standard breach events, or if the Investment Advisory Agreement is terminated.

No changes are proposed to the existing Portfolio Management Agreement between the Company, Frostrow and AFML.

Ownership of assets

Pursuant to the Framework Agreement, the valuable assets of AFML will continue to be owned by AFML (or the Company where applicable) following the IA Appointment. The Company and AFML will continue to own the intellectual property of the Group, including intellectual property generated by ACLLP under its appointment following the IA Appointment. The Company and AFML will grant a licence to ACLLP over that intellectual property, but only for the term of the Investment Advisory Agreement and for the purpose of performing its duties as Investment Adviser. The Company will retain rights to the Augmentum name and associated trademarks.

The lease for premises is expected to remain in AFMLâ€™s name, at least for the duration of the current lease, and is guaranteed by the Company.

AFMLâ€™s assets include retained income of approximately Â£1.0 million which is currently available for making incentive payments to its directors and employees. Pursuant to the Framework Agreement, this would be used at the direction of ACLLP, principally for making loans to employees and members of ACLLP to fund their commitments to invest into Third Party Funds and/or Other Funds, (as defined below), and otherwise for meeting AFMLâ€™s costs and expenses.

Further Funds

The Framework Agreement provides that AFML and ACLLP may launch Further Funds, and it is intended that any such funds would be structured so that AFML is the portfolio manager and ACLLP is the Investment Adviser, but there will be flexibility depending on the requirements of each instance. Further Funds are split into â€œThird Party Fundsâ€ and â€œOther Fundsâ€.

The consent of the Company would be required (not to be unreasonably withheld, delayed or conditioned) in respect of the launch of Third Party Funds, which are defined as funds with a similar investment objective and policy to the Company. Such Third Party Funds will be subject to an allocation policy in respect of investments that are also suitable for the Company.

The Company will not have a right of veto in respect of Other Funds, which are defined as funds that donâ€™t have a similar investment policy to the Company.

The Company has agreed fee share arrangements such that the Company can benefit from the fees received by ACLLP in respect of Further Funds under management. It is intended that these arrangements be agreed at the time of launch, but in the absence of such an agreement there is a default position as follows: the fee share percentage is 25 per cent. in respect of Third Party Funds and 12.5 per cent. in respect of Other Funds, in each case calculated on gross management, advisory or analogous fees received by ACLLP from that fund, but excluding performance fees. For Other Funds there is a threshold of Â£500,000 fee income on which ACLLP is not required to share fees.

The Companyâ€™s consent is required for any Further Funds to use the Augmentum name.

Employment arrangements

The Framework Agreement will provide that employees of AFML whose roles relate to its current investment advisory function will be transferred to become employees of ACLLP. The other employees of AFML whose roles relate to AFMLâ€™s retained function, being primarily portfolio management and investor relations will remain employees of AFML. Tim Levene and Richard Matthews will continue as employees and directors of AFML as well as being engaged as members of ACLLP.

By a letter of undertaking, each of Tim Levene and Richard Matthews will agree not to sell ACLLP (or a substantial part of its business) for a period of four years from the date of the IA Appointment, without the consent of the Board. Tim Levene and Richard Matthews are permitted to reduce their interest by way of the admission of new partners to ACLLP, or transfers of their interests (e.g. to a new individual or investor) provided that they retain a combined interest of 50 per cent. or more.

Benefits of the Proposal

The Directors believe that the Proposal will have the following benefits for Shareholders:

- *retention and recruitment of a skilled investment advisory team*: the IA Appointment will enable ACLLP to provide the investment advisory team (following their transfer from AFML) with a more conventional employee remuneration structure which should assist with employee recruitment and retention and provide greater alignment with long term shareholder returns; and
- *prospect of additional income from Third Party Funds and Other Funds*: the Framework Agreement contemplates that AFML and ACLLP may launch Further Funds. As detailed above, in respect of such Further Funds, the Company has agreed fee share arrangements such that the Company can benefit from the fees received by ACLLP in connection with Third Party Funds and Other Funds thereby potentially providing the Company with additional income.

Relevant Related Party Transaction

As at the date of this document, ACLLP is a related party of the Company for the purposes of the United Kingdom Listing Rules. ACLLP is controlled by Tim Levene and Richard Matthews, who are directors of AFML, a wholly-owned subsidiary of the Company, as that companyâ€™s chief executive officer and chief operating officer, respectively. ACLLP is therefore an associate of Tim Levene and Richard Matthews, who are related parties to the Company because of their directorships of AFML. ACLLP is therefore a related party of the Company for the purposes of the United Kingdom Listing Rules.Â

Accordingly, the proposed IA Appointment, which relates to the Fees payable by the Company in connection with services rendered by AFML as its portfolio manager (although the basis of calculation of those Fees is not changing under the Proposal), is a Relevant Related Party Transaction and requires Shareholder approval.

Such approval is being sought at the General Meeting, notice of which is set out at the end of this document. ACLLP is not a Shareholder in the Company. ACLLP will not vote on the Resolution and has undertaken to take all reasonable steps to ensure that its associates will not vote on the Resolution at the General Meeting. In addition, Tim Levene and Richard Matthews, as associates of ACLLP, have themselves undertaken not to vote on the Resolution in respect of their holdings of Shares in the Company.

In respect of the Relevant Related Party Transaction, the Board considers that the IA Appointment and the entry into the Agreements pursuant to the Proposal is fair and reasonable so far as Shareholders are concerned and the Directors have been so advised by Singer Capital Markets (as sponsor to the Company). In providing its advice to the Directors, Singer Capital Markets has taken into account the Directorsâ€™ commercial assessment of the effects of the Relevant Related Party Transaction.

General Meeting

The Proposal is conditional on the approval by Shareholders of the Resolution to be proposed at the General Meeting which has been convened for 10.00 a.m. on 24 July 2025 at the registered office of the Company at 25 Southampton Buildings, London WC2A 1AL, United Kingdom.

The Resolution, which will be proposed as an ordinary resolution, will, if passed, authorise the Relevant Related Party Transaction contemplated by the IA Appointment and the entry into the Agreements.

An ordinary resolution requires a simple majority of members entitled to vote and present, in person or by proxy, to vote in favour in order for it to be passed.

In accordance with the Articles, all Shareholders present in person or by proxy (or, if a corporation, by a representative), shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Share held. In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

The formal notice convening the General Meeting is set out at the end of this document.

Action to be taken in respect of the General Meeting

Before taking any action, Shareholders are recommended to read the whole of this document.

Voting:

All Shareholders are encouraged to vote in favour of the Resolution to be proposed at the General Meeting and, if their Shares are not held directly, to arrange for their nominee to vote on their behalf.

Shareholders are requested to complete and return proxy appointments to the Registrar by one of the following means:

a) electronically by visiting Computershareâ€™s website (www.investorcentre.co.uk/eproxy); or
b) by completing and signing the Form of Proxy enclosed with this document in accordance with the instructions printed thereon and returning it by post; or
c) in the case of CREST members by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to notice of General Meeting; or
d) by contacting their investment platform (if they hold their Shares through an investment platform or other nominee service such as a wealth manager).

In each case, proxy appointments must be transmitted so as to be received by the Registrar as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. on 22 July 2025.

Appointment of a proxy (by any of the methods noted above) will not prevent you from attending and voting in person at the General Meeting should you wish to do so.

Recommendation to Shareholders

The Board considers that the Proposal is in the best interests of the Company and its Shareholders as a whole. Accordingly the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting. The Directors intend to vote in favour of the Resolution in respect of their holdings of Shares, amounting to 527,249 Shares in aggregate (representing approximately 0.32 per cent. of the voting rights of the Company as at the date of this document).

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