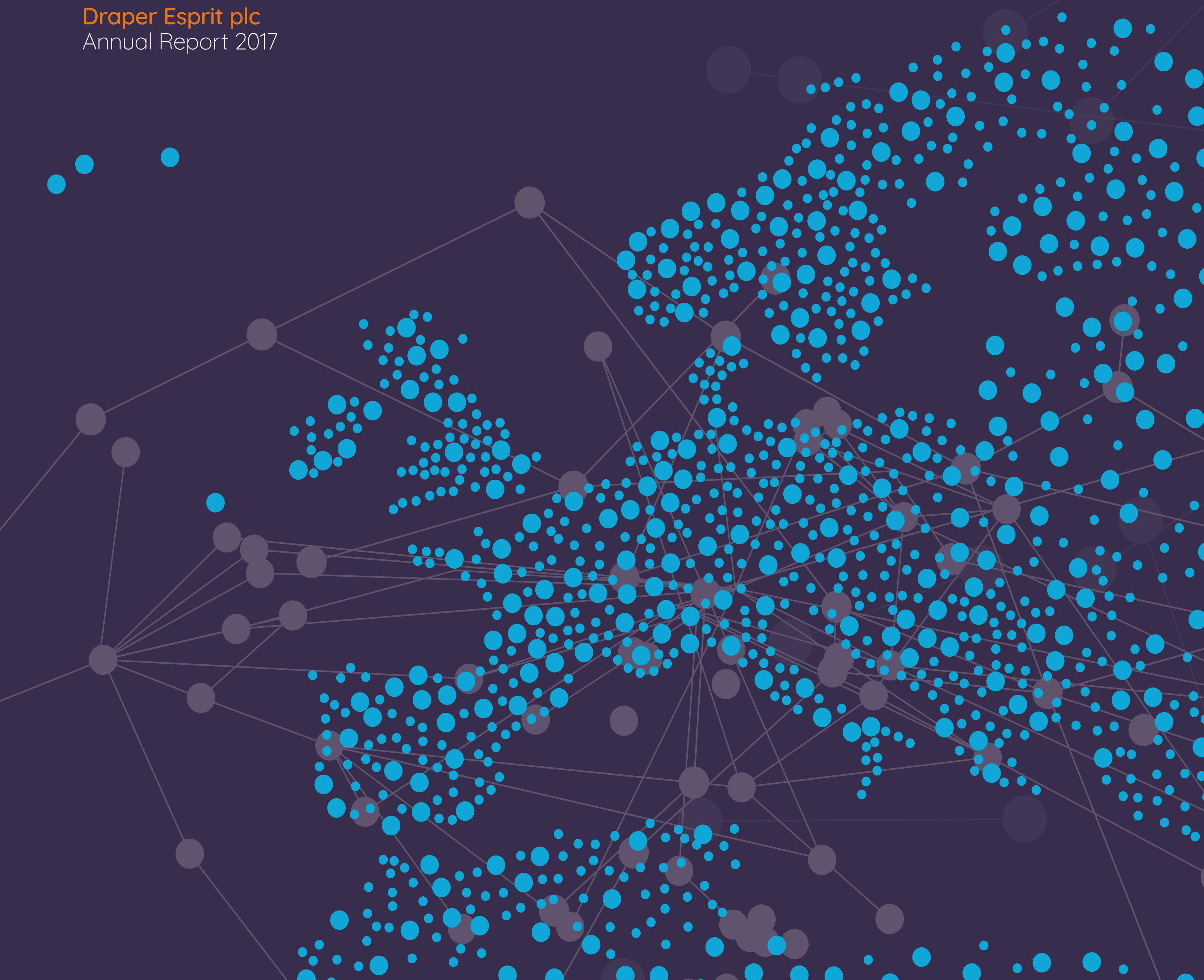
draperesprit

Backing Europe's most ambitious entrepreneurs

Draper Esprit plc
Annual Report 2017



Draper Esprit is one of the most active venture capital firms in Europe, developing and investing in disruptive, high growth technology companies. We believe the best entrepreneurs in Europe are capable of building the global businesses of the future. We fuel their growth with long-term capital, access to international networks and decades of experience building businesses.

Highlights 2017

Financial highlights

£33.2m

Profit after tax of £33.2 million

£112.7m

Gross primary portfolio value increased by 43% to £112.7 million

370.0p

NAV per share of 370.0 pence

£150.7m

Net Assets including goodwill, of £150.7 million

Operational highlights

- The Group has invested in 13 new and 6 existing portfolio companies.
- Core portfolio holdings have grown by 30%.
- Significant cash realisations of £42.0 million in plc (including amounts held in escrow), of which £37.1 million has already been deployed into the next generation of opportunities and to further support our existing portfolio.
- £160.0 million additional capital raised across the Group post year end. £100.0 million was raised by new and existing shareholders in the plc, £25.0 million was raised across the EIS and VCT vehicles and £35.0 million for secondary deals.
- Hired experienced team of investment professionals and appointed Ben Wilkinson as new CFO in October 2016.

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The Strategic Report comprising the inside cover to page 27 has been approved by the Board and signed on its behalf by

S. M. Chapman
24 July 2017

CHAIRMAN'S INTRODUCTION

"We continue to invest in forward-thinking and innovative businesses, a standard we also hold ourselves to as we continue to break new ground in our marketplace."

A very warm welcome to all our shareholders to our maiden Annual Report. It has been an extremely active and productive year for the Company since we listed in June 2016 on London's AIM and the ESM in Ireland.

The IPO, which included the acquisition of Esprit Capital Partners LLP and Draper Esprit (Ireland) Limited to form the Group, received strong support from new and existing shareholders, including several prominent City institutions, successful entrepreneurs, and family offices.

Since then, management has expanded the team by adding new talent to give us the capacity to drive more investments in high growth companies, and has increased our investments into selective portfolio companies. We have been very focused and determined to do what we said we would do at the time of the IPO. We aim to deliver significant returns to shareholders over the longer term by growing our Net Asset Value ("NAV") and target a portfolio return of 20% p.a., underpinned by an average of 30% revenue growth in our core investee companies.

We provide long-term capital and have significant resources to deploy. Our ambition is to build a bridge between institutional and retail capital and high growth private companies. We not only screen deal flow but actively manage the portfolio companies, helping the entrepreneurs with a hands-on approach to build businesses that scale. Post year-end we have implemented the next stage of this strategy by raising a further £100.0 million from new and existing institutional shareholders, to invest in the next generation of tech entrepreneurs in Europe and the UK. In addition to this, we have raised £60.0 million across our EIS, VCT and Secondary funds.

We continue to invest in forward-thinking and innovative businesses, a standard we also hold ourselves to as we continue to break new ground in our marketplace. In this regard, we have made a great start and I would like to thank our entire team, Board colleagues, shareholders, advisers and wider network of contacts for their support and hard work over the year.

Karen Slatford
Non-Executive Chair

See more at:
www.draperesprit.com

Investing in the most innovative entrepreneurs

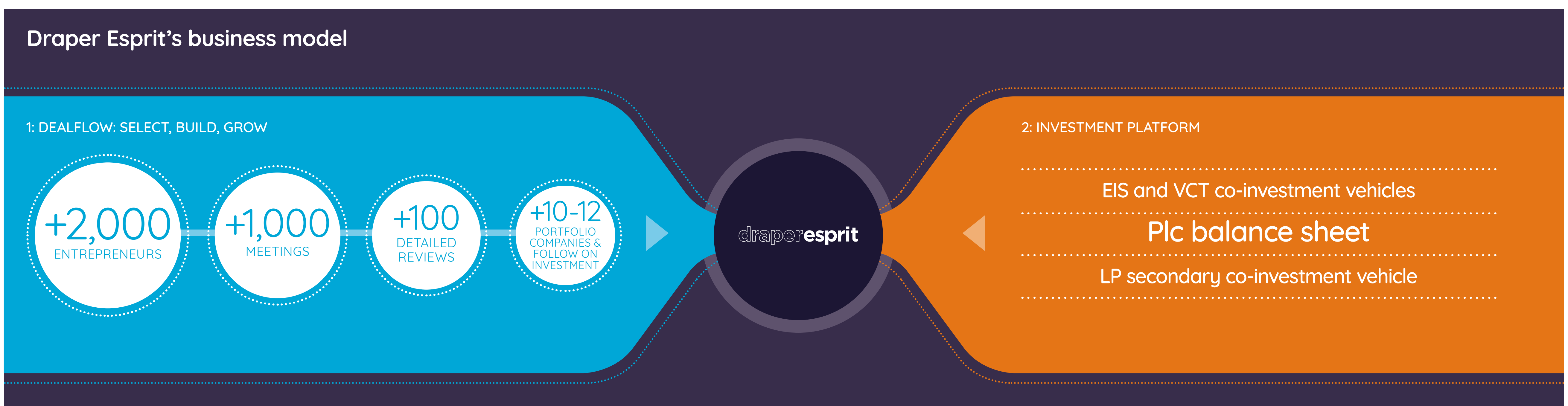
We invest in growing technology companies across Europe. We source the best deals from thousands of companies and provide them with capital, expertise and networks to fuel their growth.

Draper Esprit invests in innovative technology companies across Europe. The Company provides long-term capital to entrepreneurs, a unique proposition for the portfolio companies in a market dominated by fixed-term funds. With the combination of the plc balance sheet together with tax efficient capital and secondary funds, our portfolio companies are offered a holistic funding platform which can support diverse capital requirements.

The Company not only provides the capital, but also extensive hands-on support for entrepreneurs as they build the businesses. When companies partner with Draper Esprit, they get immediate access to the Draper Venture Network. This is the only global network of funds of its kind, which not only helps the companies to internationalise across the world, but also facilitates introductions to global corporates, helping the investee companies navigate complex sale cycles. Draper Esprit also sits on the board of the investee companies, providing advice and using their network to ensure that the very best people are hired as the companies expand. This hands-on approach enables portfolio companies to reach their potential.

Draper Esprit's unique funding platform, the ability to deploy long-term capital, and the extensive support they provide to entrepreneurs as they grow their businesses ensure that the Company sees the best deals in the market.

The model has been refined over 10 years by the investment team and by over 20 years of investing experience of the management team.



Select, build, grow

Draper Esprit seeks out high growth companies originating from across Europe that:

- Operate in new markets with the potential for strong cross-border or global expansion.
- Are run by impressive entrepreneurs who have the ability to build world-class management teams.
- Have the potential to address large new markets or disrupt major existing ones, utilising technology.
- Have competitive barriers to entry to support strong gross margins and capital efficient business models.
- Have the potential to be global sector leaders.
- Will be attractive candidates for acquisition by large corporations or public ownership by institutions by way of an IPO, with valuations ranging from US$50.0 million to over US$1.0 billion.
- Will generate multiples of invested capital for investors.

Investment platform

The Company utilises three pools of capital to invest in companies: the plc balance sheet; tax-efficient investing in EIS/VCT; and Secondary funds backed by institutional capital focused on this space

The plc balance sheet forms the core investment vehicle for the Group. 30% of the Group's investment capital goes towards smaller early stage investments with approximately 70% being invested in larger growth stage investments. The permanent capital model of a listed vehicle also provides additional flexibility to build stakes in the top performing investments over time as opportunities arise.

EIS and VCT (see below) tax efficient pools of capital are investing alongside the plc into the same deals. The ability to co-invest using these different vehicles enables the Company to hold a more material stake in the portfolio companies. The Company also receives management fees from the EIS, VCT and secondary funds which offset management costs for plc shareholders.

The Group fixes the percentage allocated to co-investment funds alongside the plc on a periodic basis, according to the available resources for that period.

EIS co-investment funds

Through its ownership of Encore Ventures (an FCA authorised and regulated management vehicle), the Group manages six EIS co-investment funds, currently with a total of over £40.0 million under management.

The Encore funds have been independently reviewed for four years in a row and have been ranked number one Growth EIS fund. They have received a score of 88/100, the highest of any EIS fund as of January 2017[1].

VCT co-investment funds

During the year the Company acquired a 30.77% stake in a leading VCT manager, Elderstreet Holdings Limited, with an option to acquire the balance. Elderstreet Holdings Limited manages Elderstreet VCT plc, LSE: EDV, which currently has assets in excess of £35.0 million.

Secondary investments

The Group also acquires venture capital portfolios through its division, Draper Esprit Secondaries. The Company invests in and receives a proportion of management fees and carried interest in respect of transactions carried out by Draper Esprit Secondaries. Draper Esprit Secondaries has previously acquired several venture capital portfolios in Europe including 3i, Prelude and Top Technology.

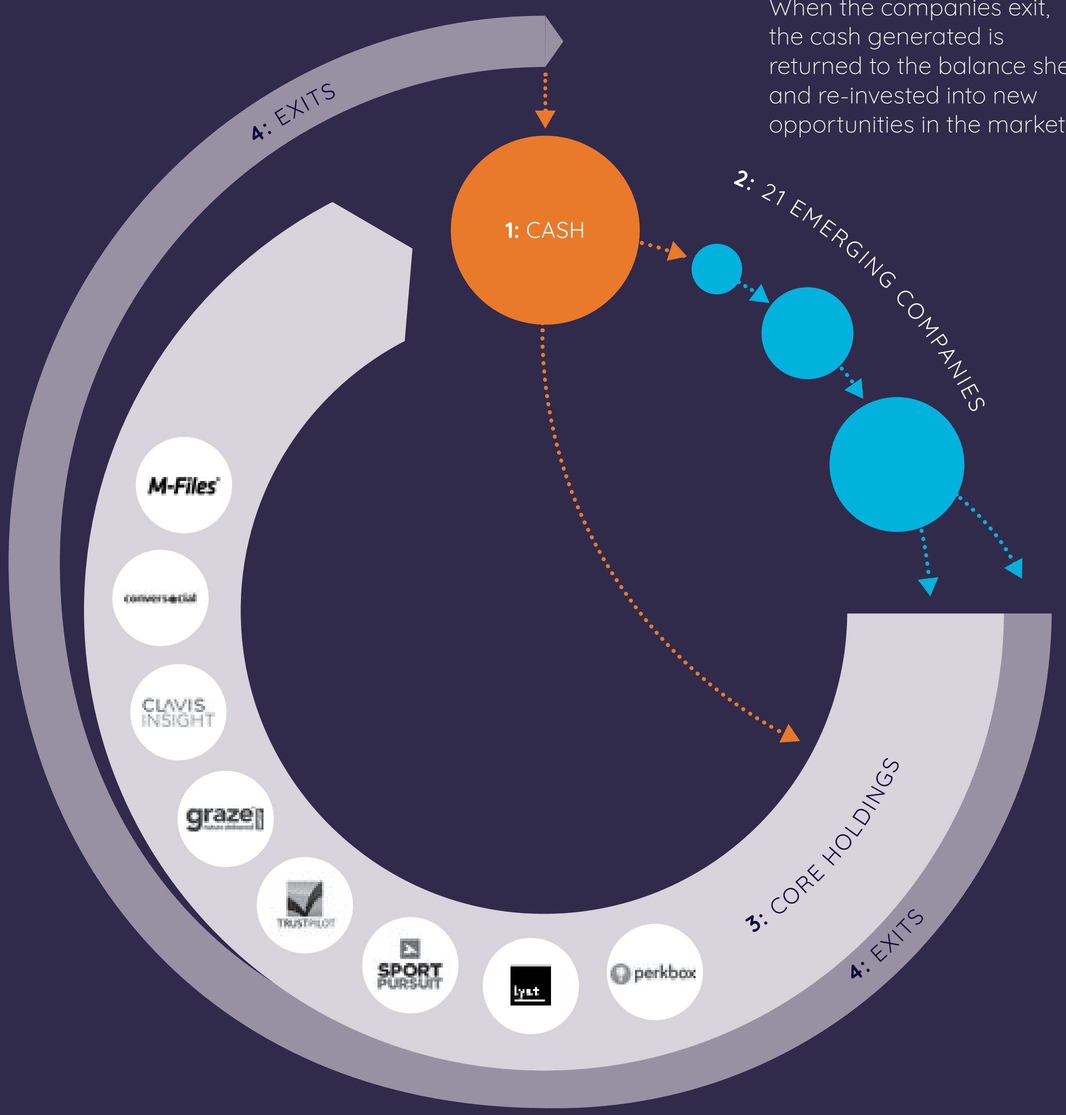
The portfolios we invest in consist of companies that meet the Company's primary investment criteria and we therefore deploy the plc balance sheet as a direct investor into these secondary opportunities. By aligning Group interests, we provide plc investors with exposure to the upside potential in these secondary portfolios.

1 Martin Churchill, Tax Efficient Review, Review of EIS Fund seeking growth with track record – multi-sector, Draper Esprit EIS, November 2016

A sustainable, evergreen investment model

We have built a model for venture capital which enables us to back businesses for the long term as a strategic partner. When we exit businesses, we return cash to our balance sheet enabling us to re-invest in future opportunities.

Draper Esprit's investment cycle



1. Cash
When the companies exit, the cash generated is returned to the balance sheet and re-invested into new opportunities in the market.

2. Emerging companies
The Company invests in entrepreneurial, fast-growing businesses.

3. Core holdings
Draper Esprit will provide follow-on capital, meaning the stake the Company holds becomes more significant. This occurs at the point that the business has proven its model.

4. Exits
Businesses can exit the portfolio either when an emerging company, where Draper Esprit holds a smaller stake, or a core holding. Businesses either exit to a strategic buyer or by taking they company public through an Initial Public Offering (IPO).

Sectors

Our portfolio of investee companies is diverse and the Company looks for impressive entrepreneurs across four primary sectors. Many of these sectors remain significantly under-funded for growth stage financing in Europe despite their evident strengths and the Directors believe there is considerable potential for upside returns from the companies that operate within them.

- **Consumer Technology:** companies with exceptional growth opportunities that are underpinned by new consumer facing products, innovative business models and proven execution capabilities.
- **Enterprise Technology:** companies developing the software infrastructure, applications and services that drive productivity improvements, convenience and cost reduction for enterprises.
- **Hardware and Electronics:** companies developing differentiated technologies that underpin advances in computing, consumer electronics and other industries.
- **Digital Health and Wellness:** companies leveraging digital and genomic technologies to create new products and services for the health and wellness markets.

Competitive Advantages

- As companies stay private for longer, it is increasingly necessary for public investors to adapt their strategy to gain access to high growth companies. The listed evergreen vehicle provides investors with ongoing liquidity versus private limited partnership structures.
- High-growth companies have a need for longer term capital, where investors are willing to make a financial investment in a business without the time constraints that require realisations in a defined period. Instead, investors are willing to forgo a short-term return to capture growth, in anticipation of more substantial returns at a later stage. This approach not only benefits the investors, but has been identified as a strategic need for high-growth businesses as the UK government draws up its Patient Capital Review.
- Investors benefit from access to a highly-experienced investment team who generate dealflow and then actively manage the companies, usually taking Board positions in the portfolio companies they invest in and holding significant investor rights.
- The Group has a consistent track record of 20% annual portfolio returns since 2008, underpinned by an average of 30% revenue growth of the portfolio companies. In the period since 2008, the Group has generated cash returns in excess of its invested capital.

Pan European focus and dual listing

Draper Esprit plc is focused on companies and technologies across Western Europe. The Company is dual listed on AIM (LSE: GROW), operated by the London Stock Exchange, and the ESM (ISE: GRW), operated by the Irish Stock Exchange. The dual listing provides a pathway for continued access to Europe in the post Brexit environment. The entrepreneurial environment across Europe has been steadily maturing and our investment team work across the continent to source the best opportunities. The portfolio companies are headquartered in places from Bristol to Berlin, and Stockholm to Dublin.

A substantial year of change and progress

Since the IPO last year, we have grown our team, invested in 13 new high growth companies and raised over £100 million on the public market. We look forward to the next financial year with confidence and optimism.

£42.0m
Cash realisation in plc (including amounts held in escrow)

£160.0m
Additional capital raised across the Group post year end

£37.1m
Cash invested in next generation technology companies

Simon Cook
CEO

Overview

I am pleased to report that the year ended 31 March 2017 has been a year of substantial change and progress for the Company.

At the time of the IPO in June 2016, we set out to demonstrate our model in a public market setting of investing in high growth private technology start-ups. Through a series of successful exits, further investments and our fast-growing portfolio, we have demonstrated that the public venture capital model is working.

Post year end, we continued onto the next stage of the strategy by raising an additional £100.0 million equity from our supportive institutional shareholder base. As a wider Group, we have also raised significant co-investment funds through our EIS, VCT and secondary funds, with £60.0 million raised in 2017 to date.

Having scaled our capital resources, the Group is now even better positioned to invest larger amounts in more companies, growing our holdings in our most promising investments.

Operating review

The environment for innovation in Europe is growing at a sustainable rate and the venture capital market in Europe is now worth US$15.0 billion. However, Europe still lags behind the US, most notably in the provision of growth capital. In Europe, only 42% of start-ups go on to complete a growth round, compared to 85% in the US. By starving start-ups of follow-on investment, it limits their ability to grow internationally and therefore compete on a global stage. Our ambition is to fill this gap with long-term capital for the best teams in Europe.

Furthermore, high growth technology businesses are also staying private for longer. Our decision to go public has positioned us to play a leading role by enabling us to offer a partnership model with investors who wouldn't otherwise have access to, or the capacity to actively manage, these types of investments.

We have been very active in putting our long-term capital model to work. Across the Group, including £6.0 million co-invested from EIS funds, we have invested £34.0 million in 13 new companies, and £9.0 million in the existing portfolio. In addition, we have exited 4 companies realising cash of £42.0 million to the plc (including amounts held in escrows). Going forward, further co-investment will come from the VCT following the acquisition of 30.77% in Elderstreet 2016.

> "Through a series of successful exits, further investments, and our fast-growing portfolio, we have demonstrated the public capital model is working."

The cash available for investment, across the Group, is reviewed periodically and the allocations split according to the resources available. During 2016/17, we have invested 66% from the plc and 34% from EIS funds into qualifying companies.

Successful exits

During the year, the Company has announced four major disposals.

Firstly, we announced the sale of Movidius Ltd ("Movidius") to Intel Corporation. Movidius is a leader in high performance, ultra-low power computer vision technology for connected devices. The sale generated an estimated total cash return to the Company of approximately £27.4 million including amounts held in escrow, generating a 7.6x uplift on invested capital.

In October 2016, we announced that ENEA, a leading global information technology company agreed to acquire portfolio company, Qosmos for a total cash consideration of approximately €52.7 million, resulting in cash to the Company, including amounts held in escrow, of £8.0 million, generating a 1.9x uplift on invested capital.

In November 2016, we announced the sale of Datahug, a sales forecasting software company, to Callidus Software Inc for a cash consideration of around US$13.0 million, resulting in a cash return to the Company of approximately £3.6 million, including funds held in escrow, generating a 1.6x uplift on invested capital.

In addition, we sold the remaining stake (following the partial exit pre-IPO) held by the Company in Horizon Discovery, resulting in a cash return of £2.8 million, generating a 2.6x uplift on invested capital.

Separately, during 2016 secondary funds managed or associated with Draper Esprit were also involved in the sale of optical switch business Polatis to Huber+Suhner; and GreenPeak Technologies, a leader in ultra-low power, short range RF communication technology to NASDAQ listed Qorvo, Inc. These exits returned £23.0 million to our Limited Partners, and resulted in proceeds to the Company in fees and carry of approx. £0.3 million to partially offset Group costs.

These exits highlight the truly European nature of Draper Esprit's portfolio with Movidius based in Dublin, Qosmos in Paris, Polatis in Cambridge (UK) and GreenPeak in the Benelux countries. All companies were very active in the US market, as per Draper Esprit's strategy of helping European companies become global leaders. Moreover, they demonstrate the investment and value realisation model in practice.

Draper Esprit and secondary managed funds associated with the Company held significant minority stakes in each portfolio company; the acquirers were all respected international blue-chip companies; and the aggregate total value of these transactions was in excess of US$600.0 million in 2016.

Growing our diverse portfolio: investments

We invest in companies that build the future. In the year to date, the Company or co-investment funds managed by the Group invested £34.0 million in 13 new companies, including Graphcore, LifeSum, PushDoctor, Resolver, Perkbox, Realeyes, Clavis, Clue, RavenPack and Podpoint. The portfolio is diverse: whether they are building a whole new infrastructure for developing artificial intelligence applications (Graphcore), the future of tracking female health (Clue), or the infrastructure necessary for electric vehicles (Podpoint), all the companies are united by a strong team and an ability to be global leaders.

Key to our strategy is to increase our holdings into the rising stars within the portfolio. To that effect, the Company has increased its investment in Trustpilot, the global multi-language review company, bringing the total that it has invested in new and existing portfolio companies to £37.1 million (excluding cash invested by EIS and VCT co-investment funds) since the IPO.

Post year end, the Group has invested a further £25.0 million in new and existing companies. See note 30 of the consolidated financial statements for further details.

We continue to be excited by the growth potential of the underlying portfolio companies with all of our top holdings continuing to make strong commercial progress, growing sales significantly and reporting positive newsflow.

Outlook and summary

It has been a remarkable year for the Group as we made the transition to a publicly listed model following Admission. We serve as a leading player on the European venture capital stage with significant resources to deploy.

By democratising the venture capital model and making our expertise accessible to a wider market, we are breaking new ground. We offer a partnership model with investors who otherwise wouldn't have access to, or the capacity to actively manage, these types of investments. The recent placing and subscription of £100.0 million is a superb validation of that model. We are grateful for the support that existing shareholders such as Woodford Investment Management, Baillie Gifford and the Ireland Strategic Investment Fund have shown, and are delighted to welcome new investors such as Invesco Perpetual and Hargreave Hale as major new shareholders.

Across the Group, in 2017 we have now raised over £160.0 million (including plc, secondaries, EIS and VCT). We have a powerful investment platform which will enable us to capture the increasing innovation and entrepreneurship in Europe, especially in enterprise software, digital hardware, consumer services and digital health. Our funds will be used to continue investing in these areas from early stage to growth stage, with 70% of our capital reserved for scaling up and increasing our stakes in existing portfolio companies through later rounds.

> Having scaled our capital resources, the Group is now even better positioned to invest larger amounts in more companies, and growing our holdings in our most promising investments."

If we continue to grow our co-investment funds and make further realisations for reinvestment, over the five years of a typical LP fund, we will have the equivalent of £800.0 million (approximately US$1.0 billion) to deploy, making us a strong partner in Europe.

We will continue to adopt a measured and considered approach. Our goal is to achieve at least 20% year-on-year growth in portfolio value in line with our historical record, whilst retaining the ability to hold and grow our companies for longer than our non-listed competitors can and with larger sums available for later rounds to maximise the opportunity and build large successful European technology businesses.

We have an experienced management team, which we will continue to grow and develop our young talent. I would like to thank not only that team, but the wider investee company management teams, who share our vision to create European technology leaders that can become the world leaders in their respective fields of tomorrow; as well as all our stakeholders.

Our model is working and we are growing Net Asset Value substantially to the benefit of our shareholders.

We are well positioned to capitalise further on opportunities in 2017/18 and look forward to the next financial year with confidence and optimism.

Simon Cook
CEO

Case Study

World leader in chip technology, Movidius, sold to Intel

Movidius is a leader in high performance, ultra-low power computer vision and artificial intelligence technology for connected devices. By combining sophisticated software algorithms with a powerful, purpose-built Vision Processing Unit ("VPU"), Movidius brings a new level of visual intelligence to smart devices. Movidius' leading technology is used in drones, security cameras and Augmented and Virtual Reality devices. Its latest chip, the Myriad 2, can make sense of multiple video streams at once, all in a processor the size of a fingernail.

Working closely with the management team of Movidius for the last 4 years, we helped them grow to a team of 180 employees and hire their current CEO, Remi El-Ouazzane. Over time, the company landed deals for its chip technology with the likes of Lenovo, DJI, FLIR, Hikvision and Google.

Intel, a Santa Clara-based global technology company (NASDAQ: INTC), made an offer for Movidius in September 2016, which resulted in an estimated total cash return of approximately £27.4 million for Draper Esprit before provision for accrued tax and carried interest payments. The proceeds that were realised from this investment were returned to the balance sheet and the Company is now actively re-investing the money into more companies like Movidius: high-growth technology companies with global markets.

A diverse team with decades of experience

At Draper Esprit, teams are at the heart of everything we do. It takes ambitious teams to build the technology and products of tomorrow. It also takes divergent thinking; people coming together from different backgrounds, with different skills, offering different ways of tackling problems. Innovation happens together.

The Draper Esprit team has a wealth of experience. The team has now operated for ten years and, prior to that, its members worked in leading firms within the venture capital industry. In aggregate, the team has been involved in investing over US$1.0 billion into more than 200 technology businesses, exiting companies with a value of US$6 billion from a total enterprise value of US$8 billion. Since the IPO, we have hired six new investment professionals, an experienced CFO and a Head of Marketing and Research. The team is a unique combination of venture capitalists, entrepreneurs and bankers.

→ See biographies of the board on pages 28–29

1
Michael Jackson
Michael has been investing in software since the early 1990s and was notably Chairman of two FTSE 100 companies Sage, and PartyGaming. He manages the VCT fund with William Horlick.

2
Max Filippov
Max is a French and Russian national with a background in private equity in digital media, education and gaming. He is on the investment team and focuses on dealflow particularly in the French market.

3
Stephanie Edwards
Stephanie works with the investment team administering dealflow. She previously worked for other investment firms in London, including Amadeus Capital.

4
Isabella Cookson
Isabella is the Head of Marketing and Research. She previously worked at two startups, Improbable and Qubit, in roles across marketing, market research and strategy. She has also worked for the Financial Times and Bloomberg, covering Africa.

5
Vinoth Jayakumar
Vinoth previously worked at a boutique management consulting firm and ran a small investing group, investing in crowdfunded start-ups. He works across sectors but brings fintech and insuretech expertise to the team.

6
Eleonore Butler
Eleonore is from France and previously worked at another venture capital firm in London as well as the financial advisory, Ondra Partners. She focuses on the French market and also has an interest in marketplaces.

7
Daragh Phelan
Daragh is a Chartered Accountant with 8 years' experience working with private equity backed technology and healthcare businesses as a senior finance leader. Prior to this, Daragh worked with KPMG as a Manager in the Financial Services assurance division.

8
Philip O'Reilly
Philip brings legal investment expertise to the team, having previously worked as a lawyer advising venture capital investors and early stage businesses on all aspects of financing. He invests across sectors but has particular expertise in legal tech and blockchain.

9
David Cummings
David was previously Managing Director at Lazard for sixteen years running the Telecom and Technology group. He now manages the EIS co-investment funds and invests across sectors. He is also a member of the Cambridge Angels.

10
Diana Krantz
Diana brings early stage investment expertise to the team, having worked for Techstars and Rocket Internet. Originally from Sweden, she speaks 3 languages and focuses on the Nordic region.

11
Alan Duncan
Alan has been a venture capitalist for over 20 years. An electronic engineer by background, he is responsible for Draper Esprit's electronics investments.

12
Richard Marsh
Richard brings entrepreneurial experience to the team having founded and built Datanomic, which was acquired by Oracle. He manages the Draper Esprit EIS funds, invests across sectors and works closely with the boards he sits on.

13
Jonathan Sibilia
With a background in Private Equity and Investment Banking – having worked at Jefferies International, Rothschild in Paris – Jonathan brings diverse investment experience to the team. He is the Head of Secondaries and also focuses on dealflow from southern Europe.

14
Brian Caulfield
Brian is a serial entrepreneur having co-founded three software businesses in the past, two of which exited successfully. He is based in Dublin and focuses on enterprise software, hardware and managing the Group's Irish Investments. Brian is also the team's Managing Partner.

15
Stuart Chapman
Stuart is the Group's COO and sits on the board of the Draper Venture Network. An experienced venture capitalist, he has served as member of the BVCA as Chairman of the Venture Committee. Before Draper Esprit he spent 13 years at 3i.

16
Nicola McClafferty
Nicola is a former entrepreneur having founded her own online retailer which she sold to ASOS. Before that she worked in VC at Balderton Capital. She invests across industries but focuses on the Irish market and consumer technology.

17
Ben Wilkinson
Ben is the Group CFO and is an experienced leader of public market finance teams. Ben served for five years as CFO of AIM listed President Energy Plc, and prior to this was an Investment Banker with ABN AMRO. He is a Chartered Accountant.

18
Paula Darlison
Paula is the Group Administration Manager and has been with Draper Esprit since its inception. She has more than 25 years experience in the City of London.

19
William Horlick
William has been investing in early stage venture for 20 years and was previously a stockbroker, CEO, and army officer. He manages the VCT fund with Michael Jackson.

20
Simon Cook
Simon is CEO of Draper Esprit. With over 20 years of experience, he has invested in some of Europe's most successful startups including LoveFilm and Cambridge Silicon Radio (inventors of Bluetooth).

Dr Vishal Gulati (not pictured)
Vishal is one of Europe's leading digital health investors. A qualified physician and chairman of the Digital Health Forum, he works closely with the healthtech businesses to scale globally.

Global companies need global networks

As a global network, the Draper Venture Network enables our portfolio to access markets as they shift. We have partners in Asia, the US, and the Middle East. For both commercial connections and future funding, our portfolio companies are well supported to internationalise.

Headquartered in Silicon Valley, the Draper Venture Network ("DVN") is a self-governed collective of 15 independent growth and venture funds managing hundreds of portfolio companies in multiple countries. These independent venture capital funds are based in technology hubs across the world and collaborate on deals, diligence and the provision of value-added services. We are the exclusive Western European member of the network. Stuart Chapman, the Company's Chief Operating Officer, is one of DVN's five global board directors.

The network provides the company with:

- Offices in Silicon Valley and a team of business development executives available to assist portfolio companies who are expanding to the US.
- An annual CEO summit, attended by hundreds of CEOs and business development executives of significant technology companies.
- Significant advantage in the origination and diligence of potential investments.
- Market intelligence and the development of corporate relationships to benefit investee companies.

Investing in a growing European market

Europe is a unique place to invest; its diverse technology hubs such as London, Dublin, Berlin, Stockholm, Paris and Madrid enables varied opportunities across all sectors to achieve success.

A new asset class for the public market

Last year, the global venture capital market was worth over US$128.0 billion[2]. Of that global market, European venture capital represents over US$15.0 billion[3]. Venture capital has always been an asset class dominated by the five + five year limited partnership model in which the likes of pension funds have put their money, managed by the venture capital firm.

Such markets are changing; globally companies are staying private for longer. Public market investors have had reduced access to the value generated by the early stage growth companies, waiting for them to publicly float. Increasingly, technology companies worth more than US$1.0 billion have fewer reasons to go public than they did in the past. Recent research from the University of Florida shows the average technology company worth more than US$10.0 billion went public within four years in 1999; now that average has more than doubled. According to data from CB Insights, approximately 150 private technology companies were valued at upward of US$1.0 billion, 14 others were valued over US$10.0 billion.

These trends highlight the diminished access public market investors have to the value coming out of high growth technology businesses. This is driven by a variety of factors; at a later stage in a company's life cycle, access to investment from private equity firms or mutual funds are increasingly available and therefore removing the necessity to undertake the time-consuming and costly process of going public. Equally, many start-ups, which are prioritising growth to gain market share over profits, may not prosper in the public market environment which value profitability.

This trend looks set to continue. A key reason for listing Draper Esprit was to democratise access to the capital held within the industry, enabling access to private high growth technology companies. Instead of being exposed to the risk of investing in just one company, public investors gain access to a portfolio of companies; much like a traditional LP but without the ten + years (often fifteen + years) holding period or the blind pool approach to investment.

A consequence of the typical five + five year fixed life of an LP fund is that VC firms are under pressure to deliver a return during this fixed timeframe. This structure ignores the fact that it takes time to build a global company, often leading to earlier acquisitions by multinational strategic buyers or a private equity house. A more flexible approach to capital is needed for companies that continue to grow, thereby increasing the returns available to investors.

In the US, the picture is different. Many US firms find it much easier to extend their funds or to bolt on opportunity funds.

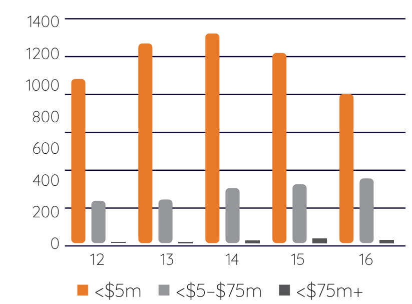
In their research in 2012, the Kauffman Foundation, one of the most prominent investors into venture capital in the US, identified that the life of a venture capital fund in the US was "frequently longer than ten years, a large percentage of our fund lives extend to between 12 and 15 years." Interestingly, they recommend that institutional investors model fund performance "using a public market equivalent". Venture capital is restricted by the fixed life of a fund in Europe, while other investors cannot invest in illiquid fund structures for regulatory reasons.

Europe needs a more flexible approach to capital in order to follow the success of the US technology market.

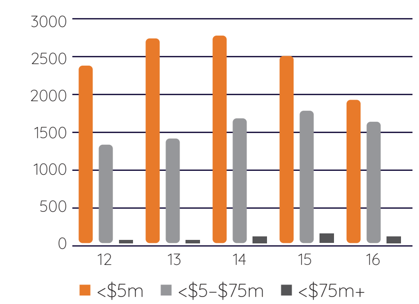
A more flexible capital model is not only attractive to entrepreneurs who want to be invested for the long term, it is also an attractive solution for investors who are now offered the flexibility to invest throughout the life-cycle of a business, protecting their equity through follow-on investment, ensuring that they benefit from the full potential of a company.

2 KPMG, Venture Pulse Report: Q4 2016
3 Ibid

Number of deals by size in Europe each year



Number of deals by size in US each year



> "Europe needs a flexible approach to capital in order to follow the success of the US technology market."

Europe: a story of continued growth

Europe is a unique place to invest; its diverse technology hubs such as London, Berlin, Stockholm, Dublin, Paris and Madrid enable varied opportunities for both start-ups and VC investors to achieve success. According to KPMG, while 2016 was a challenging year for most regions globally, Europe saw the second-best year for the amount of venture capital deployed[4]. Despite this, growth capital for European technology companies is still constrained (see graph).

The US is today a mature US$40.0 billion venture capital market, and while Europe is still behind that at US$15.0 billion, it is growing. According to our own research, European venture capital is following a similar path to growth to the US in the 1990s.

Indeed, a significant difference between the US and Europe is the distribution in deployed funding. Last year saw over 3,700 deals in the US. Approximately half of these were late-stage growth rounds (over US$5.0 million), while the other half were seed (or early-stage) deals. 85% of early-stage deals went onto get follow-on funding. In Europe, by contrast, only 42% of start-ups now go on to do a growth round. In Europe, the opportunity lies in fuelling growth rounds for companies who have the potential to expand into global businesses. There are positive signals in the market in this direction. Year-on-year, there has been a 20% increase in growth funding rounds in Europe. As the capital gap persists, however, the opportunity it brings for an active manager with a longer-term capital approach is significant.

4 Ibid

Backing Europe's most disruptive businesses

Overview

At the year ended 31 March 2017 the fair value of the Company's Gross Primary Portfolio had increased to £112.7 million, from £78.7 million at the time of Admission in June 2016. Excluding new investments and realisations across our portfolio of companies, the gross portfolio value has increased 39% since Admission and 10% over the six-month period since 30 September 2016. Since Admission, the Group has realised the investment holdings in Movidius, Datahug, Qosmos, Horizon Discovery and Worldstores with £42.0 million of cash generated (including amounts held in escrow). The Company has invested £37.1 million in the period, with a further £6.0 million co-invested from EIS funds, into the next generation of high growth digital technology companies and to further support our existing portfolio.

The current portfolio held by the plc consists of significant minority interests in 29 companies. The fair value of the Gross Primary Portfolio is underpinned by eight core holdings which account for ~75% of the total portfolio value, with the remaining value spread across 21 investments which have the potential to grow into the core holdings of the future.

The core portfolio, comprising: Graze, Trustpilot, M-Files, Conversocial, Lyst, Sportpursuit, Clavis Insights and Perkbox, is progressing well and these portfolio companies now have average turnover in excess of US$40.0 million (£32.0 million), growing in aggregate over 29% annually from 2016. The gross profit margin of the core holdings average 69% and demonstrate the ability of the companies to reinvest for future revenue growth and also the opportunity for future profitability at the appropriate time in the company's lifecycle.

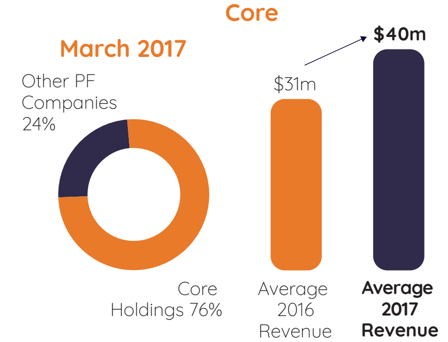
An important facet of the investment model employed by the Group is to target growth stage companies that have a proven customer base and revenue generation model that can be leveraged internationally. The fair value of the portfolio is underpinned by the revenue generation of the portfolio companies and the growth in this revenue in turn drives the growth in the fair value.

Investments

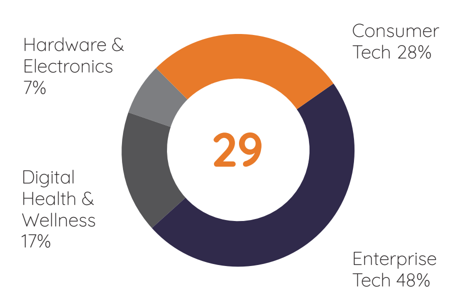
The Group's overall rate of capital deployment increased during the financial year, with a total of £37.1 million deployed by the plc and a further £6.0 million across the Group in 19 companies (13 new and 6 existing). Since the year end the Group has invested a further £25.0 million, £19.3 million of which was through the Company. The Group continues to balance the portfolio by deploying approximately 30% of the Group's investment capital towards smaller rounds in early stage companies with approximately 70% being invested in larger later stage growth rounds. As the Group grows, and following the recent equity raise, the intention is to increase the size of the equity interest held in the portfolio companies over time.

New investments made during the financial year include:

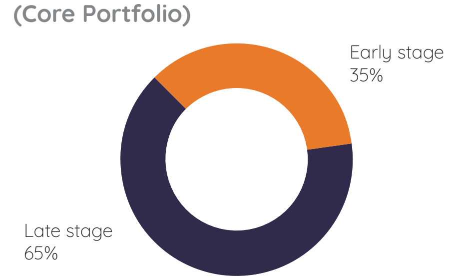
- £2.3 million invested by the Company of £3.1 million invested by the Group in **Graphcore**, a machine intelligence semiconductor company;
- £3.0 million invested by the Company in **LifeSum**, a leading health tracking mobile app company;
- £1.0 million invested by the Company of £1.5 million invested by the Group in **PushDoctor**, an on-demand healthcare mobile app company;
- £0.9 million invested by the Company of £1.3 million invested by the Group in **Resolver**, a customer service software company;
- £1.7 million invested by the Company of £2.5 million invested by the Group in **Perkbox**, an employee benefits and engagement platform;
- £1.1 million invested by the Company of £1.7 million invested by the Group in **Realeyes**, a machine learning technology that measures emotions;
- £8.1 million invested by the Company in **Clavis**, a leading ecommerce Insights company;
- £4.3 million invested by the Company in **Clue**, the digital female health company;
- £3.3 million invested by the Company in **Ravenpack**, the big data analytics provider for financial services; and
- £3.4 million invested by the Company in **Podpoint**, one of the UK's leading providers of electric car charging solutions for home, workplace and public charging.
- £5.5 million invested by the Company in **Trustpilot**, a global multi-language review community.



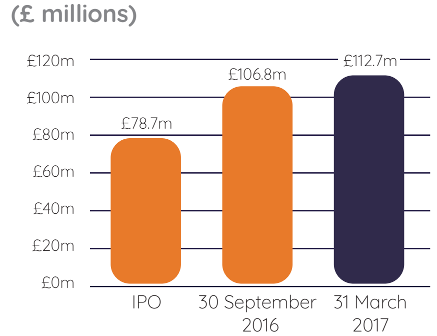
Number of Companies – Split by Sector (Total plc)



Capital Deployed – Split by Stage of Investment (Core Portfolio)



Gross Portfolio Value (£ millions)



A further £25.0 million has been invested in new and existing companies post year end as follows:

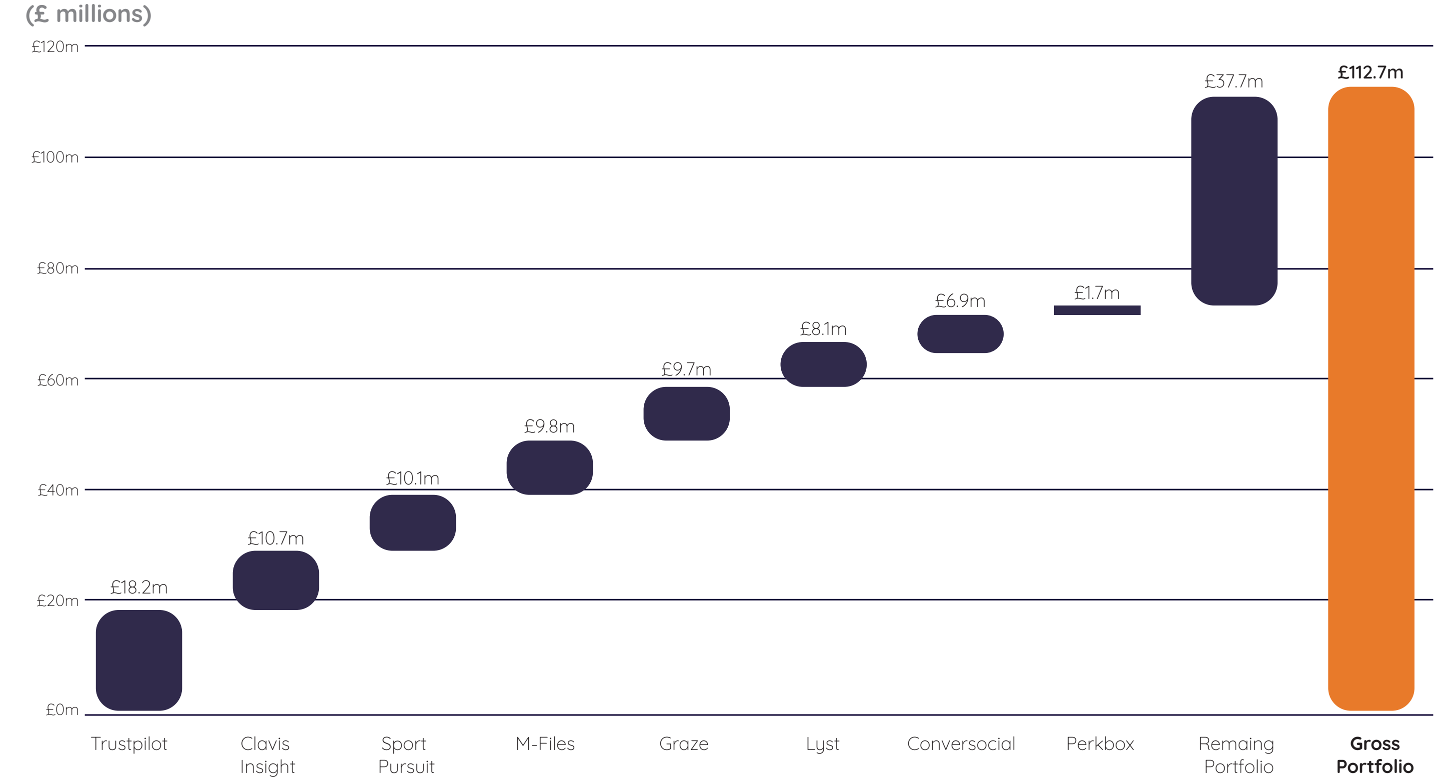
- A further £1.9 million invested by the Company in **Graphcore's** £24.0 million Series B investment round;
- A further £3.5 million invested by the Company of £7.0 million invested by the Group in **PushDoctor's** £20.0 million Series B investment round;
- A further £6.6 million invested by the Company in **Perkbox**, an employee benefits and engagement platform; and
- A further £5.6 million invested by the Company in **Trustpilot**, a global multi-language review community.
- £1.8 million invested by the Company of £3.6m invested by the Group in an as yet undisclosed insuretech company

Realisations

The Company announced the following disposals since the IPO:

- September 2016 – the sale of Movidius to Intel Corporation. Movidius is a leader in high performance, ultra-low power computer vision technology for connected devices. This sale brings an estimated total gross cash return to the Company of approximately £27.4 million including amounts held in escrow. This represented a cash exit multiple on funds invested by the Company of 7.6x;
- October 2016 – the sale of Qosmos to ENEA. Qosmos is a supplier of network intelligence software based on Deep Packet Inspection and commands a dominating share of its market. The sale was for a total gross cash consideration of approximately €52.7 million resulting in cash to the Company, including escrows, of £8.0 million. This represented a cash exit multiple on funds invested by the Company of 1.9x; and
- November 2016 – the sale of Datahug, a sales forecasting software company, to Callidus Software Inc for a cash consideration of approximately US$13.0 million, resulting in a gross cash return to the Company of approximately £3.6 million, including funds held in escrow. This represented a cash exit multiple on funds invested by the Company of 1.6x.
- Since the September 2016 interim results the Group has disposed of its remaining holding in Horizon Discovery. The Company realised a gross cash return on investment of £2.9 million which represented a cash exit multiple of 2.6x. In addition, the Company also exited its investment in Worldstores which realised a gross cash loss of £4.3 million.

Gross Portfolio Value – by Portfolio Company (£ millions)



SELECT PORTFOLIO COMPANIES

graze.com nature delivered

Draper Esprit Funds first invested in Graze in 2010, with follow-on investment in 2012 bringing the total investment by the Group to £3.7 million.

Graze is an online and offline retailer and manufacturer of healthier snacks, operating in the UK and the US. Founded in 2009, it developed a subscription model based on experiences of founder Graham Bosher at Lovefilm, the DVD rental business. The company has developed logistics technology that allows it to deliver cost-effectively across the UK and the US. It utilises data generated from user reviews to innovate and develop new products for evolving taste preferences and growing consumer demand for wholesome on-the-go snack options.

The company has launched its own retail product with wide availability in the UK across 3,000+ stores including retailers such as Boots, Tesco, WH Smith and Sainsbury's. This will drive further UK growth together with new online ecommerce sales through a subscription-based model. The company has recently launched into 4,000+ retail stores in the USA, and further online growth is forecast. Graze remains profitable with strong gross margins.

Graze's vision is to become the number one health snack brand in the world. Alongside the Company investors in Graze include The Carlyle Group and Octopus Investments.

£3.7m
Invested

TRUSTPILOT

Draper Esprit Funds first invested in Trustpilot in 2013, with follow-on investment in 2015 and 2017 bringing the total investment by the Group to £17.0 million (including £5.6 million invested post year end).

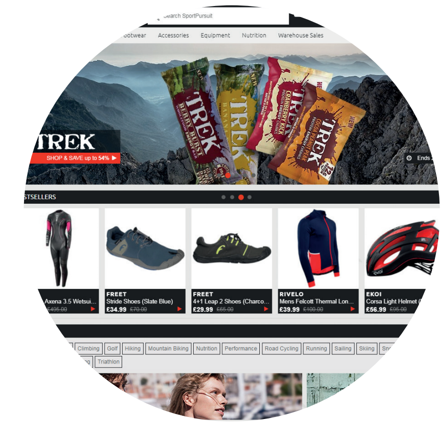
Founded in 2007, Trustpilot is a global, multi-language review community. Trustpilot has customers in 65 countries including Denmark, Sweden, the UK, France, Italy, Germany and the Netherlands, as well as the US. Trustpilot's aim is to build the world's single most trusted review company.

Consumers visit the Trustpilot website to leave positive or negative reviews about an online merchant where they purchased a product. Once a merchant has a paid subscription to use Trustpilot, they are able to respond directly and openly with consumers who have left reviews.

Trustpilot has built a strong SaaS revenue model with excellent growth in Europe over the last 3 years. They are now successfully expanding into the US with the recent additional capital raised.

Trustpilot raised US$73.5 million in 2015 led by Vitruvian Partners, alongside existing investors, including Draper Esprit Funds, Index Ventures, Northzone and SEED Capital Denmark.

£17.0m
Invested



SPORT PURSUIT

Draper Esprit Funds first invested in SportPursuit in 2012, with follow-on investment in 2013 and 2014 bringing the total investment by the Group to £3.2 million.

SportPursuit was founded in 2011 as a UK-based sport-specific ecommerce website where members receive access to sales from brand partners targeting the technical sportswear and outdoor clothing and equipment space. The company offers up to 70% discounts on sports and outdoor brands. SportPursuit has customers in the UK, Australia, Germany, France and Scandinavia. It aims to be the world's largest private shopping club for sports enthusiasts.

Currently sales are focused across the following niches: outdoor, running, skiing & snowboarding, health & wellbeing, athletics, swimwear, cycling, golf, tennis and experiences (gyms, clubs). The vision of the team is to utilise the power of the online channel, the SportPursuit brand and the community they build up around it to realise a greater value opportunity.

Alongside Draper Esprit Funds, investors include CIT Growth Capital and Scottish Equity Partners. The company raised £9.0 million, announced in November 2015.

£3.2m
Invested

CLAVIS INSIGHT

Clavis Technologies is a provider of ecommerce store analytics to consumer goods companies. Draper Esprit acquired a significant minority stake for £8.1 million in 2016.

Clavis' service gives companies detailed, real-time information about how their products are being positioned in online stores. Using an online dashboard or mobile app, a manager can see the answers to questions such as: "What do I have online?" "How is the product presented?" The service also lets managers see how products are ranking against search terms and what online reviewers are writing about products. The product monitors online retailers across more than 20 countries and is growing in the US, Europe and China.

Alongside Draper Esprit, investors include Accel KKR and Unilever Ventures.

£8.1m
Invested

Draper Esprit plc
Annual Report and Accounts 2017

SELECT PORTFOLIO COMPANIES

PUSH DOCTOR

Push Doctor is Europe's largest online GP marketplace. The company has raised a total of £8.8 million from the Group across two rounds of funding, in 2016 and 2017. Of this, the plc invested £1.0 million in 2016 and £3.5 million in 2017, post year end.

PushDoctor.co.uk is changing the way everyone can access healthcare using its' on-demand online GP surgery, making healthcare accessible for the tens of millions of people in the UK who find seeing a doctor difficult. The Care Quality Commission-regulated and NHS-commissioned service allows patients to book and attend secure video GP appointments seven days per week, 365 days of the year, via a website and iOS app.

The company has treated more cases digitally than anyone in Europe and has consistently grown over 35% month-on-month for 16 months. The company has a unique dataset that provides a unique view of the medical issues facing the nation. They are creating a data-driven digital health platform that will treat the whole person. No one before Push Doctor has provided consumers with access to a single digital health platform that combines responsive medicine and chronic condition management as well as fitness and nutritional conditioning.

Alongside Draper Esprit, investors include ADV, Oxford Capital Ventures, Partech Ventures and Seventure Partners.

£8.8m

Invested

perkbox

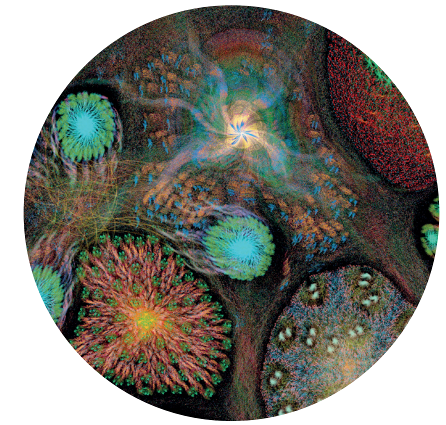
Perkbox, a digital employee engagement platform, received £2.5 million (plc £1.7 million) from the Group in 2016. Post year end, a further £6.6 million has been invested by the plc.

Perkbox provides a platform that enables companies of all sizes (from large corporates to small start-ups) to incentivise, motivate and attract staff through over 200 perks and benefits, including a sophisticated rewards and recognition infrastructure. Launched in 2015, the company already has over 300,000 paying members ranging from SMEs to large corporations such as British Gas and BUPA. Perkbox was recently listed number two in the Startups 100 Index for being one of the most innovative emerging ventures in the country.

Draper Esprit first invested in Perkbox alongside the crowd on the Seedrs platform.

£9.1m

Invested



GRAPHCORE

The Group first backed Graphcore last year and has now invested £4.9 million in total, with the most recent investment post year end of £1.9 million. Draper Esprit's latest investment is part of a wider US$30.0 million Series B funding round.

Graphcore is a machine intelligence semiconductor company, changing the way that developers can build AI and machine learning applications through its cutting-edge processing capabilities. Its technology will be indispensable for advancements in Artificial Intelligence across diverse industries. The Graphcore processors will be used in machine intelligence applications from autonomous vehicles to personalized healthcare, intelligent mobile devices and collaborative robots. The appetite for an easier and more powerful way to develop such applications is growing rapidly.

The business is a spin-out of XMOS, another VC-backed semiconductor business based near Bristol, UK. Nigel Toon, the CEO and Simon Knowles, the CTO, were previously founders of Icera, a VC-backed semiconductor business which was sold to nVidia for US$360 million in 2011. The company will be bringing a processing system to market in 2017 which will enable material performance increases (from 10-100x) for machine learning computation.

Alongside Draper Esprit, investors include: Atomico, Amadeus Capital, Robert Bosch Ventures, C4 Ventures, Dell Technologies Capital, Foundation Capital, Pitango Venture Capital, the Samsung Catalyst Fund and AI experts such as Demis Hassabis (DeepMind) as angel investors.

£4.9m

Invested

pod POINT

POD Point, the innovative electric charge point supplier, received £3.0 million for new shares and £2.0 million for secondaries from the Group. POD Point is a well established, leading player in the UK's electric vehicle sector, having manufactured and sold over 27,000 charging points since it was founded in 2009.

Globally, the electric vehicles market is going from strength to strength, driven by advances in technology, infrastructure developments and cost efficiencies. Here in the UK, over 38,000 plug-in vehicles were registered in 2016, compared to just 1,052 in 2011. Following recent partnerships with Barratt Homes, Holiday Extra and Hyundai, POD Point intends to have one of its stations installed everywhere people park for an hour or more by 2020.

Alongside Draper Esprit, investors include Barclay's Capital and QVentures.

£5.0m

Invested

A new chapter in the Group's history as a public company

Since the IPO, the value of the strategic model has been demonstrated by the cash generated through successful realisations, the consequent increase in NAV and the reinvestment of funds into new high growth portfolio companies.

Ben Wilkinson
CFO

"The June 2016 IPO received strong support from both new and existing shareholders to raise total proceeds of £122.0 million."

The year to 31 March 2017 has been an exciting period for the Group with the June 2016 Admission to AIM and ESM opening a new chapter in the Group's history as a public company. Since the IPO the value of the strategic model has been demonstrated by the cash generated through successful realisations, the consequent increase in NAV and the reinvestment of funds into new high growth portfolio companies.

The June 2016 IPO received strong support from both new and existing shareholders to raise total proceeds of £122.0 million. The proceeds from the IPO were utilised to acquire Draper Esprit (Ireland) Limited, which held the initial portfolio of minority interests in 24 digital technology companies, for £63.9 million, the management company Esprit Capital Partners LLP and to provide an initial cash balance for further investment of £30.0 million. The acquisition of Esprit Capital Partners LLP by Draper Esprit plc has been accounted for as a business combination in accordance with IFRS 3 Business Combinations in the consolidated financial statements (note 18). Draper Esprit (Ireland) Limited is controlled but not consolidated, and is held on the consolidated balance sheet at fair value through the profit and loss account as it is a qualifying investment company in accordance with IFRS 10. For further details on the basis of consolidation see note 3(a) of the consolidated financial statements.

In the nine months since the IPO the Group has realised successful exits from the investments in Movidius, Qosmos, Datahug and Horizon Discovery (remaining stake following initial disposals pre-IPO), generating £42.0 million of cash proceeds (including amounts held in escrow). These amounts have been utilised for new investments with £37.1 million being deployed into the next generation of high growth digital technology companies.

The Gross Primary Portfolio, the gross value of the Company's investment holdings before deductions for carry and any deferred tax, has increased £34.0 million to £112.7 million (£78.7 million at 15 June 2016). The uplift in value has been driven by the revenue growth of the portfolio companies, which translates into increased fair value within the portfolio, and the realisations of investments for a higher valuation than they were being held in the portfolio.

The Group's portfolio is valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"). Following the initial investment in a portfolio company the value of the investment is held at cost in the Group's books. The mechanism for growth in the portfolio companies to be translated into increased fair values in the accounts of the Group is triggered by the portfolio company achieving either financing rounds at higher valuations (with external investors as well as the Group) or revenue growth in the portfolio company being reflected against listed comparable companies price-sales ratio multiples. The range of comparable multiples that are utilised in the valuation process reflects the range of sub-sectors the portfolio companies operate within, as well as their growth rates versus listed peers and average 3x across the core portfolio. This appropriately prudent approach to valuation is highlighted by the uplift in value achieved from the successful realisations in the period with £42.0 million of cash being realised against £17.6 million of holding value at the June 2016 IPO.

Gross Portfolio Value Table

	Pro-Forma at IPO* 15th June 2016 £'000	Adjustment** 15th June 2016 £'000	Investment Portfolio 15th June 2016 £'000	Investments £'000	Realisations*** £'000	Movement in Fair Value £'000	Draper Esprit (Ireland) Limited £'000	Fair Value of Investments 31st March 2017 £'000	Interest FD category **** at reporting date
Investment									
Trustpilot	8,896	(1,447)	7,449	5,521	–	5,256	–	18,226	3
Clavis Insight	–	–	–	8,080	–	2,593	–	10,673	4
SportPursuit	8,226	(1,338)	6,888	–	–	3,182	–	10,070	4
M-Files	6,677	(1,086)	5,591	–	–	4,198	–	9,789	2
Graze	7,186	(1,169)	6,017	–	–	3,666	–	9,683	2
Lyst	9,277	(1,509)	7,768	–	–	284	–	8,052	3
Conversocial	5,384	(876)	4,508	–	–	2,391	–	6,899	4
Perkbox	–	–	–	1,650	–	–	–	1,650	3
Remaining Portfolio	30,714	(4,995)	25,719	21,889	(34,279)	21,130	–	34,459	
Draper Esprit (Ireland) Limited	–	–	–	–	–	–	1,293	1,293	
Total	**76,360**	**(12,420)**	**63,940**	**37,140**	**(34,279)**	**42,700**	**1,293**	**110,794**	
Co-invest assigned to plc	2,385	(734)	1,651	–	(839)	1,123	–	1,935	
Gross Portfolio Value	**78,745**	**(13,154)**	**65,591**	**37,140**	**(35,118)**	**43,823**	**1,293**	**112,729**	
Carry external	–	–	–	–	–	(5,621)	–	(5,621)	
Portfolio deferred tax	–	–	–	–	–	(3,413)	–	(3,413)	
Trading carry & co-invest	1,847	(676)	1,171	150	–	955	–	2,276	
Net portfolio value	**80,592**	**(13,830)**	**66,762**	**37,290**	**(35,118)**	**35,744**	**1,293**	**105,971**	

* Based on 30 December 2015 valuation adjusted solely for currency
** Reflects arm's length price agreed for the acquisition of initial portfolio for £63.9 million, carried interest and co-invest assigned to plc plus currency adjustments to 15 June 2016
*** Realisations do not include amounts held in escrow. Total cash realisations including amounts held in escrow was £42.0 million
**** Fully diluted interest categorised as follows: Cat 1: 0-5%, Cat 2: 6-10%, Cat 3: 11-15%, Cat 4: 16-25%, Cat 5: >25%

The gross primary portfolio of £112.7 million is subject to deductions for the fair value of the carry liabilities and deferred tax to generate the net investment value of £106.0 million which is reflected on the consolidated statement of financial position as financial assets held at fair value through the profit or loss. The above table has been generated to reflect the movement in value of the portfolio during the period, using the acquisition cost at the IPO as a reference point.

The fair value gain on investments of £35.7 million reflected through the income statement is attributable to the net fair value gain on the Gross Primary Portfolio of £43.8 million to £112.7 million (£65.6 million acquisition cost at IPO) and further movements in the fair value of liabilities. A deferred tax provision of £3.4 million has been recognised in the period against the gains in the portfolio to reflect holdings for a period of less than 12 months. This amount is netted off the investments in the consolidated statement of financial position. With the exception of the realisations in the period, it is anticipated that these investments will benefit from participation exemption, and therefore not be subject to tax, once they have been held for over 12 months. Carry balances due to previous and current employees of the Group are accrued on the basis of the current fair value at the year-end and deducted against the Gross Primary Portfolio, the Carried Interest Plan is further described in the Directors' Remuneration Report (page 35).

Net assets have increased by 17% to £150.7 million (£128.7 million at IPO) in the period while net assets excluding goodwill have grown by 22% to £130.2 million (£106.9 million at IPO). Year-end cash balances of £24.9 million reflect the cash proceeds from the IPO of £69.3 million (net of £2.7 million of directly attributable costs, which are reflected in the share premium account on the statement of financial position), the cash component of the acquisition of the initial portfolio for £40.0 million, £37.1 million of investments made in the period and the administrative costs of the Company.

Goodwill of £20.5 million was generated from the acquisition of Esprit Capital Partners LLP ("ECP") and is held on the balance sheet as an intangible asset. The goodwill was recognised as the difference between the consideration and the fair value of the assets acquired in the accounts of ECP.

In November 2016 the Group sought to expand it's tax-efficient investment offering through the acquisition of a 30.77% stake in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited ("Elderstreet"), with an option to acquire the balance of the Elderstreet shares. The initial consideration has been

FINANCIAL REVIEW (CONTINUED)

satisfied by the issue of 73,667 new ordinary shares of 1 pence each in the capital of the Company; these shares are subject to an 18 month lock-in.

The cost of the acquisition is being reflected on the balance sheet as an investment in associates (note 15).

Consolidated statement of comprehensive income

Investment income for the year comprises the £35.7 million of unrealised investment gains (gains are unrealised as they are held within Draper Esprit (Ireland) Limited which is accounted for as an investment company) and fee income of £1.7 million which is generated from management fees, performance fees and director fees. It is the intention of the Group to increase the revenues generated by growing the EIS, VCT and secondary platforms of the Group. Administrative costs of £3.9 million, predominantly relating to employment costs and other operating expenses, are in line with expectations and reflect the investments made to grow the investment team. Non-cash share-based payments of £0.1 million are included within administrative expenses and reflect the charge for the year being expensed to the income statement (note 13). The remaining amounts are reflected within the share-based payment reserve in equity and will be released to the income statement over the remaining period that they vest.

Post balance sheet events

On 5 June 2017 the Company announced a placing and subscription for £100.0 million. 25,912,346 new shares were issued on 20 June 2017 to trading on AIM and ESM. The equity raise has broadened the Company shareholder base, with support from new as well as existing institutional shareholders, and provides a platform to further grow our investments into portfolio companies. We are grateful for the support of new and existing shareholders who share the Board's vision to support high growth private technology investing in Europe.

Subsequent to the equity raise, the Group have made further investments totalling £25.0 million (see note 30).

Draper Esprit is well positioned to grow and build on its successful first year as a public company, with capital at its disposal and a broad investment platform to take advantage of the opportunities in the market.

Ben Wilkinson
CFO

KEY PERFORMANCE INDICATORS

	KPI	How measured	Progress
1.	Growth in value of the portfolio	Fair value determined using International Private Equity and Venture Capital Valuation Guidelines for the year end and interim reporting periods.	Gross portfolio value has increased to £112.7 million from £78.7 million at the June 2016 IPO (see Financial Review for further details).
2.	Realising cash	Cash generated from portfolio company exits against original cost.	£42.0 million realised in the period, including amounts held in escrow.
3.	New investments	Deploying funds for investments into new portfolio companies, follow-on investments into existing companies, stake building into existing companies and secondary investments.	£37.1 million invested in the period from plc, with a further £6.0 million across the Group.
4.	Dealflow	Tracking the private company financing rounds across Europe and analysing against the Group's internal CRM database to determine if we saw the opportunity.	Through our brand and network we continue to access high quality dealflow across Europe.
5.	Cash balances	Maintaining sufficient liquidity to meet operational requirements and to take advantage of investment opportunities and support the growth of portfolio companies.	£24.9 million at year end with a further £100.0 million equity raise post year end.

PRINCIPAL RISKS

The Board consider the following to be the principal key business risks faced by the Group. The Group's strategy is aligned to mitigating these risks as outlined below. The Board regularly reviews the risks faced by the Group and ensures the mitigation strategies in place are the most effective and appropriate to the Group. There may be additional risks and uncertainties which are not known to the Board and there are risks and uncertainties which are currently deemed to be less material, which may also adversely impact performance. It is possible that several adverse events could occur and that the overall impact of these events would compound the possible impact on the Group. Any number of the below risks could materially adversely affect the Company's business, financial condition, results of operations and/or the market price of the ordinary shares.

	Risk	Possible consequences	Mitigation strategies
1.	The investment portfolio businesses are at an early stage and carry inherent risk	The technology and offering developed by these businesses may fail and/or these businesses may not be able to develop their offering or technology into commercially viable products or technologies.	The Investment team are experts in their sector and undertake rigorous due-diligence prior to any investment. The team provides active management, secures a significant minority stake with board participation and rights in portfolio companies. The financial structure of the investment provides downside protection.
2.	Portfolio value may be dominated by single or limited number of companies	There is a risk that if one or more such investee companies experience difficulties or suffer from poor market conditions and if, as a result, their value were to be adversely affected, this would have a material adverse impact on the overall value of the Group's portfolio of investee companies.	The Group adopts a broad sector approach with a focus on four core sectors. Risk is diversified within the portfolio by not focusing on any one sector and by deploying capital across growth stages. The Board expects to allocate approximately 30% of the Group's investment capital towards smaller rounds of seed and series A investments with approximately 70% being invested in larger follow-on series B+ and series C+ investments to scale technology companies to fund later stage growth.
3.	The Company will hold non-controlling interests in the investment portfolio businesses	Non-controlling interests may lead to a limited ability to protect the Company's position in such investments.	The Group is an active manager of its investments and usually takes a board position on the investee company. Investments are made with suitable minority protections, including veto rights on key decisions. Investments are often made in investee companies in which other institutional investors are also shareholders. Collectively a greater degree of protection can be afforded.

PRINCIPAL RISKS (CONTINUED)

	Risk	Possible consequences	Mitigation strategies
4.	Proceeds from the sale of investments may vary substantially from year to year	The timing of portfolio company realisations are uncertain and cash returns to the Group are therefore not predictable.	The Group maintains sufficient cash resources to manage its ongoing operational and investment commitments. Regular working capital reviews are undertaken using cash flow projections.
5.	Fluctuations in foreign exchange rates may adversely affect the performance of the Company's portfolio	Certain of the Group's investments are made or operate in currencies other than Sterling and the Group may make certain of its future investments in other currencies and in companies that use other currencies as their functional currency. Accordingly, changes in exchange rates may have an adverse effect on the valuations and/or revenues of the Group's investments, and on its investments' ability to make debt payments, pay dividends or make other distributions to investors such as the Group.	The Board regularly reviews and considers the possible impacts of currency movements on the Group's portfolio. The portfolio companies generate revenues across a range of currencies, predominantly US Dollars, Sterling and Euro, and a degree of natural hedge therefore exists. The Company does not currently intend to enter into any hedging arrangements to mitigate its exposure to fluctuations in exchange rates.
6.	Portfolio company valuations subject to change	The valuations of the Group's underlying portfolio of investments are substantially based on the revenue generated by these businesses. Each of these businesses, and therefore their ability to generate revenue, are subject to the macro economic environment in the countries in which the businesses operate. Similarly, where comparable peer groups are used as a benchmark to determine valuations based on revenue multiples, the performance of the peer group will impact portfolio valuations.	The Group invests in market leaders, across a spread of geographies and sub-sectors which provide diversification in revenue sources, macro economic risks and peers groups.
7.	The Group is dependent on a small number of shareholders who hold a large proportion of the total share capital of the Group	The decision by one of these shareholders to dispose of their holding in the Group might have an adverse effect on the Group's operations.	The Directors seek to build a mutual understanding of objectives between the Group and its shareholders. Regular communication is maintained with all shareholders through the Group's announcements and its annual and half-yearly reports. The Directors maintain regular contact with institutional shareholders through presentations and meetings held throughout the year.

	Risk	Possible consequences	Mitigation strategies
8.	The Group and its portfolio companies are subject to competition risk	The execution of the Company's investment strategy depends primarily on the ability of the Company to identify opportunities to make investments and to convert those opportunities. A number of entities compete with the Company for investment opportunities, including public and private investment funds, commercial and investment banks, commercial finance companies, business development companies and operating companies acting as strategic buyers. The competitive pressures faced by the Company may prevent it from identifying investments that are consistent with its investment objectives or that generate attractive returns for shareholders. The Company may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors. Alternatively, the Company may experience decreased rates of return and increased risks of loss if it matches investment prices, structures and terms offered by competitors.	Competition for investment opportunities is based primarily on pricing, terms and structure of a proposed investment, certainty of execution and, in some cases, brand or reputational presence. The Group seeks to mitigate competition risks by having diversified sources of opportunities, by creating a strong brand based on a reputation of successful experiences with entrepreneurs and by demonstrating ongoing financial discipline in its investment decision process.
9.	The Group may not be able to retain and attract investment team members and support staff with the right skills and experience	The industry in which the Group operates is a specialised area and the Group requires highly qualified and experienced management and personnel. If the Group does not succeed in retaining skilled personnel or is unable to continue to attract all personnel necessary for the development and operation of its business, it may not be able to grow its business as anticipated or meet its financial objectives.	The Group carries out regular market comparisons for staff and Executive remuneration. Senior Executives are shareholders in the business and the Group operates appropriate incentive programmes to align individuals with the Group's strategy over the long term. The Group encourages staff development and inclusion through coaching and mentoring.
10.	Esprit Capital Partners or Encore Ventures cease to be authorised by FCA	Should either Esprit Capital and/or Encore Ventures cease to be authorised and regulated by the FCA as small authorised UK AIFMs then they would no longer be authorised to act as the investment manager of the Company or the Encore Funds respectively or as the UK AIFM to the Group.	The Group ensures that Esprit Capital and Encore Ventures fulfil their ongoing requirements under FCA rules.
11.	UK future exit from the EU may impact on the Group	The ability to make investments into Europe may be reduced.	The Company is dual listed on AIM in London and ESM in Dublin, thereby providing flexibility to participate in European investments going forward.
12.	The termination of the Group's arrangements with the Draper Venture Network may reduce the opportunities available for investment	If the Group's arrangements with the Draper Venture Network were terminated for any reason, the Company would lose the advantages of that membership.	The Group is an active member of the Draper Venture Network and participates as a Board member.

BOARD OF DIRECTORS

Karen Slatford
(age 60)
Non-Executive Chair

Between 1983 and 2001 Karen was at Hewlett Packard, where in 2000 she became Vice President and General Manager Worldwide Sales & Marketing for the Business Customer Organisation. She was responsible for sales of all Hewlett Packard's products, services and software to business customers globally.

Since 2001, Karen has held various roles at board level at a range of technology companies, including Portwise AB, Via Networks, Inc, Compel Group plc, HAL Knowledge Systems, and Stepstone ASA. She is currently chair of The Foundry, a leading special effects software company, the senior independent non-executive director and chair of the nominations committee of Micro Focus International, chair of ECI Debitoor Limited and non-executive director at both Intelliflo Ltd and Accesso Technology Group plc. Karen holds a BA honours degree in European Studies from Bath University and a Diploma in Marketing.

Simon Christopher Cook
(age 48)
Chief Executive Officer

Simon has been active in the UK venture capital industry since 1995. Previously, Simon was a partner with Cazenove and with Elderstreet Investments and a director at 3i in Cambridge.

In 2006, he led the management buy-out of Cazenove Private Equity and acquisition of Prelude Ventures and he negotiated the Group's partnership with the Draper Venture Network. Simon has invested in a number of successful technology startups, including Cambridge Silicon Radio (IPO), Virata (IPO), Horizon Discovery (IPO), nCipher (IPO), Lovefilm (sold to Amazon), Zeus (sold to Riverbed) and KVS (sold to Veritas). Simon currently works as a director or observer with Graze, Lyst, SportPursuit, Crowdcube and Trustpilot.

Prior to venture capital, Simon worked as a strategy and IT consultant at KPMG, where he established the Digital Media strategy consulting practice, and as a computer games developer, including running his own development company started at age 19. Simon is a graduate of the University of Manchester Institute of Science and Technology ("UMIST") with a BSc in Computation. He is a former member of the EVCA Venture Platform group and was voted VC Personality of the Year 2008.

Stuart Malcolm Chapman
(age 47)
Chief Operating Officer

Prior to establishing the Group, with Simon in 2006, Stuart was a Director of 3i Ventures in London. Having joined 3i in 1992, he has 25 years of venture capital experience in Europe and the US.

He was a founding partner of 3i US, based in Menlo Park, CA from 1999 until 2003. Stuart was responsible for Esprit's investments in Lagan Technology (sold to Verint), Redkite (sold to Nice) and Kiadis (IPO). Stuart currently serves as a director with Netronome, Kiadis, Resolver, Realeyes and Conversocial and observer with Metalysis and Crate.

Stuart is a member of the British Venture Capital Association Venture Committee. Prior to 3i, Stuart was involved in software and systems implementations for Midland Bank. He is a graduate of Loughborough University and currently serves on the Strategic Advisory Board for the Loughborough School of Business.

Grahame David Cook
(age 58)
Non-Executive Director

Grahame Cook is an experienced FTSE and AIM non-executive, with extensive experience as an audit committee chairman. With a background in banking, where he has specialised in the life sciences, pharma and biotech sectors, Grahame has over 20 years' experience of M&A, equity capital markets and investor relations.

Grahame started his career at Arthur Andersen, where he qualified as a chartered accountant and worked within audit and corporate investigations. Subsequent positions include at UBS, where he was a member of the global investment banking management committee and global head of equity advisory, and at WestLB Panmure, where he was joint chief executive officer.

Grahame currently sits on a number of boards, including Horizon Discovery Plc, and chairs four, including Sinclair Pharma Plc and Morphogenesis Inc.

Richard Fowler Pelly OBE
(age 60)
Non-Executive Director

Up until April 2014, Richard was the chief executive of the European Investment Fund ("EIF"), Europe's largest investor in venture capital funds.

Before joining EIF in April 2008, Richard was managing director of structured asset finance at Lloyds TSB Bank in London from 2005 to 2007. From 1998 to 2005, he worked for GE Capital, first as chairman and CEO of Budapest Bank in Hungary and then as CEO of UK Business Finance within GE Commercial Finance.

Prior to his career at GE, Richard worked for Barclays Bank in various functions in the UK and in France from 1977 to 1997, including business development, corporate finance, structured finance and retail banking.

Richard holds an honours degree in psychology from Durham University, a diploma from the Institute of Bankers and obtained an MBA with distinction from INSEAD Fontainebleau. In 2003, he was awarded an OBE in the Queen's Honours List for Services to the community in Hungary.

Our corporate governance statement

We hold the view that good governance is fundamental to the successful growth of the business.

Karen Slatford
Chairman

> "We believe that the governance structure we have implemented is appropriate and effective."

I am pleased to introduce our first Corporate Governance Statement, which sets out our approach to corporate governance and summarises both how our Board and Committees operate and their key activities during the year.

We stated in our AIM Admission document our intention to observe the principles of the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance (the "QCA Code"). The Directors share the view that good governance is fundamental to the successful growth of the business and we are therefore mindful of the recommendations of the QCA Code and have sought to ensure that appropriate systems and procedures are maintained which are both effective and appropriate for the size and nature of the Company and its operations.

A number of governance procedures and policies were adopted by the Board in connection with the IPO, in particular to constitute the formal Committees of the Board described more fully below, and to ensure systems are in place to support compliance with the AIM Rules and other regulatory requirements which apply to an AIM listed company. The objective of our governance structure is to allow the executive team to focus on delivering the investment strategy of the Group within a framework of established and clearly articulated roles, authority limits and controls. We believe that the governance structure we have implemented is appropriate and effective, and the Board will keep the relevant systems and procedures under regular review to ensure that they develop in line with the growth and strategic progress of the Group.

The Board agreed that it was not appropriate to conduct a formal Board performance evaluation process during the year as it was only the first year of the Board's operation, and would have been too early to draw any meaningful conclusions. We will consider an appropriate performance evaluation process during the financial year ending 31 March 2018.

Karen Slatford
Chairman

Composition of the Board

Including the Chairman, the Board comprises five Directors, of which two are Executive Directors and three are Non-Executive Directors, and the Company therefore complies with the principles of the QCA Code with respect to the independence of the Board. The skills and experience of the Board are set out in their biographies on pages 28 and 29.

Collectively, the Non-Executive Directors bring an appropriate balance of functional and sector skills and experience such that they are able to provide constructive support and challenge to the Executive Directors.

How the Board operates

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance. The operation of the Board is documented in a formal schedule of matters reserved for its approval. This is reviewed annually, and includes matters relating to:

- the Group's strategic aims, objectives and investment strategy.
- the approval of any single investment greater than £5.0 million or the sale of any assets where the proceeds will be greater than 10% of market capitalisation.
- the approval of any investment decision where a conflict of interest exists.
- structure and capital of the Group.
- financial reporting, financial controls and dividend policy and approving annual budgets.
- internal control and risk management (including the Group's appetite for risk).
- the approval of significant contracts and expenditure.
- appointments to the Board and its Committees.

Day-to-day management of the Group is the responsibility of the CEO, COO and the Executive Management team.

Board meetings

The Board met formally eight times during the period from IPO to the end of the financial year and will meet at least ten times p.a.

The Directors are expected to attend all meetings of the Board and the Committees on which they sit, and the Non-Executive Directors are expected to devote sufficient time to the Company to enable them to fulfil their duties as Directors. The Board is satisfied that the Chairman and each of the Non-Executive Directors is able to devote sufficient time to the business, and they each maintain open communication with the Executive Directors and senior management between the formal Board meetings.

The table below shows Directors' attendance at scheduled Board and Committee meetings during the year.

Director	No. of meetings attended
Karen Slatford	8
Simon Cook	8
Stuart Chapman	8
Grahame Cook	6
Richard Pelly	8

Board activity during the year

The Board has an agreed schedule of activity covering regular business updates, financial, operational and governance matters. Each Board Committee has also compiled a schedule of work to ensure that all areas for which the Board has overall responsibility are addressed and reviewed during the course of the year.

Board and Committee papers are distributed to Directors in advance of the meetings, and each meeting is minuted by the Company Secretary. Every Director is aware of the right to have any concerns minuted.

Board Committees

The Board has delegated specific responsibilities to the Audit Committee and the Remuneration and Nomination Committee, details of which are set out below. Due to the size of the Board and the nature of the Company's structure and operations, it was agreed during the year that a separate Nomination Committee was not required. The Remuneration Committee and Nomination Committee were therefore combined.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference of each Committee were reviewed by the Committees and the Board during the year, and it is intended that these will be reviewed on an annual basis going forward to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice.

Audit Committee

The Audit Committee is chaired by Grahame Cook, who is an experienced Main Market and AIM listed company audit committee chairman with significant financial experience. Its other members are Karen Slatford and Richard Pelly. All members of the Audit Committee are independent Non-Executive Directors.

The Audit Committee is responsible for monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues and monitoring the adequacy and effectiveness of the Group's internal control and risk management systems. It also oversees the relationship with the external auditor, advises the Board on the appointment of the auditor and reviews their fees and the nature, scope and results of the audit.

The Audit Committee will meet at least three times per year, and met on three occasions in the period between IPO and the financial year-end.

The Committee has unrestricted access to the Group's external auditor. The CFO is invited to attend each meeting of the Audit Committee, and other Executive Directors and senior management may also attend by invitation.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is chaired by Richard Pelly and its other members are Karen Slatford and Grahame Cook. The Remuneration and Nomination Committee's responsibilities include agreeing with the Board the remuneration policy for the Executive Directors, reviewing and approving corporate goals and objectives for the Executive Directors and monitoring performance against those objectives. The Remuneration and Nomination Committee is also responsible for making recommendations relating to appointments to the Board or changes to the constitution of the Board and its Committees.

The Executive Directors and CFO are invited to attend meetings of the Committee where their input is required, but they do not take part in any discussion on their own benefits and remuneration.

The Remuneration Report on pages 34 to 36 contains more information on the Committee's role and the remuneration and fees of the Executive and Non-Executive Directors.

Conflicts of interest

At each meeting of the Board or its Committees, the Directors are required to declare any interests in the matters to be discussed and are regularly reminded of their duty to notify any actual or potential conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest if deemed appropriate to do so.

The Group also has a long established conflicts of interest policy, under which employees and Executive Directors are prohibited from investing in companies that fall within the target investment focus of the Group, and which requires Non-Executive Directors to seek approval from the Group Compliance Officer if they wish to invest in companies falling within the mandate of Group.

Internal controls

The Board has ultimate responsibility for the Group's system of internal controls and for the ongoing review of their effectiveness. Systems of internal control can only identify and manage risks and not eliminate them entirely. As a result, such controls cannot provide an absolute assurance against misstatement or loss. The Board considers that the internal controls which have been established and implemented are appropriate for the size, complexity and risk profile of the Group.

The main elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors.
- An organisational structure with defined levels of responsibility.
- Specified investment approval levels and financial authority limits.
- An annual budgeting process which is approved by the Board.
- Monthly management reporting against agreed KPIs (KPIs are further outlined on page 24 of the Strategic Report).
- Financial controls to ensure that the assets of the Group are safeguarded and that appropriate accounting records are maintained.

The Board continues to review the system of internal controls to ensure it is fit for purpose and appropriate for the size and nature of the Company's operations and resources.

Board evaluation

No formal performance evaluation has been undertaken in the year due to the fact that the Board has only been operating since the IPO. The Board does, however, intend to conduct a performance evaluation process during the year ending 31 March 2018 and will report on that process in next year's Annual Report.

Relations with shareholders

Regular communication with institutional shareholders is maintained through individual meetings with the Executive Directors and CFO, particularly following the publication of interim and full-year results. Investor relations is a standing item on the Board's agenda, and the executive team routinely updates the Board as to outcomes of their meetings with shareholders and potential investors.

General information about the Company, the management team and the Group's investments is also available on the Company's website www.draperesprit.com, the investor section of which contains details of all recent announcements and all information required to be maintained under AIM Rule 26.

Shareholders will have an opportunity to raise questions with the Board at the Group's Annual General Meeting.

Annual General Meeting

The Annual General Meeting will take place on 5 September 2017. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report.

AUDIT COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 March 2017.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. Its role includes monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). It is also responsible for establishing, monitoring and reviewing procedures and controls for ensuring compliance with the AIM Rules.

Members of the Audit Committee

The Committee consists of three independent Non-Executive Directors: Grahame Cook (as Chairman of the Committee), Karen Slatford and Richard Pelly. The Board is satisfied that Grahame Cook, who is a qualified Chartered Accountant and an experienced Non-Executive Director and audit committee chair, has recent and relevant financial experience.

The Audit Committee met three times during the period since IPO (and on one occasion since the year end), and will meet at least three times per year going forward at appropriate times in the reporting and audit cycle and otherwise as required. The Audit Committee will also meet frequently with the Company's external auditors.

Duties

The duties of the Audit Committee are set out in its terms of reference, which are available on request from the Company Secretary. The Committee reviewed its terms of reference during the year, with minor amendments approved by the Board.

The main items of business considered by the Audit Committee during the year included:

- Review of terms of reference.
- Review of the risk management and internal control systems.
- Review and approval of the interim financial statements and the external auditor's report thereon.
- Review of the year-end audit plan, and consideration of the scope of the audit and the external auditor's fees.
- Review of the Annual Report and financial statements, including consideration of the significant accounting issues relating to the financial statements (see below), and the going concern review.
- Consideration of the external audit report and management representation letter.
- Meeting with the external auditor without management present.
- Assessment of the need for an internal audit function.
- Review of whistleblowing arrangements.

Role of the external auditor

The Audit Committee is responsible for monitoring the relationship with the external auditor, Grant Thornton LLP, in order to ensure that the auditor's independence and objectivity are maintained. As part of this responsibility, the Audit Committee reviews the provision of non-audit services by the external auditor and the Audit Committee Chairman is consulted by management prior to the external auditor being engaged to provide any such non-audit services. The breakdown of fees between audit and non-audit services is provided in note 8.

Having reviewed the auditor's independence and performance, the Audit Committee has recommended to the Board that a resolution to reappoint Grant Thornton LLP as the Company's auditor be proposed at the forthcoming Annual General Meeting.

Audit process

The external auditor prepares an audit plan for its review of the full-year financial statements, and the audit plan is reviewed and agreed in advance by the Audit Committee.

Prior to approval of the financial statements, the external auditor presents its findings to the Audit Committee, highlighting areas of significant financial judgement for discussion.

Internal Audit

The Audit Committee has considered the need for an internal audit function and has determined that, given the size and nature of the Group's operations and finance team, there is no current requirement to establish a separate internal audit function.

Risk management and internal controls

As described in the Corporate Governance Report on page 32, the Group has established a system of risk management and internal controls. The Audit Committee is responsible for reviewing the systems of risk management and internal control, and has reviewed both the risk register and management's progress in implementing and maintaining such control systems during the year. The Committee is satisfied that the internal control systems which have been established are operating effectively.

Share dealing, anti-bribery and whistleblowing

The Group has adopted a share dealing code in conformity with the requirements of Rule 21 of the AIM Rules. All employees, including new joiners, are required to agree to comply with the code. The Group has also adopted anti-bribery and whistleblowing policies, which are included in every employee's staff handbook. The Group operates an open and inclusive culture and employees are encouraged to speak up if they have any concerns. The aim of such policies is to ensure that all employees bring matters which cause them concern to the attention of either the Executive or Non-Executive Directors.

Grahame Cook

Audit Committee Chairman

I am pleased to present our first Remuneration Report which sets out the remuneration policy and remuneration paid to Directors during the year. As an AIM listed company, Draper Esprit is not required by the Companies Act 2006 to prepare a remuneration report and therefore the following disclosures are presented on a voluntary basis.

Remuneration and Nomination Committee

Given the size and nature of the operations of the Company, the Board agreed in November 2016 that the roles of the Remuneration and Nomination Committees (which had been established on IPO as individual committees) should be merged. The members of the combined Remuneration and Nomination Committee (the "Committee") are Richard Pelly (Chairman of the Committee), Grahame Cook and Karen Slatford, all of whom are independent Non-Executive 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, Executive Directors and Chief Financial Officer and recommending the total remuneration packages (including bonuses, incentive payments and share options or other awards) for those individuals; and
- identifying and nominating members of the Board, and recommending the composition of each Committee of the Board (including the Chair of each Committee).

The Committee met on three occasions during the year under review and has met once since the year-end. It is intended that the Committee will meet at least twice per year going forward.

The activity of the Committee during the year was focused on remuneration matters, including approving one-off awards of options under the Company Share Option Plan (see below) and approving bonus payments to the Executive Directors following the assessment of performance against agreed financial KPIs. The bonus amounts are set out in the table on page 36.

The Committee also approved an increase to the CEO's salary from £240,000 p.a. to £270,000 p.a.

Remuneration policy

The objective of the Company's remuneration policy is to attract, motivate and retain high calibre, qualified, executives with the necessary skills and experience in order for the Company to achieve its strategic objectives. The Directors also recognise the importance of ensuring that employees are incentivised and identify closely with the success of the Company. Accordingly, the Committee's aim is to provide a framework for remuneration which creates an appropriate balance between fixed and performance-related elements. It is the Committee's intention that performance-related remuneration is linked to the achievement of objectives which are aligned with shareholders' interests over the medium term.

The main elements of the remuneration package for Executive Directors are:

- Base salary.
- Performance-related annual bonus.
- Other benefits (including life and health insurance).
- Participation in the Company's carried interest plans.
- Participation in the Company's Share Option Plan.

Executive Directors' service contracts

The Executive Directors signed new service contracts with the Company on Admission. These are not for a fixed duration, and are terminable upon six months' notice by either party.

Non-Executive Directors

Each of the Non-Executive Directors signed a letter of appointment with the Company on Admission to AIM. Subject to their re-election by shareholders, the initial term of appointment for each Non-Executive Director is three years, and their appointments are terminable upon three months' notice by either party. The Non-Executive Directors' fees are determined by the Board, subject to the limit set out in the Company's Articles of Association.

The Draper Esprit plc Share Option Plan ("CSOP")

The Committee is responsible for granting awards of options under the CSOP, which was adopted by the Company on 1 August 2016. All Executive Directors and employees are eligible to participate in the CSOP.

The CSOP comprises two parts. Options granted under the first part are intended to be qualifying CSOP Options under the CSOP Code set out in Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003. This means that options granted under that part are subject to capital gains tax treatment. Options granted under the second part are not tax-favoured options. The CSOP Rules specify that no options may be granted more than ten years after its adoption, and that the number of ordinary shares in the Company over which options may be granted on any date is limited so that the total number of ordinary shares issued and issuable in respect of options granted in any ten-year period under the CSOP and any other employees' share scheme of the Company will be restricted to 5% of the issued ordinary shares from time to time.

The first options granted under the CSOP were granted in November 2016 over a total of 1,771,770 ordinary shares at an exercise price of 355 pence per ordinary share (being the closing mid-market price of an ordinary share on 28 November 2016). The options are not subject to any performance conditions and will be exercisable after three years, and within ten years of the date of grant, subject to continued employment.

Carried interest plan

The Company has established carried interest plans for the Executive Directors, other members of the investment team and certain other employees (together, the "Plan Participants") in respect of any investments and follow-on investments made from Admission. Each carried interest plan will operate in respect of investments made during a 24-month period and related follow-on investments made for a further 36-month period save that: (i) there is a separate carried interest plan for the initial portfolio and, in due course, a separate carried interest plan for related follow-on investments; and (ii) the first such carried interest plan after Admission is for the period from Admission to 31 March 2018.

Subject to certain exceptions, Plan Participants will receive, 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 and follow-on investments made during the relevant period. The Plan Participants' return is subject to a "catch-up" in their favour. Plan Participants' carried interests vest over five years for each carried interest plan and are subject to good and bad leaver provisions. Any unvested carried interest resulting from a Plan Participant becoming a leaver can be reallocated by the Remuneration Committee.

The remuneration policy for 2017/18 will operate as follows:

	Role	Basic salary/fee £'000s	Maximum bonus potential
Executive			
Simon Cook	Chief Executive Officer	270	60%
Stuart Chapman	Chief Operations Officer	205	60%
Non-Executive			
Karen Slatford	Chairman	80	–
Grahame Cook	Chairman of Audit Committee	40	–
Richard Pelly	Chairman of Remuneration and Nomination Committee	40	–

Annual bonus

The 2017/18 annual bonus for Executive Directors will be assessed against financial KPIs. Challenging targets have been set, with 50% of the annual bonus potential (i.e. 30% of base salary) earned for achieving threshold performance, increasing on a straight line basis to 60% (36% of base salary) for achieving target performance then increasing on a straight line basis to 100% of bonus potential (60% of base salary) for achieving stretch levels of performance. Actual performance targets are not disclosed as they are considered to be commercially sensitive at this time.

Statutory information

The following information includes disclosures required by the AIM Rules and UK company law.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Directors' remuneration

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 March 2017:

	Basic salary/fees £'000s	Pension contributions £'000s	Taxable benefits £'000s	Performance-related bonus £'000s	2016/17 Total £'000s	2015/16 Total £'000s
Executive Directors						
Simon Cook	190.0	28.5	44.5	109.6	**372.6**	–
Stuart Chapman	158.3	23.8	1.0	91.4	**274.5**	–
Non-Executive Directors						
Karen Slatford	66.7	–	–	–	**66.7**	–
Grahame Cook	33.3	–	–	–	**33.3**	–
Richard Pelly	33.3	–	–	–	**33.3**	–
Total	481.6	52.3	201.0	201.0	**780.4**	–

Share options

The individual interests of the Executive Directors under the CSOP are as follows:

	Date of grant	Number of CSOP options	Number of unapproved options	First exercise date	Exercise price
Simon Cook	28/11/16	8,450	226,385	28/11/19	**£3.55**
Stuart Chapman	28/11/16	8,450	226,385	28/11/19	**£3.55**

The details of the CSOP are set out in note 13 to the consolidated financial statements.

Directors' share interests

The interests 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 2017	Number of ordinary shares as at 31 March 2016
Simon Cook	2,230,214	–
Stuart Chapman	2,230,214	–

None of the Non-Executive Directors currently hold shares in the Company.

Richard Pelly
Chairman of the Remuneration Committee
24 July 2017

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 March 2017.

Results and dividends

The Group's profit for the year was £33.2 million (period ended 31 March 2016: £3,000 loss). In accordance with our stated dividend policy, the Directors do not recommend the payment of a dividend.

Future developments

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 8 and 9.

Review of business

The Chairman's Statement on page 1 and the Strategic Report on pages 1 to 27 provide a review of the business, the Group's performance for the year ended 31 March 2017, key performance indicators and an indication of future developments and risks, and form part of this Directors' Report.

Directors

The Directors of the Company who held office during the year were:

Stuart Chapman	(appointed 15 June 2016)
Grahame Cook	(appointed 15 June 2016)
Simon Cook	(appointed 15 June 2016)
Richard Pelly	(appointed 15 June 2016)
Karen Slatford	(appointed 15 June 2016)

Brief biographical details for each of the Directors are given on pages 28 and 29.

Directors' interests

A table showing the interests of the Directors in the share capital of Draper Esprit plc is set out in the Directors' Remuneration Report on page 36.

Directors' indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 236 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements.

The Company has purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Political donations

The Company made no political donations during the year to 31 March 2017.

Financial instruments

The financial risk management objectives of the Group, including details of the exposure of the Company and its subsidiaries to financial risks including credit risk, interest rate risk and currency risk, are provided in note 27 of the financial statements.

Share capital structure

At 31 March 2017, the Company's issued share capital was £407,475.76 divided into 40,747,576 ordinary shares of £0.01 each. Details of the movements in issued share capital in the year are set out in note 22 to the financial statements.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. There are no restrictions on the transfer of shares.

Pursuant to the lock-in and vesting deed executed in connection with the IPO, the Executive Directors have undertaken to Numis (the Company's Nominated Adviser) not to dispose of any interest in any of the ordinary shares in the Company held by them at Admission for a period of two years from Admission except in certain limited circumstances. The Executive Directors have also undertaken not to dispose of 37%, 25% and 12.5% of the ordinary shares held by each of them at Admission (on the same basis as described above) for the third, fourth and fifth years following Admission respectively.

Substantial shareholdings

As at 31 March 2017, the Group had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights of shareholders of the Group:

	Number of ordinary shares	% of total voting rights
Ireland Strategic Investment Fund	10,904,502	26.8
Woodford Investment Management	10,621,000	26.0
China Huarong International Holdings Limited	3,333,333	8.2
Simon Cook	2,230,214	5.5
Stuart Chapman	2,230,214	5.5
Baillie Gifford	2,200,000	5.4
WH Ireland	1,541,666	3.8
Brian Caulfield	1,324,237	3.2

Disclosure of information to auditors
As far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware, and each Director has taken all reasonable steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information to establish that the Group's auditors are aware of that information.

Going concern
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditor
Grant Thornton LLP has indicated its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting
The Annual General Meeting will be held on 5 September 2017. The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report and financial statements.

Employees
Employees are encouraged to be involved in decision-making processes and are provided with information on the financial and economic factors affecting the Group's performance, through team meetings, updates from the Chief Executive Officer and via an open and inclusive culture.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that workspace and other modifications are made as appropriate. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Directors' Report was approved by the Board on 24 July 2017 and is signed on its behalf by:

Stuart Chapman
Chief Operating Officer
24 July 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and have also chosen to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 the Company and of the profit or loss of the Group for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

In preparing the Company 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company, enabling 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:
- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

This responsibility statement was approved by the Board on 24 July 2017 and signed on its behalf by:

Stuart Chapman
Chief Operating Officer
24 July 2017

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DRAPER ESPRIT PLC

We have audited the financial statements of Draper Esprit plc for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of cash flows, the consolidated and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 company's shareholders 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 company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 any material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 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.

William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
24 July 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Unrealised gains on investments held at fair value through the profit and loss	5	**35,744**	–
Fee income	6	**1,673**	–
Total investment income		**37,417**	–
Operating expenses			
Administrative expenses	7	**(3,934)**	–
Other expenses		**(21)**	(3)
Operating profit/(loss) from operations	8	**33,462**	(3)
Finance income	10	**221**	–
Operating profit/(loss) before tax		**33,683**	(3)
Income taxes	11, 21	**(438)**	–
Profit/(loss) for the year/period		**33,245**	(3)
Share of profit/(loss) attributable to non-controlling interests		**(330)**	–
Profit/(loss) from continuing operations		**32,915**	(3)
Other comprehensive income/(expense):			
Other comprehensive expense		**–**	–
Total comprehensive income/(loss) for the year/period		**32,915**	(3)
Earnings per share attributable to:			
Equity holders of parent (pence)	12	**80.8**	(6)

The notes on pages 46 to 65 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2017

Non-current assets	Notes	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Non-current assets			
Intangible assets	14	**21,158**	–
Investments in associates	15	**260**	–
Financial assets held at fair value through the profit or loss	16	**105,971**	–
Property, plant and equipment	17	**152**	–
Total non-current assets		**127,541**	–
Current assets			
Trade and other receivables	19	**527**	50
Cash and cash equivalents		**24,892**	–
Total current assets		**25,419**	50
Current liabilities			
Trade and other payables	20	**(1,550)**	(3)
Total current liabilities		**(1,550)**	(3)
Non-current liabilities			
Deferred tax	21	**(716)**	–
Total non-current liabilities		**(716)**	–
Net assets		**150,694**	47
Equity			
Share capital	22	**407**	50
Share premium account	22	**93,248**	–
Merger relief reserve	22	**23,920**	–
Share-based payments reserve	13	**123**	–
Retained earnings		**32,892**	(3)
Equity attributable to owners of parent		**150,590**	47
Non-controlling interests		**104**	–
Total equity		**150,694**	47
Net assets per share (pence)	12	**370**	94

The financial statements were approved by the Board of Directors and authorised for issue on 24 July 2017.

S. M. Chapman
Chief Operating Officer

The notes on pages 46 to 65 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Cash flows from operating activities			
Operating profit/(loss) before tax		**33,683**	(3)
Adjustments to reconcile operating profit to net cash flows used in operating activities:			
Revaluation of investments held at fair value through the profit and loss	5	**(35,744)**	–
Depreciation and amortisation		**155**	–
Share-based payments		**123**	–
Bad debt provision		**37**	–
Decrease in trade and other receivables		**681**	(50)
Increase in trade and other payables		**224**	3
Net cash used in operating activities		**(841)**	(50)
Tax paid		**-**	–
Net cash inflow/(outflow) from operating activities		**(841)**	(50)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(166)**	–
Cash acquired on purchase of subsidiary		**495**	
Loans repaid from underlying investment vehicles	16	**17,137**	–
Purchase of initial portfolio	16	**(40,000)**	–
Purchase of investments	16	**(20,602)**	–
Net cash outflow investing activities		**(43,136)**	–
Cash flows from financing activities			
Cash paid to non-controlling interests		**(246)**	–
Proceeds from issue of share capital net of fees	22	**69,336**	50
Net cash outflow from financing activities		**69,090**	50
Net increase/(decrease) in cash & cash equivalents		**25,113**	–
Cash and cash equivalents at beginning of period		**-**	–
Exchange differences on cash and cash equivalents	10	**(221)**	–
Cash and cash equivalents at end of period		**24,892**	–

The notes on pages 46 to 65 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non-controlling interests £'000s	Total equity £'000s
Balance at 29 September 2015[1]	–	–	–	–	–	–	–	–
Total comprehensive Income for the period								
Loss for the period	–	–	–	–	(3)	(3)	–	(3)
Total comprehensive income/ (loss) for the period	–	–	–	–	(3)	(3)	–	(3)
Contributions by and distributions to the owners:								
Issue of share capital	50	–		–	–	50	–	50
Balance at 31 March 2016	50	–	–	–	(3)	47	–	47
Comprehensive Income for the year								
Profit for the year	**-**	**-**	**-**	**-**	**32,915**	**32,915**	**330**	**33,245**
Acquired reserves due to non-controlling interest	**-**	**-**	**-**	**-**	**(20)**	**(20)**	**20**	**-**
Amounts withdrawn by non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(246)**	**(246)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**32,895**	**32,895**	**104**	**32,999**
Contributions by and distributions to the owners:								
Issue of share capital (note 22)	**357**	**-**	**-**	**-**	**-**	**357**	**-**	**357**
Share premium (note 22)	**-**	**93,248**	**-**	**-**	**-**	**93,248**	**-**	**93,248**
Merger relief reserve (note 22)	**-**	**-**	**23,920**	**-**	**-**	**23,920**	**-**	**23,920**
Share based payment (note 13)	**-**	**-**	**-**	**123**	**-**	**123**	**-**	**123**
Balance at 31 March 2017	**407**	**93,248**	**23,920**	**123**	**32,892**	**150,590**	**104**	**150,694**

1 Draper Esprit plc was incorporated on 29 September 2015

The notes on pages 46 to 65 are an integral part of these consolidated financial statements.

1. General information

Draper Esprit plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. On 15 June 2016, the Company listed on the London Stock Exchange's AIM market and the Irish Stock exchange's ESM market (the "IPO"). This is the Company's first Annual Report as a public company. The Company's registered address is 20 Garrick Street, London WC2E 9BT.

The Company is the ultimate parent company in which results of all subsidiaries are consolidated. The consolidated financial statements ("the Group accounts") for the year ended 31 March 2017 comprise the financial statements of the Company and its subsidiaries (together, "the Group"). The comparative period presents the consolidated statement of comprehensive income, cashflows and statement of changes in equity for the period since 29th September 2015 (incorporation date of the Company) through to 31 March 2016. The comparative consolidated and Company balance sheets are presented as at 31 March 2016.

The consolidated financial statements are presented in Pounds Sterling (£) which is the currency of the primary economic environment the Group operates. All amounts are rounded to the nearest thousand, unless otherwise stated.

2. Adoption of new and revised standards

Information on the Draper Esprit Group's structure is given in note 3(a). Information on other related party relationships of the Draper Esprit Group is provided in note 28.

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these consolidated financial statements.

Standards affecting the reported results or financial position

In the current year, there were no new and revised standards and Interpretations that have been adopted which affected the amounts reported in these consolidated financial statements.

Standards not affecting the reported results or financial position

At the date of authorisation of these consolidated financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 15 Revenue from Contracts with Customers is the only new Standard effective from 1 January 2017. IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Directors have not yet fully determined the impact on the Group's consolidated financial statements as a result of adopting this standard.

- IFRS 16 Leases was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments, see note 23. The Directors have not yet fully determined the impact on the Group's consolidated financial statements as a result of adopting this standard.

- IFRS 9 Financial Instruments: IFRS 9 will eventually replace IAS 39 in its entirety. The process has been divided into three main components, being classification and measurement; impairment; and hedge accounting. The Group provisionally assesses the potential effect to be immaterial given the majority of its financial assets will be held 'at fair value through profit or loss' ('FVTPL'). IFRS 9 is expected to be implemented in 2018. The Directors have not yet fully determined the impact on the Group's consolidated financial statements as a result of adopting this standard.

3. Significant accounting policies

Basis of accounting

The Group accounts have been prepared and approved by the Directors in accordance with all relevant IFRSs as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee, endorsed by the European Union ("EU"). The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practise). The Company has taken advantage of disclosure exemptions available under FRS 101 as explained further in note 1 of the Company's accounts. The financial statements are prepared on a going concern basis as disclosed in the Directors' Report.

3. Significant accounting policies continued

a) Basis of consolidation

The consolidated financial statements comprise the Company and the results, cash flows and changes in equity of the following subsidiary undertakings:

Name of undertaking	Nature of business	Country of incorporation	% ownership
Esprit Capital Partners LLP	Investment Management	England	100%
Encore Ventures LLP	Investment Management	England	71%
Esprit Capital I GP Limited	General Partner	England	100%
DFJ Esprit III GP Limited	General Partner	England	100%
Esprit Capital III Founder GP Limited	General Partner	England	100%
Esprit Capital III GP LP	General Partner	England	100%
Encore I GP Limited	General Partner	England	100%
Encore I Founder GP Limited	General Partner	England	100%
Esprit Capital Management Limited	Admin company	England	100%
Esprit Capital Holdings Limited	Dormant	England	100%
Esprit Nominees Limited	Dormant	England	100%
Esprit Capital I CIP Limited	Dormant	England	100%

Subsidiaries

Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which the Group effectively obtains control. They are de-consolidated from the date that control ceases. Control is reassessed whenever circumstances indicate that there may be a change in any of these elements of control. Refer to note 4(b) for further information. The Group has accounted for the acquisition of Esprit Capital Partners LLP on 15 June 2016 as an acquisition in accordance with IFRS 3 business combinations and not as a reverse acquisition having assessed the substance of the transaction, including control and changes of in ownership.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment where there are indications that the carrying value may no longer be recoverable.

Investment company

In accordance with the provisions of IFRS 10, Draper Esprit plc considers itself to be an investment entity and its wholly-owned subsidiary, Draper Esprit (Ireland) limited to be an investment company as its sole purpose is hold investments on behalf of the Group. Consequently, Draper Esprit (Ireland) Limited is not consolidated in accordance with IFRS10, instead it is recognised as an investment held at fair value through the profit and loss on the consolidated balance sheet. Loans to investment vehicles are treated as net investments at fair value through the profit and loss.

3. Significant accounting policies continued

The below is a list of entities that are controlled and not consolidated but held as investments at fair value through the profit and loss on the consolidated balance sheet.

Name of undertaking	Principal activity	Country of incorporation
Draper Esprit (Ireland) Limited	Investment company	Ireland
Esprit Capital III LP	Limited partnership	England
Esprit Capital IV LP	Limited partnership	England
Esprit Investments (1) LP	Limited partnership	England

Limited Partnerships (co-investment)

The following limited partnerships that the Group's General Partners are members of are not considered to be controlled and therefore not consolidated in these financial statements:

Name of undertaking	Principal activity	Country of incorporation
Encore I GP LP	General partner	England
DFJ Esprit II Founder LP	Co-investment limited partnership	England
DFJ Esprit II Founder 2 LP	Co-investment limited partnership	England
Encore I Founder LP	Co-investment limited partnership	England
Encore I Founder 2014 LP	Co-investment limited partnership	England
Encore I Founder 2014-A LP	Co-investment limited partnership	England
Esprit Capital III Founder LP	Co-investment limited partnership	England

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. All revenue from services is generated within the UK and is stated exclusive of value added tax.

Revenue from services comprises:

- **Fund management services**
  Fund management fees are either earned at a fixed annual rate or are set at a fixed percentage of funds under management, measured either by commitments or invested cost, depending on the stage of the fund being managed. Revenues are recognised as the related services are provided.

- **Arrangement fees**
  Occasionally Draper Esprit plc may charge a fee as part of arranging an investment from one of the funds it manages into a portfolio company. Such fees are charged at a rate determined on a case-by-case basis and are payable upon completion of the investment.

- **Portfolio Directors' fees**
  Portfolio Directors' fees are annual fees, charged in arrears, to an investee company and payable to Draper Esprit plc as the fund manager. Draper Esprit plc only charges Directors' fees on a limited number of the investee companies.

c) Deferred income

The Group's management fees are typically billed either quarterly of half-yearly in advance. Where fees have been billed for an advance period the amounts are credited to deferred income, and then subsequently released through the profit and loss accounting the period the fees relate to.

3. Significant accounting policies continued

d) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: a) fair value of consideration transferred; b) the recognised amount of any non-controlling interest in the acquiree; and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

e) Goodwill and other intangible assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Other intangible assets

Certain previously unrecognised assets acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values e.g. brand names, customer contracts and lists (see note 14). All finite-lived intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straightline basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described below. Customer contracts are amortised on a straight-line basis over their useful economic lives which is typically the duration of the underlying contracts. The following useful economic lives are applied:

- customer contracts: eight years.

f) Impairment

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows ("cash generating units" or "CGU"). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the consolidated statement of total comprehensive income for the amount by which the assets or cash generating units carrying amount exceeds its recoverable amount which is the higher of fair value less costs to sell and value-in-use. To determine value-in-use, management estimates expected future cashflows from each cash-generating unit and determine a suitable discount rate in order to calculate the present value of those cashflows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profile as assessed by management. Impairment losses for cash generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit with the exception of goodwill, and all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating units recoverable amount exceeds its carrying amount.

3. Significant accounting policies continued

g) Foreign currency

Transactions entered into by Group entities in a currency other than the functional currency in which they operate are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit and loss.

The individual financial statements of the Group's subsidiary undertakings are presented in their functional currency. For the purpose of these consolidated financial statements, the results and financial position of each subsidiary undertaking are expressed in Pounds Sterling, which is the presentation currency for these consolidated financial statements.

The assets and liabilities of the Group's undertakings whose functional currency is not pounds sterling are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period.

h) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified by the Group into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Fair value through profit or loss

A financial asset may be designated as at FVTPL upon initial recognition if:

(a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(b) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Draper Esprit Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(c) it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The Group considers that the investment interests it holds in Esprit Capital III LP, Esprit Capital III Founder LP, DFJ Esprit II Founder LP, Esprit Capital IV LP and Esprit Investments(I) LP are appropriately designated as at FVTPL as they meet criteria (b) above.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Groups loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

i) Financial liabilities

The Group's financial liabilities may include borrowings and trade and other payables.

All financial liabilities are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs.

3. Significant accounting policies continued

Financial liabilities are measured subsequently at amortised cost using the effective interest Method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the outflow of resources embodying the economics benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

k) Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

l) Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

m) Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

n) Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease") the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum payments payable of the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to the ownership are not transferred to the Group (an "operating lease") the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight line basis.

o) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

p) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. Significant accounting policies continued

q) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period 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 balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

r) Property, Plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

Leasehold improvements	– over the term of the lease
Fixtures and equipment	– 33% p.a. straight line
Computer equipment	– 33% p.a. straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

t) Segmental reporting

IFRS8, "Operating Segments" defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resource. The Chief Operating Decision Maker has been identified by the Board of Directors as the Chief Executive Officer.

3. Significant accounting policies continued

u) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial assets. This involves developing estimates and assumptions consistent with how market participants would price the assets. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 4(a))

4. Critical accounting estimates and judgements

The Directors have made the following judgements and estimate that have had the most significant effect on the carrying amounts of the assets and liabilities in the consolidated financial statement. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Valuation of unquoted equity investments at fair value through the profit and loss

The judgements and estimations required to determine the appropriate valuation methodology of unquoted equity investments means there is a risk of material adjustment to the carrying amounts of assets and liabilities. These judgements include whether to increase or decrease investment valuations or not and require the use of judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available or observable.

The fair value of unlisted securities is established with reference to the International Private Equity and Venture Capital Valuation Guidelines (IPEVCVG). In line with the IPEVCVG, the Group may base valuations on earnings or revenues where applicable, market comparables, price of recent investments in the investee companies, or on net asset values.

The Group invests in early stage and growth technology companies, through predominantly unlisted securities. Given the nature of these investments, there are often no current or short-term future earnings or positive cash flows. Consequently, the most appropriate approach to determine fair value is based on a methodology with reference to observable market data, that being the price of the most recent transaction. Fair value estimates that are based on observable market data will be of greater reliability than those based on estimates and assumptions and accordingly where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation.

The length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment, and the Group will consider whether the basis remains appropriate each time valuations are reviewed. If the "price of recent investment" methodology is no longer considered appropriate, the Group then considers alternative methodologies in the IPEVCVG guidelines, being principally price-revenue or price-earnings multiples, depending upon the stage of the asset, requiring management to make assumptions over the timing and nature of future revenues and earnings when calculating fair value.

Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired.

In all cases, valuations are based on the judgement of the Directors after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Due to this uncertainty, the Group may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale.

4. Critical accounting estimates and judgements continued

b) Control assessment

The Group has a number of entities within its corporate structure and consideration has been made of which should be consolidated in accordance with IFRS 10 and which should not. The Group consolidates all entities where it has control over the following: power over the investee to significantly direct the activities; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The Company does not consolidate qualifying investment companies it controls in accordance with IFRS 10 and instead recognises them as investments held at fair value through the profit and loss. See note 3 (a) for further details.

c) Carrying amount of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill is allocated. The recoverable amount is based on "value in use" calculations which requires estimates of future cashflows expected from the cash generation unit (CGU) and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at balance sheet date was £20.5 million (31 March 2016: nil).

d) Business combinations

The directors have undertaken a detailed assessment of the substance of the transaction through which the Company acquired the underlying investment vehicles and Esprit Capital Partners LLP and its subsidiaries with reference to the requirements of IFRS 10 and IFRS 3. Following that assessment directors have determined that this transaction is appropriately accounted for as an acquisition.

5. Fair value movement in investments

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Unrealised gains on investments held at fair value through the profit and loss (note 16)	**35,744**	–

6. Revenue

Revenue is derived solely within the UK, from continuing operations for all periods. An analysis of the Group's revenue is as follows:

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Management fees	**1,632**	–
Portfolio Directors' fees	**41**	–
	1,673	–

7. Administration expenses

Administration expenses comprise:

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Employee benefit expenses (note 9)	**2,473**	–
Operating lease rentals	**115**	–
Legal and professional	**666**	–
Irrecoverable VAT	**130**	–
Depreciation and amortisation	**155**	–
Travel expenses	**121**	–
Other administration costs	**274**	–
	3,934	–

8. Profit for the year/period

The profit for the year/period has been arrived at after charging:

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Audit fees payable to the Company's auditors	**47**	3
Audit of the accounts of any associate of the company	**32**	3
Audit-related assurance services	**22**	–
Other assurance services	**15**	–
Taxation compliance services	**58**	–
Other taxation advisory services	**3**	–
Total fees payable to the Company's auditor	**177**	6
Bad debt provision	**37**	–

The total for all services relating to corporate finance transactions (either proposed or entered into) by or on behalf of the Company or any of its associates with the Auditors was £564,000 and has been debited to share premium as part of equity issuance costs (note 22).

9. Employee benefit expenses

Employee benefit expenses (including directors) comprise:

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Wages and salaries	**1,858**	
Defined contribution pension costs	**167**	–
Benefits (Healthcare and Life Assurance)	**16**	–
Recruitment Costs	**63**	–
Share-based payment expense (note 13)	**123**	–
Social security contributions and similar taxes	**246**	–
	2,473	–

The average number of persons (including Executive and Non-executive Directors) employed by the Group during the year was:

	Year ended 31 Mar 2017 Number	Period ended 31 Mar 2016 Number
Technology Investment	**10**	–
Corporate functions	**7**	–
	17	–

Corporate functions comprise non-executive directors, finance, marketing, human resources and administration.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed on page 37, the managing partner and the CFO of the Company.

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Wages and salaries	**730**	–
Short-term non-monetary benefits	**39**	–
Defined contribution pension costs	**90**	–
Share-based payment expense (note 13)	**63**	–
Social security contributions and similar taxes	**89**	–
	1,011	–

10. Finance Income

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Net foreign exchange gain	**221**	–

11. Tax expense

The charge to tax, which arises in the Group and the corporate subsidiaries included within these financial statements, is:

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Current tax expense		
Current tax on profits for the year/period	**–**	–
Adjustments for under/(over) provision in prior periods	**–**	–
Total current tax	**–**	–
Deferred tax expense		
Arising on co-invest and carry (note 21)	**578**	–
Reversal of amounts previously recognised	**(140)**	–
Total deferred tax	**438**	–

The UK standard rate of corporation tax is 19% (2016: 20%). There is no current tax charge in the year (2016: £nil).

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year/period are as follows:

	Year ended 31 Mar 2017	Period ended 31 Mar 2016
Profit/(loss) for the year before tax	**33,683**	–
Profit/(loss) on ordinary activities of Group companies before tax		
Tax using the Company's domestic tax rate of 19% (2016: 20%)	**6,400**	–
Expenses not deductible for tax purposes	**–**	–
Unrealised revaluation of investments	**(6,791)**	–
Other tax adjustments	**829**	–
Total tax charge for the year	**438**	–

12. Earnings per share and net asset value

The calculation of basic earnings per share is based on the profit attributable to shareholders and the number of basic average shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share options and awards. There was no dilution during the year as arising from the issue of share options.

31 March 2017	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
Basic earnings per ordinary share	32,915	40,748	80.8

Net asset value ("NAV") per share is based on the net asset attributable to shareholders and the number of basic average shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share options and awards. There was no dilution during the year as arising from the issue of share options.

31 March 2017	Adj. Net assets £'000s	Weighted average no. of shares '000	Pence per share
Net asset value per ordinary share	150,694	40,748	370

13. Share-based payments

	Date of Grant	Number of CSOP Options	Number of approved Options	Vesting period	Exercise Price (pence)	Fair value per granted instrument (pence)
Draper Esprit plc 2016	28-Nov-16	1,618,967	101,400	3 Years	355	64.1
Company Share Option Scheme (CSOP)	28-Nov-16	152,528	–	5 Years	355	89.3

The Draper Esprit plc 2016 Company Share Option Plan (CSOP) was launched on 28th November 2016 and made available to certain employees, Directors and Trusts. The Options have an exercise price of 355 pence per share and are exercisable at the end of a three and five-year period ending on 28th November 2019 and 28th November 2021 respectively. A total of 1,771,495 shares under option were granted in the year. The share-based payment charge for the year is £122,940 (period ended 31 March 2016: £nil). The share price at grant date was 355 pence. The Black Scholes Option Pricing Model has been used for valuation purposes. All options are settled in shares. Volatility is expected to be in the range of 20-30% based on an analysis of the Company's and peer groups share price. The risk free rate used was 0.73% and 1.57% and was taken from zero coupon United Kingdom government bonds on a term consistent with the vesting period. There are no performance conditions attached to these share options.

14. Intangible assets

31 March 2017	Goodwill[1] £'000s	Customer contracts[2] £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2016			
Additions during the year	–	–	–
Acquired through business combinations (note 18)	20,476	818	21,294
Cost as at 31 March 2017	**20,476**	**818**	**21,294**
Accumulated amortisation			
Amortisation carried forward as at 1 April 2016	–	–	–
Charge for the year	–	(136)	(136)
Accumulated amortisation as at 31 March 2017	–	(136)	(136)
Net book value:			
As at 31 March 2017	**20,476**	**682**	**21,158**

1 Goodwill of £20.5 million arose on the acquisition of all the capital interests in Esprit Capital Partners LLP, a Venture Capital manager based in the UK, on 15 June 2016 and represents the value of the acquired expertise and knowledge of the fund managers. The directors have identified the fund managers as the cash-generating unit ("CGU") being the smallest group of assets that generates cash inflows independent of cash flows from other assets or groups of assets. The fund managers are responsible for generating deal flow and working closely with investee companies creating value and maximising returns for the Group. The Group tests goodwill annually for impairment comparing the recoverable amount using value-in-use calculations and the carrying amount. Value-in-use calculations are based on future expected cash flows generated by the CGU from the realisation of investments for the next eight years with reference to the most recent financial budget and forecasts. The key assumptions for the value in use calculations are the discount rate using pre-tax rates that reflect the current market assessments of the time value of money and risks specific to the CGU. The internal rate of return ("IRR") used was based on past performance and experience. The discount rate used was 10% and the IRR used was 20%.

2 An intangible asset of £0.8 million was also recognised in respect of the anticipated profit from the participation in Encore Ventures LLP as a consequence of the acquisition of Esprit Capital Partners LLP.

15. Investments in associates

On 24 November 2016, Draper Esprit acquired a 30.77% stake in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited with an option to acquire the balance of the Elderstreet shares. The initial consideration of £0.26 million has been satisfied by the issue of 73,667 new ordinary shares of 1 pence each in the capital of the Company. The Groups share of post-acquisition profits in the four-month period was not material and there were no indications of impairment at balance sheet date.

16. Investments

The Group holds investments through investment vehicles it manages. The investments are predominantly in unlisted securities and are carried at fair value through the profit and loss. The Groups valuation policies are set out in note 4(a) and note 26. The table below sets out the movement in the balance sheet value of investments from the start to the end of the year, showing investments made, cash receipts and fair value movements.

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
As at 1 April 2016	**–**	–
Initial portfolio acquired on 15 June 2016[1]	**63,940**	–
Carry and Co-invest acquired on 15 June 2016	**2,822**	–
Investments made since IPO[2]	**20,602**	–
Loans repaid from underlying investment vehicles	**(17,137)**	–
Unrealised gains on the revaluation of investments	**35,744**	–
As at 31 March 2017	**105,971**	–

1 The initial portfolio was acquired on 15th June 2016 as part of the IPO which was satisfied by a mixture of cash (£40.0 million) and shares of (£23.9 million) issued by the Company.

2 Investments made post IPO on 15th June 2016 are amounts the Company has invested in underlying investment vehicles. This is not the equivalent to the total amount invested in portfolio companies as existing cash balances from the investment vehicles are reinvested.

17. Property, plant and equipment

	Leasehold Improvements £'000s	Computer Equipment £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2016	–	–	–
Additions during the year	138	28	166
Acquired through business combinations (note 18)	–	5	5
Cost as at 31 March 2017	**138**	**33**	**171**
Accumulated depreciation			
Depreciation carried forward as at 1 April 2016	–	–	–
Charge for the year	(13)	(6)	(19)
Accumulated deprecation as at 31 March 2017	(13)	(6)	(19)
Net book value:			
As at 31 March 2017	**125**	**27**	**152**

18. Acquisition of Esprit Capital Partners LLP

On 15 June 2016, the Company acquired 100% of the member's capital of Esprit Capital Partners LLP, a venture capital manager based in the UK. The business was acquired in order for Draper Esprit plc to become a self-managed investment entity. The revenues and profits of the acquired group would have been £1.2 million and £32.9 million had the entity been acquired at the beginning of the accounting period being 1 April 2016. Details of the business combination are as follows:

	£'000s
Fair value of equity shares issued	24,000
Total	**24,000**
Recognised amounts of identifiable net assets:	
Property, plant and equipment	5
Intangible assets	818
Investments	2,675
Trade and other receivables	1,165
Cash and cash equivalents	495
Deferred tax liabilities	(310)
Trade and other payables	(1,324)
Net identifiable assets and liabilities	**3,524**
Goodwill	**20,476**

Consideration transferred

The acquisition was settled by issuing 8,000,000 shares of Draper Esprit plc. The fair value of the equity shares issued was based on the market value of Draper Esprit plc's traded shares on the acquisition date. Certain Directors each received 2,911,311 ordinary shares pursuant to the terms of the of the Esprit Capital Acquisition Agreement on 15 June 2016 and agreed to immediately sell 681,156 ordinary shares.

19. Trade and other receivables due within one year

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Trade receivables	**272**	–
Bad debt provision	**(37)**	–
Other receivables and prepayments	**292**	50
	527	50

The ageing of trade receivables at reporting date is as follows:

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Not past due	**59**	–
Past due 1-30 days	**43**	–
Past due 31-60 days	**97**	–
More than 60 days	**73**	–
	272	–

The maximum exposure to credit risk of the receivables at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

20. Trade and other payables due within one year

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Trade payables	**(36)**	–
Other taxation and social security	**(208)**	–
Other payables	**(82)**	–
Accruals and deferred income	**(1,224)**	(3)
	(1,550)	(3)

All trade and other payables are short-term.

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2016: 20%). The movement on the deferred tax account is shown below:

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Arising on business combination	**(164)**	–
Arising on co-invest and carried interest	**(578)**	–
Other timing differences	**26**	–
At 31 March	**(716)**	–

22. Share capital and share premium

Ordinary share capital

Allotted and fully paid	Number	Pence
At the beginning of the year	50,000	100
Redeemed during the year[1]	(50,000)	100
Issued of share capital during the year	40,747,576	1
At the end of the year	**40,747,576**	**1**

1 During the year, 50,000 management shares were redeemed by the Company at par for 100 pence each.

On 15 June 2016, 40,673,909 of new ordinary shares of 1 pence each were issued for trading on the AIM and ESM at a price of 300p per share as part of an IPO transaction to purchase Esprit Capital III LP and acquire the Esprit Capital Partners LLP Group. The shares were issued as follows:

- 23,829,017 shares (£69.3 million) were issued to investors for cash proceeds net of issuance costs;
- 8,844,892 shares (£23.9 million) were issued for the acquisition of investment interests held by Draper Esprit Ireland in Esprit Capital III LP as described in note 16;
- 8,000,000 shares (£24.0 million) were issued for the acquisition of Esprit Capital Partners LLP as described in note 18.

On 26 November 2016, a further 73,667 of new ordinary shares of 1 pence each were issued at a price of 350 pence per share to purchase Elderstreet Holdings limited as described in note 15.

22. Share capital and share premium continued

Share premium

Allotted and fully paid	Share premium reserve^ £'000s
At the beginning of the year	–
Premium arising on the issue of ordinary shares	95,972
Equity issuance costs	(2,724)
At the end of the year	**93,248**

^ The premium on ordinary shares arises from the issue of 32,747,576 new ordinary shares of 1 pence each on the 15 June 2016 and 26 November 2016.

Merger relief reserve

In accordance with the Companies Acts 2006, a Merger Relief Reserve of £23.9 million (net of the cost of share capital issued of £80k) was created on the issue of 8,000,000 ordinary shares for 300 pence each in Draper Esprit plc as consideration for the acquisition of 100% of the capital interests in Esprit Capital Partners LLP on 15 June 2016. The Merger Relief Reserve forms part of the Groups distributable reserves.

23. Leases

Operating leases – lessee

The total future value of minimum lease payments is due as follows:

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Not later than one year	**333**	–
Later than one year but not later than five years	**1,332**	–
Later than five years	**611**	–
	2,276	–

24. Retirement benefits

The Draper Esprit Group makes contributions to personal pension schemes set up to benefit its employees. The Group has no interest in the assets of these schemes and there are no liabilities arising from them beyond the agreed monthly contribution for each employee or member that is included in employment costs in the profit and loss account as appropriate.

25. Financial assets and liabilities

The description of each category of financial asset and financial liability and the related accounting policies are shown below. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
31 March 2016			
Financial assets			
Investments in unlisted securities	–	–	–
Long-term financial assets	–	–	–
Trade and other receivables	–	50	50
Cash and cash equivalents	–	–	–
Short-term financial assets	–	–	–
Total financial assets	–	–	–
Financial liabilities			
Trade and other payables	–	(3)	(3)
Total financial liabilities	–	(3)	(3)
31 March 2017			
Financial assets			
Investments	105,971	–	105,971
Long-term financial assets	**105,971**	**–**	**105,971**
Trade and other receivables	–	527	527
Cash and cash equivalents	–	24,892	24,892
Short-term financial assets	–	25,419	25,419
Total financial assets	**105,971**	**25,419**	**131,390**
Financial Liabilities			
Trade and other payables	–	(1,550)	(1,550)
Total financial liabilities	**–**	**(1,550)**	**(1,550)**

26. Fair value measurements

This section should be read with reference to note 4(a) and note 16. The Group classifies financial instruments measured at fair value through the profit and loss according to the following fair value hierarchy:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

All investments are held at fair value through the profit and loss are classified as level 3 in the fair value hierarchy. As a consequence, the values of investments at balance sheet date are considered to be entirely based on Level 3 inputs. There were no transfers between Levels 1, 2 and 3 during the year.

Significant unobservable inputs for Level 3 valuations

The Group's investments are all classified as Level 3 investments. The Group may base valuations on earnings or revenues where applicable, market comparables, price of recent investments in the investee companies, or on net asset values. The Group mainly uses most recent investment price as a proxy for fair value where available. Where such data is not available or no longer appropriate a revenue multiple is used. See note 4(a) where valuation policies are discussed in more detail.

27. Financial instruments risk

Financial risk management

Financial risks are usually grouped by risk type: market, liquidity and credit risk. These risks are discussed in turn below.

Market risk – Foreign currency

A significant portion of the Group's, investments and cash deposits are denominated in a currency other than sterling. The principal currency exposure risk is to changes in the exchange rate between GBP and USD/EUR. Presented below is an analysis of the theoretical impact of 10% volatility in the exchange rate on shareholder equity.

Theoretical impact of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

Foreign currency exposures – Investments	31 March 2017 £'000s	31 March 2016 £'000s
Investments	**105,971**	–
10% decrease in GBP	**110,573**	–
10% increase in GBP	**101,369**	–

Certain cash deposits held by the Group are denominated in Euros. The theoretical impact of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

Foreign currency exposures – Cash	31 March 2017 £'000s	31 March 2016 £'000s
Cash denominated in EUR	**3,081**	–
10% decrease in EUR:GBP	**2,773**	–
10% increase in EUR:GBP	**3,389**	–
Cash denominated in USD	**3,225**	–
10% decrease in USD:GBP	**2,902**	–
10% increase in USD:GBP 10% increase in EUR:GBP	**3,547**	–

The combined theoretical impact on shareholders' equity of the changes to revenues, investments and cash and cash equivalents of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

Foreign currency exposures – Equity	31 March 2017 £'000s	31 March 2016 £'000s
Shareholders' Equity	**150,694**	47
10% decrease in EUR:GBP/USD:GBP	**144,056**	47
10% increase in EUR:GBP/USD:GBP	**156,864**	47

Market risk – Price risk

The Group is exposed to equity price risk in respect of equity rights and investments held by the Group and classified on the balance sheet at fair value through the profit and loss. The Group seeks to manage this risk by routinely monitoring the performance of these investments, employing stringent investment appraisal processes.

Liquidity risk

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less held in readily accessible bank accounts. The carrying amount of these assets is approximately equal to their fair value. Responsibility for liquidity risk management rests with the Board of Draper Esprit plc, which has established a framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

All Group payable balances as at 31 March 2017 and 31 March 2016 fall due for payment within one year.

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27. Financial instruments risk continued

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers, placing deposits, investment in unlisted securities through its co-investments The Group's trade receivables are amounts due from the investment funds under management, or underlying portfolio companies. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at 31 March as summarised below;

Classes of financial assets, carrying amounts	31 March 2017 £'000s	31 March 2016 £'000s
Investments	105,971	–
Trade and other receivables	272	–
Cash at bank and on hand	24,892	–
	131,135	–

The Directors consider that all the above financial assets that are not impaired or past due for each of the reporting date under review are of good credit quality. In respect of trade and other receivables the Group is not exposed to significant risk as the principal customers are the investment funds managed by the Group, and in these the Group has control of the banking as part of its management responsibilities.

Investments in unlisted securities are held within limited partnerships for which the Group acts as manager, and consequently the Group has responsibility itself for collecting and distributing cash associated with these investments. The credit risk of amounts held on deposit is limited by the use of reputable banks with high quality external credit ratings and as such is considered negligible.

Capital management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure.

The Group is wholly equity funded and has no debt at balance sheet date.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to manage cash.

28. Related party transactions

Draper Esprit plc may require that one of its members is appointed to the board of an investee company in a non-executive role. In such circumstances Draper Esprit plc charges an administration fee to the investees for the provision of the Director services. These fees which amounted to £29,825 (period ended March 2016: £nil) have been included in the turnover for the period. Draper Esprit does not exercise control or management through any of these non-executive positions.

On Admission, Simon Cook and Stuart Chapman assigned a portion of their personal entitlements in the carried interest in DFJ Esprit III(i) LP to the Group. The fair value of the DFJ Esprit IIIi LP interest assigned, calculated in accordance with the policies applied with the Group's financial statements was £656,000. A payment of £75,000 each was made in favour of Simon Cook and Stuart Chapman in recognition of the transfer. The members of the LLP also assigned a 61.5% interest in the gains of DFJE III FP LP for £nil consideration. The fair value of the DFJE III FP LP interest assigned, calculated in accordance with the policies applied with the Group's financial statements was £444,000. All amounts have been settled by the year end.

29. Ultimate controlling party

The Directors of Draper Esprit plc do not consider there to be a single ultimate controlling party of the group.

30. Post reporting date events

On the 5 June 2017, the Company raised gross proceeds of approximately £100.0 million at an issue price of 324 pence per share by way of the conditional placing of 25,912,346 new ordinary shares and a subscription of 4,951,851 new ordinary shares.

A further £25.0 million has been invested in new and existing companies post year end as follows:

- A further £1.9 million invested by the Company in Graphcore's £24.0 million Series B investment round;
- A further £3.5 million invested by the Company of £7.0 million invested by the Group in PushDoctor's £20.0 million Series B investment round;
- A further £6.6 million invested by the Company in Perkbox, an employee benefits and engagement platform;
- A further £5.6 million invested by the Company in Trustpilot, a global multi-language review community; and
- £1.8 million invested by the Company of £3.6 million invested by the Group in an as yet disclosed insuretech company

STATEMENT OF COMPANY FINANCIAL POSITION

AS AT 31 MARCH 2017

Assets	Note	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Non-current assets			
Financial assets held at fair value through the profit and loss	6	**93,902**	–
Investments in subsidiary undertaking	7	**24,000**	–
Investments in associates	7	**260**	–
Property, plant and equipment	8	**146**	–
Total non-current assets		**118,308**	–
Current assets			
Trade and other receivables	9	**298**	50
Cash and cash equivalents		**24,122**	–
Total current assets		**24,420**	50
Current liabilities			
Trade and other payables	10	**(1,138)**	(3)
Total current liabilities		**(1,138)**	(3)
Total liabilities		**(1,138)**	(3)
Net assets		**141,590**	47
Equity			
Share capital	11	**407**	50
Share premium account	11	**93,248**	–
Merger relief reserve	11	**23,920**	–
Share-based payments reserve	12	**123**	–
Retained earnings		**23,892**	(3)
Total equity		**141,590**	47

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented a statement of comprehensive income for the Company.

The Company's result for the year was a profit of £23.9 million (period ended 31 March 2016: £3,000 loss).

These financial statements were approved by the Board on 24 July 2017.

Signed on behalf of the Board

S.M. Chapman
Chief Operating Officer

Company registration number: 09799594

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 29 September 2015[1]	–	–	–	–	–	–
Total comprehensive Income for the period						
Loss for the period	–	–	–	–	3	3
Total comprehensive income for the period	–	–	–	–	3	3
Contributions by and distributions to the owners:						
Issue of share capital	50	–	–	–	–	50
Balance at 31 March 2016	50	–	–	–	3	47
Comprehensive Income for the year						
Profit for the year	–	–	–	–	23,895	23,895
Share-based payments	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	23,895	23,895
Contributions by and distributions to the owners:						
Issue of share capital (note 11)	357	–	–	–	–	357
Share premium (note 11)	–	93,248	–	–	–	117,168
Merger relief reserve (note 11)	–	–	23,920	–	–	23,920
Share-based payment (note 12)	–	–	–	123	–	123
Balance at 31 March 2017	**407**	**93,248**	**23,920**	**123**	**23,892**	**141,590**

1 Draper Esprit plc was incorporated on 29th September 2015

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework and the Companies Act 2006 as applicable to companies using FRS101. FRS101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The financial statements have been prepared on a going concern basis and under the historical cost convention. A summary of the more important Company accounting policies, which have been consistently applied except where noted, is set out below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7 Financial Instruments: Disclosures;
- IAS 7 Statement of Cash Flows;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- IAS 1 Presentation of Financial Statements and the following paragraphs of IAS 1: (d) (statement of cash flows), 16 (statement of compliance with all IFRS), 111 (cash flow statement information), and 134-136 (capital management disclosures).

2. Investments in subsidiary undertakings

Unlisted investments are held at cost less any provision for impairment.

3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4. Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

Leasehold improvements – over the term of the lease
Fixtures and equipment – 33% p.a. straight line
Computer equipment – 33% p.a. straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

5. Results for the Parent Company

The auditor's remuneration for audit services and other services is disclosed in note 8 to the consolidated financial statements.

6. Investments held at fair value through the profit and loss

Name of subsidiary undertaking	Registered office	Activity	Holding	Country	Fair value £'000
Draper Esprit (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland.	Investment company	100%	Ireland	93,902

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
As at 1 April 2016	–	–
Initial investment in Draper Esprit (Ireland) Limited on 15 June 2016[1]	63,940	–
Investments made since IPO[2]	20,602	–
Loans repaid from underlying investment vehicles	(16,273)	–
Unrealised gains on the revaluation of investments	25,633	–
As at 31 March 2017	**93,902**	–

1 The initial investment made in Draper Esprit (Ireland) limited on 15 June 2016 as part of the IPO to acquire the initial portfolio satisfied by a mixture of cash (£40.0 million) and shares of (£23.9 million) issued by the Company.
2 Investments made post IPO on 15th June 2016 are amounts the Company has invested in underlying investment vehicles. This is not the equivalent to the total amount invested in portfolio companies as existing cash balances from the investment vehicles are reinvested.

See note 3 and 4 in the consolidated financial statements for the accounting policies in respect of investments held at fair value through the profit and loss.

7. Investments in subsidiary undertakings and associates

On the 15 June 2016, the Company acquired the entire capital interests of Esprit Capital Partners LLP for £24.0 million which was satisfied in shares as explained in note 18 of the consolidated financial statements and is held at cost on the Company's balance sheet.

On the 26th of November 2016, the Company acquired 30.77% of the capital interests in Elderstreet Holdings Limited for £0.26 million as explained in note 15 of the consolidated financial statements and is held at cost on the Company's balance sheet.

8. Property, plant and equipment

	Leasehold improvements £'000s	Computer equipment £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2016	–	–	**–**
Additions during the year	138	24	**162**
Cost as at 31 March 2017	138	24	**162**
Accumulated depreciation	–	–	**–**
Depreciation carried forward as at 1 April 2016	–	–	**–**
Charge for the year	(13)	(3)	**(16)**
Accumulated depreciation as at 31 March 2017	(13)	(3)	**(16)**
Net book value	–	–	**–**
As at 31 March 2017	125	21	**146**

9. Trade and other receivables due within one year

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Unpaid share capital	–	50
Trade receivables	298	–
Total	**298**	50

All amounts are short-term. The net carrying value of all financial liabilities is considered a reasonable approximation of fair value.

10. Trade and other payables due within one year

	Year ended 31 Mar 2017 £'000s	Period ended 31 Mar 2016 £'000s
Accruals	(1,138)	(3)
Total	**(1,138)**	(3)

All amounts are short-term. The net carrying value of all financial liabilities is considered a reasonable approximation of fair value.

11. Share Capital and other reserves

Share capital and other reserves are explained in note 22 of the consolidated financial statements.

12. Share-based payments

The Company operates a share option scheme which is explained in note 13 of the consolidated financial statements.

13. Directors' emoluments and employee information

Full details of Directors' remuneration can be found in note 9 of the consolidated financial statements.

14. List of subsidiary undertakings

Name of subsidiary undertaking	Activity	Holding	Registered office	
Draper Esprit (Ireland) Limited	Investment company	100%	32 Molesworth Street, Dublin 2, Ireland	(note 6)
Esprit Capital Partners LLP	Investment management	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(note 7)
Draper Esprit (Nominee) Limited[1]	Dormant	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	

1 Draper Esprit Nominee Limited is held at cost £nil (2016: £nil) on the Company's balance sheet

15. Critical accounting estimates and judgements

The Directors have made judgements and estimates with respect to those items that have made the most significant effect on the carrying amounts of the assets and liabilities in the financial statements. These are described in note 4 of the consolidated financial statements.

16. Financial assets and liabilities

The description of each category of financial asset and financial liability and the related accounting policies are shown below. The carrying amounts of financial assets and financial liabilities in each category are as follows:

31 March 2016	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
Financial Assets			
Investments in unlisted securities	–	–	–
Long term financial assets	–	–	–
Trade and other receivables	–	50	50
Cash and cash equivalents	–	–	–
Short term financial assets	–	–	–
Total financial assets	–	–	–
Financial Liabilities			
Trade and other payables	–	(3)	(3)
Total financial liabilities	–	(3)	(3)

31 March 2017	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
Financial Assets			
Investments	93,902	–	93,902
Long term financial assets	**93,902**	**–**	**93,902**
Trade and other receivables	–	298	298
Cash and cash equivalents	–	24,122	24,122
Short term financial assets	**–**	**24,420**	**24,420**
Total financial assets	**93,902**	**24,420**	**118,322**
Financial Liabilities	**–**	**(1,138)**	**(1,138)**
Total financial liabilities	**–**	**(1,138)**	**(1,138)**

17. Fair value measurements

The Company holds investments at fair value through the profit and loss. Refer to note 26 for the Group's policies with respect to fair value measurements and note 6 of the Company financial statements.

18. Financial instruments risk

In the normal course of business, the Company uses certain financial instruments including cash, trade and other receivables and investments. The Company is exposed to a number of risks through the performance of its normal operations. Refer to note 27 of the consolidated financial statements.

19. Post balance sheet events

On the 5 June 2017, the Company raised gross proceeds of approximately £100.0 million at an issue price of 324 pence per share by way of the conditional placing of 25,912,346 new ordinary shares and a subscription of 4,951,851 new ordinary shares.

A further £25.0 million has been invested in new and existing companies post year end as follows:

- A further £1.9 million invested by the Company in Graphcore's £24.0 million Series B investment round;
- A further £3.5 million invested by the Company of £7.0 million invested by the Group in PushDoctor's £20.0 million Series B investment round;
- A further £6.6 million invested by the Company in Perkbox, an employee benefits and engagement platform;
- A further £5.6 million invested by the Company in Trustpilot, a global multi-language review community; and
- £1.8 million invested by the Company of £3.6 million invested by the Group in an as yet disclosed insuretech company

DIRECTORS, SECRETARY AND ADVISERS

Directors
Karen Slatford (Non-executive Chair)
Simon Cook (Chief Executive Officer)
Stuart Chapman (Chief Operating Officer)
Grahame Cook (Non-executive Director)
Richard Pelly (Non-executive Director)

Registered office
20 Garrick Street, London WC2E 9BT, United Kingdom

Website
www.draperesprit.com

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10 Paternoster Row
London EC2M 7LT
United Kingdom

Broker and ESM Adviser
Goodbody Stockbrokers
Ballsbridge Park
Ballsbridge
Dublin 4
Ireland

Legal Advisers to the Company
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Legal Advisers to the Company
(as to Irish law)
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Public relations adviser
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United Kingdom

Company Secretary
Prism Cosec Limited
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Walton-On-Thames
Surrey
KT12 1RZ

Draper Esprit plc

(Incorporated and registered in England and Wales with registered number 9799594)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting ("AGM") of Draper Esprit plc (the "Company") will be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU on 5 September 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed, in the case of resolutions 1 to 9 as ordinary resolutions and resolutions 10 to 12 as special resolutions):

Ordinary business

ORDINARY RESOLUTIONS

1. To receive and adopt the Annual Report and Accounts of the Company for the financial year ended 31 March 2017 together with the Directors' Report and Auditors' Report thereon.
2. To approve the Directors' Remuneration Report for the financial year ended 31 March 2017.
3. That Simon Cook, who retires as a Director in accordance with the Articles of Association (the "Articles") and being eligible to do so offers himself for re-election as a Director, be re-elected as a Director of the Company.
4. That Stuart Chapman, who retires as a Director in accordance with the Articles and being eligible to do so offers himself for re-election as a Director, be re-elected as a Director of the Company.
5. That Karen Slatford, who retires as a Director in accordance with the Articles and being eligible to do so offers herself for re-election as a Director, be re-elected as a Director of the Company.
6. That Grahame Cook, who retires as a Director in accordance with the Articles and being eligible to do so offers himself for re-election as a Director, be re-elected as a Director of the Company.
7. That Richard Pelly, who retires as a Director in accordance with Articles and being eligible to do so offers himself for re-election as a Director, be re-elected as a Director of the Company.
8. To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company at which the Company's accounts are laid and to authorise the Directors to determine the amount of the auditors' remuneration.

Special business

ORDINARY RESOLUTION

9. That the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate maximum nominal amount of £69,759.92 provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2018 save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired. The authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to section 551 of the Act.

SPECIAL RESOLUTIONS

10. That, subject to the passing of resolution no. 9, the Directors be and are hereby empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash either pursuant to the authority conferred by resolution no. 9 above or by way of sale of treasury shares as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment and/or transfer of equity securities up to an aggregate nominal amount of £34,879.96, provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2018 save that the Company shall be entitled to make, prior to the expiry of such authority, offers or arrangements which would or might require equity securities to be allotted and/or transferred after such expiry, and the Directors may allot and/or transfer equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The authority granted by this resolution shall replace all existing authorities previously granted to the Directors to allot equity securities for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply.
11. That, subject to the passing of resolution no. 9, the Directors be and are hereby empowered, in addition to any authority granted under resolution 10, pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash either pursuant to the authority conferred by resolution no. 9 above or by way of sale of treasury shares as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment and/or transfer of equity securities up to an aggregate nominal amount of £34,879.96 provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2018 save that the Company shall be entitled to make, prior to the expiry of such authority, offers or arrangements which would or might require equity securities to be allotted and/or transferred after such expiry, and the Directors may allot and/or transfer equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.
12. That the Company be authorised generally and unconditionally, in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:

    (a) the maximum number of Ordinary Shares that may be purchased is 6,975,992;
    (b) the minimum price which may be paid for an Ordinary Share is 0.01 pence; an
    (c) the maximum price which may be paid for an Ordinary Share is the higher of: (i) five per cent. above the average of the mid-market value of the Ordinary Shares for the five business days before the purchase is made; and (ii) the higher of the last independent trade and the highest current independent bid for any number of Ordinary Shares on the trading venue where the purchase is carried out.

    The authority conferred by this resolution will expire on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2018 save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

By order of the Board of Directors

Prism Cosec Limited
Company Secretary of Draper Esprit plc

24 July 2017

Registered Office: 20 Garrick Street, London WC2E 9BT

Notes:

Proxies

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend, speak and vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member. To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each form together with the number of shares that such proxy is appointed in respect of (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

2. A form of proxy is enclosed with this notice. Forms of proxy may also be obtained on request from the Company's registered office. In order to be valid any proxy form or other instrument appointing a proxy must be returned duly completed by one of the following methods no later than 48 hours before the time of the Annual General Meeting (excluding non-working days), in hard copy form by post, by courier, or by hand to the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Submission of a proxy appointment will not preclude a member from attending and voting at the AGM should they wish to do so. To direct your proxy on how to vote on the resolutions, mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

3. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be returned to the registered office with your proxy form.

Thresholds and entitlement to vote

4. To be passed, ordinary resolutions require a majority in favour of the votes cast and special resolutions require a majority of not less than 75% of members who vote in person or by proxy at the meeting. On a show of hands every shareholder who is present in person (or being a company is present by a representative not himself, a shareholder) and who is allowed to vote at a general meeting shall have one vote. Upon a poll every member holding Ordinary Shares who is present in person or by proxy (or being a company is represented) shall have one vote for every Ordinary Share of which he is the registered holder.

5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the Register of Members of the Company at 6.00pm on 1 September 2017 (or if the AGM is adjourned, members entered on the Register of Members of the Company no later than 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend, speak and vote at the AGM in respect of the number of Ordinary Shares registered in his or her name at that time. Changes to entries on the Register of Members of the Company after 6.00pm on 1 September 2017 shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

7. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

8. As at 21 July 2017, being the latest practicable date before the publication of this notice of AGM, the Company's issued share capital consisted of 69,759,922 Ordinary Shares each carrying one vote. Therefore, the total voting rights in the Company as at 21 July 2017 is 69,759,922.

Miscellaneous

9. Copies of the Directors' service contracts and letters of appointment are available for inspection at the registered office of the Company during normal business hours from 24 July 2017 and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting.

10. Members who have general queries about the Annual General Meeting should write to the Company Secretary at the Company's Registered Office: 20 Garrick Street, London WC2E 9BT.

Explanation of certain resolutions

1. Resolution 1 – the Directors are required to present the accounts, Directors' report and auditor's report to the meeting. These are contained in the Company's Annual Report and Financial Statements 2017.

2. Resolution 2 – the Directors' are required to approve the Remuneration Report for the financial year.

3. Resolutions 3 to 7 – retirement by rotation – in accordance with good corporate governance, each Director shall retire and submit themselves for re-election by Shareholders at each AGM.

4. Resolution 8 – auditor re-appointment and remuneration – at each meeting at which the Company's accounts are presented to its shareholders, the Company is required to appoint an auditor to serve until the next such meeting and seek Shareholder consent for the Directors to set the remuneration of the auditors.

5. Resolution 9 – general authority to allot – this resolution, to be proposed as an ordinary resolution, relates to the grant to the Directors of authority to allot unissued Ordinary Shares until the earlier of the conclusion of the annual general meeting to be held in 2018 and 30 September 2018 (being six months after the financial year end of the Company), unless the authority is renewed or revoked prior to such time. This authority is limited to a maximum of nominal amount of £69,759.92 (representing 10 per cent. of the issued Ordinary Share capital of the Company as at 21 July 2017 (the latest practicable date prior to the publication of this document).

6. Resolutions 10 and 11 – disapplication of statutory pre-emption rights – the passing of these resolutions would allow Directors to allot Ordinary Shares (or sell any Ordinary Shares which the Company may purchase and hold in treasury) without first offering them to existing holders in proportion to their existing holdings. The authority set out in resolution 10 is limited to up to an aggregate nominal amount of £34,879.96 (representing 3,487,996 Ordinary Shares). This aggregate nominal amount represents five per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 21 July 2017, the latest practicable date before the publication of this notice of AGM. The authority set out in resolution 11 is limited to allotments or sales of up to an aggregate nominal amount of £34,879.96 (representing 3,487,996 Ordinary Shares) in addition to the authority set out in resolution 10. This aggregate nominal amount represents an additional five per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 21 July 2017, the latest practicable date before the publication of this notice of AGM. This authority will expire at the conclusion of the next AGM of the Company or, if earlier, at the close of business on 30 September 2018.

7. Resolution 12 – market purchases – the Directors are requesting authority for the Company to make market purchases of Ordinary Shares up to a maximum nominal amount of £69,759.92 (representing ten per cent. of the issued Ordinary Share capital of the Company as at 21 July 2017 (the latest practicable date prior to the publication of this document). There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Directors (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Directors, and not at the option of shareholders. Subject to shareholder authority for the proposed repurchases, general purchases of the Ordinary Shares in issue will only be made through the market. Such purchases may only be made provided the price to be paid is not more than the higher of: (i) five per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

GLOSSARY

In this document, where the context permits, the expressions set out below shall bear the following meaning:

"Admission" or **"IPO"**	the Admission of the enlarged share capital to trading on AIM and ESM on 15 June 2016 and such admission becoming effective in accordance with the AIM Rules and the ESM Rules respectively. The IPO included the acquisition of Esprit Capital Partners LLP and Draper Esprit (Ireland) Limited.
"Act"	the UK Companies Act 2006
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"Audit Committee"	the audit committee of the Board
"Company" or **"Draper Esprit"** or **"plc"**	Draper Esprit plc, a company incorporated in England and Wales with registered number 09799594 and having its registered office at 20 Garrick Street, London, WC2E 9BT,
"Directors" or **"Board"**	the directors of the Company from time to time, but whose names as at the date of this document appear on page 37 of this document
"Draper Esprit Funds"	the Esprit Funds and the Encore Funds
"Draper Venture Network"	the self-governed network of ten independent growth and venture funds, of which Esprit Capital is a member
"EIS"	Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007
"Encore Funds"	DFJ Esprit Angels' EIS Co-Investment Fund, DFJ Esprit Angels' EIS Co-Investment II, DFJ Esprit EIS III and DFJ Esprit EIS IV and each an "Encore Fund"
"Encore Ventures"	Encore Ventures LLP, a limited liability partnership incorporated in England and Wales with registration number OC347590 whose registered office is at 20 Garrick Street, London, WC2E 9BT.
"ESM"	the Enterprise Securities Market operated and regulated by the Irish Stock Exchange
"Esprit Capital"	Esprit Capital Partners LLP (previously Draper Esprit LLP), a limited liability partnership incorporated in England and Wales with registration number OC318087 whose registered office is at 20 Garrick Street, London WC2E 9BT, the holding vehicle of the Group immediately prior to Admission
"Esprit Ireland"	Draper Esprit (Ireland) Limited, a wholly owned subsidiary of the Company incorporated in Ireland with registered number 572006 and having its registered office at 32 Molesworth Street, Dublin 2, Ireland.
"FCA"	the UK Financial Conduct Authority
"Gross Porfolio Value" or **"Gross Primary Portfolio"**	Gross portfolio value is the value of the portfolio of investee companies held by funds controlled by the Company before accounting for deferred tax, external carried interest and amounts co-invested.
"Grant Thornton"	Grant Thornton UK LLP, a limited liability partnership registered in England and Wales with registered number OC307742 and having its registered office at 30 Finsbury Square, London EC2A 1AG
"Group"	the Company and its subsidiaries from time to time and, for the purposes of this document, including Esprit Capital and its subsidiaries and subsidiary undertakings
"HMRC"	HM Revenue & Customs
"IFRS" or **"IFRSs"**	International Financial Reporting Standards, as adopted for use in the European Union
"Irish Stock Exchange"	Irish Stock Exchange Plc
"IRR"	the internal rate of return
"Net Asset Value"	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time

"Ordinary Shares"	ordinary shares of £0.01 pence each in the capital of the Company
"EIS"	enterprise investment scheme
"International Private Equity and Venture Capital Valuation Guidelines"	the International Private Equity and Venture Capital Valuation Guidelines, as amended from time to time
"VC"	venture capital
"VCT"	A VCT (venture capital trust) is a UK closed-ended collective investment scheme.

NOTES

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