

Venture Capital Reinvented.

Draper Esprit plc Annual Report 2018



The future of tech, made in Europe

Draper Esprit is one of the most active venture capital firms in Europe, investing in high-growth technology companies with global ambitions.

We believe the best entrepreneurs in Europe can build the businesses of the future. We fuel their growth with long-term capital, access to international networks and decades of experience building businesses.

As the European arm of the Draper Network, we have a global presence with a network of over 22 independent funds. We have collectively backed businesses such as Baidu, Space X, Tesla, Cambridge Silicon Radio and Lovefilm.

In 2016 we reinvented the traditional venture capital model by going public. It allows us to provide entrepreneurs with a more flexible approach to funding, to back the best teams for longer, and give investors access to a new asset class.

Highlights 2018

Financial highlights

£65m

Profit after tax of £65.3 million (2017: £33.2 million)

116%

Growth in Gross Primary Portfolio (2017: 72%)

£311m

Net Assets including goodwill of £311.3 million (2017: £150.7 million)

431p

NAV per share of 431.0 pence (2017: 370.0 pence)

£72m

Invested £71.5 million by plc and a further £24.8m by EIS/VCT and managed funds

£100m

Additional capital raised of £100.0 million (£95.3 million net) by plc and £55.0 million across EIS and VCT funds)

£244m

Gross Primary Portfolio value increased by 116% to £243.5 million (2017: £112.7 million)

£16m

Cash realisations of £15.9 million including amounts held in escrow

Operational highlights

- The Company has invested in 9 new and 11 existing portfolio companies
- The Group has made commitments in excess of £10.0 million in 4 new fund of funds vehicles
- The value of the Core Holdings has increased by 119%

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The Strategic Report comprising the inside cover to page 31 has been approved by the Board and signed on its behalf by

S. M. Chapman
24 May 2018

About Draper Esprit

We're guided by years of experience in scaling high-growth technology companies. We invest incrementally, with a long-term outlook, to build value over time.

Sustainable investment

We find the most promising private technology companies in Europe, with the potential to become global leaders. We screen roughly 2,500 companies a year and invest in approximately 20 including follow-on investments. As part of our strategy for sustainable growth, we invest small amounts early, and reserve more capital for later stage rounds. This type of investment is not a 'win or lose' game: we invest incrementally, building value over time.

The Company is dual listed on AIM (LSE: GROW), operated by the London Stock Exchange, and ESM (LSE: GRW), operated by the Irish Stock Exchange.

Experience drives our success

Our team is highly experienced: we have been investing in technology for over 20 years. Our team works hard to generate deal flow, and we often take a seat on the board of our portfolio companies, with significant investor rights.

As a Group, we have a track record of delivering 20% annual portfolio returns, driven by the revenue growth of the underlying portfolio companies since 2008 – in which time the Group has generated cash returns in excess of its invested capital.

Three pools of capital

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

Co-investing across these three vehicles allows us to build a more material stake in our portfolio companies. The management and performance fees we receive from the EIS, VCT and secondary funds 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

The Company owns 70% of Encore Ventures, an FCA-regulated management vehicle. With six EIS co-investment funds, it has over £70.0 million under management.

The Encore funds have been independently reviewed for four years in a row as the highest ranked growth EIS fund. They scored 89/100, the highest of any EIS fund as of May 2018.

VCT co-investment funds

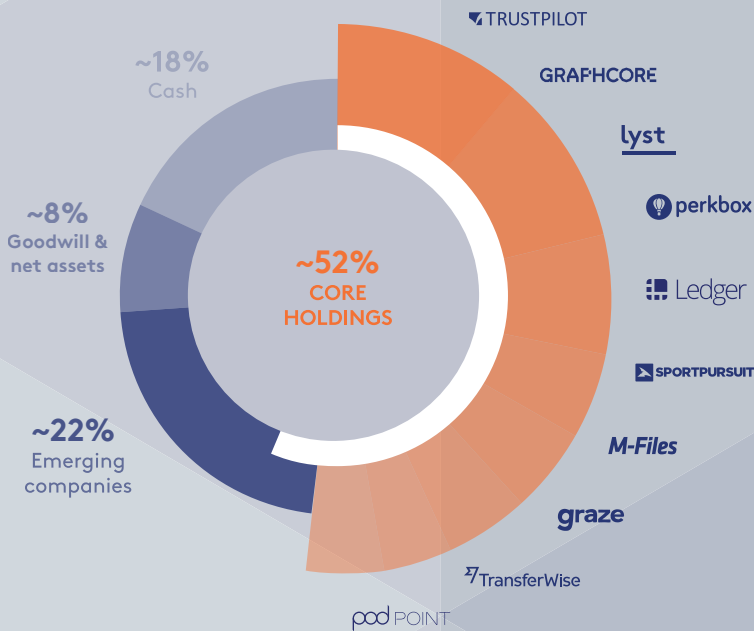
In 2016, we acquired a 30.77% stake in a leading VCT manager, Elderstreet Holdings Limited, which manages Elderstreet Draper Esprit VCT plc (LSE: EDV). At the last publicly released NAV, it had AUM in excess of £37.0 million.

Secondary investments

The Group also acquires venture capital portfolios through Draper Esprit Secondaries. Previous acquisitions in Europe include 3i, Prelude, Top Technology and this year Seedcamp Fund I and Fund II. The portfolios we invest in consist of companies that meet our primary investment criteria.



What's in a share?



“A share in Draper Esprit gives investors access to Europe’s technology innovators, years of investor expertise, and a sustainable investment model.”

As our companies grow, we provide follow-on capital to build our stakes. 52% of our net asset value is distributed in the top 10 companies, representing our core holdings. By doubling down on the winners in our portfolio, we manage the risk exposure of the portfolio and generate improved upside.

Equally, the more flexible approach to capital enables the companies themselves to grow over a longer period, creating value to the benefit of our shareholders. When the companies exit, the cash is returned to the balance sheet- so we can re-invest it in new opportunities.



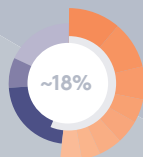
Core Holdings

The top 10 companies in the portfolio representing 52% of the Net Asset Values (NAV). Draper Esprit provides follow-on capital, developing a more significant stake in the business once it has proven its business model.



Emerging Companies

The Company invests in entrepreneurial, fast growing tech businesses.



Cash

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



Exits

Businesses exit either to a strategic buyer or by going public through IPO.



Goodwill: Management Company

The value of our vast networks, 20 years of experience as investors, and sector expertise enabling us to choose the best teams to back.

Benefits of this approach:

It's not a blind pool

Investors can see the assets upfront and gain exposure to a range of companies across a range of maturities.

Gain access to high-growth businesses

As companies stay private for longer, gaining access to their high-growth phase demands a change in strategy. The listed evergreen vehicles provide investors with ongoing liquidity which private limited partnership models don't allow.

Build stakes

The permanent capital model of a listed vehicle provides the flexibility to build stakes in the top performing investments over time, as opportunities arise.

Strategic Report

“Our capital, expertise, global networks and strategic advice make us ideal partners for high-growth companies.”

Karen Slatford,
Chairman



Chairman's Introduction



The last twelve months have been a transformational period for our business. In what has been our first full trading year as an AIM company we have built on the momentum we generated following our successful IPO in 2016 and have made significant progress, growing all aspects of the business.

Through our provision of long-term patient capital to innovative technology companies across Europe, we have continued to demonstrate that the public venture capital (VC) model is working effectively. For companies looking to scale up, growth capital is still relatively scarce in Europe and we believe much needed - to finance companies on the journey from start up to scale up, enabling them to pursue global rather than national ambitions. Our capital, expertise, international networks and strategic advice make us ideal partners for businesses at this stage in their life cycle.

We meet thousands of fast growing companies a year. We use our experience to invest in those companies where we can use our expertise to help them achieve their ambitions. In addition, by taking a board seat, we can apply our expertise beyond the original investment decision, to supporting our investments to fulfil their potential for growth and market leadership.

Over the twelve months to the end of March 2018, we have continued to deploy our increased pool of capital, secured through the £100m placing of new shares completed in June 2017. This fund raising demonstrates the benefit of our public listing and the flexibility it gives our balance sheet. It has enabled us to undertake a wide variety of transactions, which we might not otherwise have been able to contemplate, including the Seedcamp acquisition (and the resulting stake acquired in TransferWise). In addition, it has enabled us to develop a fund of funds strategy and the building of an exciting ecosystem of investment opportunities.

In summary, this has resulted in the addition of further impressive new companies to our portfolio across a broad spectrum of technology subsectors, ranging from blockchain and cyber security to gene synthesis and peer-to-peer banking.

We remain passionate advocates for the role that these technology companies and others we invest in can play in improving how we as a society work together, learn from one another, communicate with each other and live longer, healthier and more productive lives.

We are continually focused on, and have again delivered, significant returns to our shareholders through the continued growth of our Net Asset Value, targeting a portfolio return of 20% per annum, which is underpinned by an average of over 40% revenue growth across our Core Portfolio Companies.

The European technology market is experiencing an unprecedented period of growth and, with the continued support of our team, Board colleagues, Shareholders, advisers and our wider network of contacts, I am very confident that Draper Esprit can continue to maintain our position as a leading player.

Karen Slatford

Non-Executive Chair

See more at:
draperesprit.com

Securing crypto-assets and blockchain applications: our investment in Ledger

Case Study Ledger

£17.7m
Total invested

Despite the market volatility of cryptocurrencies, the crypto space, and the blockchain technology it is based upon, is set for huge growth over the next decade. One of the primary concerns will be the security of crypto assets – and that’s the problem that French company, Ledger, has set out to solve.

The company has achieved exceptional growth over the last year, having sold over 1 million hardware wallets from across 165 countries – helping users keep their keys safe, offline, and out of reach of easily hacked computers and phones. Ledger’s operating system, designed to run on any secure hardware, and support any crypto asset, has clear potential to be a global leader.

We led a global syndicate, via the Draper Network, in a highly competitive series B round - raising US\$75.0 million. We were joined by top funds FirstMark Capital (New York), Cathay Capital (China) and Korelya Capital (France and South Korea). Our CEO, Simon Cook, has joined Ledger’s board to support them as they scale rapidly.



Our Investment Strategy

How we back businesses

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

Growth investing is our core business, but we are dynamic in finding the best capital solutions to fit the growth needs of companies. Our plc balance sheet means we have a more flexible approach to backing technology businesses.



Early Stage

As businesses scale up and raise their series A; usually at the point that companies have found product/market fit and need to scale their operations quickly.



Growth

As businesses look to expand internationally and dominate globally, we invest as part of the Series B+ stage of a funding cycle.



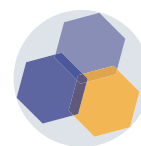
Secondary

Whether it's helping companies find liquidity for their early backers, or a fund that is looking to sell a whole portfolio, we look at the best opportunities in the market. We look for the same characteristics as our primary investment operations: ambitious tech businesses looking to grow.



Follow on

We can back businesses at all stages of their growth until exit - often right up to acquisition or IPO.



Fund of funds

While we don't make direct seed investments, we support companies from their inception. By partnering with funds from across Europe investing in earlier stage businesses, we can support as they scale.

Our investment criteria

1. We invest in high-growth technology companies

We look for high-growth companies with strong technology and business models, experienced and visionary management teams and the ability to be a category leader. They operate in new markets, with serious potential for global expansion. Significantly, they have strong gross margins and capital-efficient business models to enable sustainable growth and future profitability. We look for businesses that will be attractive candidates for acquisition or IPO, with valuations from US\$50.0 million to US\$1.0 billion and beyond.

2. We invest in companies as they grow

Companies are staying private for longer – so public market investors have reduced access to the value generated by early-stage growth companies. Private equity and mutual funds are becoming an increasingly attractive option for late-stage funding, over the time-consuming and costly process of going public. And because many startups are prioritising growth over profits in an effort to gain market share, they may not prosper in a public market environment which values profitability. Draper Esprit enables investors to access such companies, which are increasingly taking longer to go public.

3. We invest across four sectors



Consumer Technology

New consumer-facing products, innovative business models, and proven execution capabilities that bring exceptional growth opportunities.



Enterprise Technology

The software infrastructure, applications and services that make enterprises more productive, cost-efficient and smoother to run.



Hardware and Deep Tech

The deeper technologies that will spark advances in computing, consumer electronics and other industries.



Digital Health and Wellness

Using digital and genomic technologies to create new products and services for the health and wellness markets.

The investment process

We screen thousands of businesses every year in order to find the best opportunities.

Screen 2,500

We look at 2,500 businesses a year – searching for the brightest opportunities, and the clearest visions. We don't start from nothing: our fund of funds strategy helps us spot the best ideas to back.

Meet 1,000

We meet around half of the businesses we screen, getting to know the teams, their ways of thinking, and their ambitions.

Invest in up to 20

We make up to 20 new investments a year, bringing the most ambitious tech companies into our portfolio.

Build stakes and facilitate growth

We put cash in for rapid scale-ups, to help bring a team's vision to life. We make introductions, and fuel global ambitions.

Exit

We're not confined to five-year cycles. Whether to a strategic buyer or as an IPO, companies exit when they reach maturity or when they have established a strategic position in their ecosystem.

“To enable growth, we actively manage the businesses we back, take a board seat and provide hands on advice through our global networks and decades of experiences building businesses.”

Supporting companies for growth

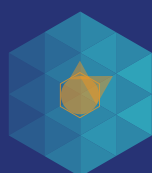


Global firepower

As the European arm of the Draper Venture Network, we help companies with rapid, international growth. Founded by Tim Draper, the network spans from Silicon Valley to China, and from Brazil to Japan. As our recent success with Ledger demonstrates, the network allows us to gather like-minded funds from around the world to invest in the brightest companies.

The network helps us support companies as they grow – providing the sort of international introductions that can spark years of growth, or put companies in touch with potential acquirers.

It's also a chance to share expertise on markets and hear from the world's brightest entrepreneurs and investors in the world. Each year, we host our annual CEO day in Silicon Valley, where CEOs from across the globe gather to gain fresh insight, speed date with corporates and get a grasp of technology trends shaping the globe.



Long term capital

We're the only growth focused technology venture capital firm listed on the stock market. As we're no longer tied to 5+5-year funding rounds, we have the flexibility to find the best opportunities for entrepreneurs – and to back companies from scale-up all the way to IPO or acquisition. With a plc balance sheet, we can take a longer view, allowing investors to capture value as companies reach their full potential.



Hands on support

When we invest, we offer a lot more than money. We often take a seat on the board of the company, to offer support and guidance as it grows and scales. It means we can actively manage our investments, and put valuable experience to good use, right where it matters.

We also run events and offer specific training for portfolio companies: including trend-spotting, panel discussions, and focused networking to help our companies get ahead.



“Draper Esprit provided strategic guidance and hands-on support for scaling the team, fast.”

Antony Fletcher
CEO, Graze

graze

CEO's Statement



“Since the IPO in 2016, we have grown our team, invested in 22 new high growth companies, realised over £57.0 million in cash and raised in excess of £100 million on the public market. We look forward to the next financial year with confidence and optimism.”

Simon Cook
CEO

Overview

I am pleased to report a year of particularly strong growth across our portfolio, combined with a number of successful reinvestments into new and high-growth portfolio companies. The Company also completed several realisations at attractive valuations.

As we outlined at the time of our IPO, by providing early-stage and growth-stage technology businesses with capital, networks and management support, we are uniquely well placed to offer investors access to private high-growth technology companies that they wouldn't otherwise be able to source or invest in.

Our experience of investing over the past 20 years, combined with our unique and flexible approach to deploying long-term capital means that we have continued to execute against our strategy over the past twelve months, delivering the growth and scale in our portfolio that will drive sustainable growth for our shareholders.

Operating review

Although the wider technology sector has made headlines for the wrong reasons in recent months, we remain passionate advocates for the role technology can play across the various subsectors in which we invest. At the same time, while Europe's venture capital industry has long been considered a poor relation to its US counterpart, there are growing signs that Europe is building a sustainable and vibrant VC industry of its own; indeed, KPMG recently valued the European VC industry at US\$19.1 billion representing more than 25% growth on the previous year.

Despite this, Europe still lags behind the US, particularly when it comes to the provision of growth capital, but this gap is slowly closing and, by selecting, building and growing the very best technology businesses from around Europe, we are confident that we can play a prominent role in reducing this disparity.

Over the course of financial year 2018, we made significant strides in this regard, investing £71.5 million in 9 new and 11 existing portfolio companies as well as £24.8 million co-invested from EIS/VCT and managed funds. In addition, we exited 3 companies, realising cash of £15.9 million (including amounts held in escrows).

As a result, we have exceeded our core strategic aim of targeting a portfolio return of 20% per annum.

Successful exits

During the year, the Company has announced three disposals.

In December 2017, we announced the sale of Clavis Insight, the leading eCommerce insights company, to Ascential plc a global business-to-business information company, for an initial cash consideration of US\$119.0 million. Draper Esprit originally invested £8.1 million in Clavis in December 2016 and will receive total proceeds of £15.3 million including amounts held in escrow.

The exit followed the sales of Moviepilot and Aveillant earlier in the same month to the Paris-based publishing group Webedia and multi-national defence business Thales respectively.

Of the original 24 companies in the portfolio at IPO in June 2016, we have now exited 10 companies, realising over £57.0 million in cash.

Continued investment in high-growth technology companies

In June 2017, we raised £100.0 million from new and existing investments to scale our capital deployment.

There are a number of routes by which we invest our capital – and during the year we significantly expanded this by developing our new fund of funds strategy and also investing in a secondary portfolio transaction. These types of investment complement and fuel our core investment strategy which is to invest at the point of growth in primary portfolio businesses.



£15.9m

Cash realisations of £15.9 million including amounts held in escrow

£71.5m

Invested £71.5 million by plc and a further £24.8m by EIS/VCT and managed funds

£100.0m

Additional capital raised of £100.0 million (£95.3 million net) by plc and £55.0 million across EIS and VCT funds)

At the time of our fundraising, we outlined our strategy to invest up to approximately £100.0m (US\$130.0 million) a year in technology businesses at series A, B, and C+ rounds across the Group's funds (the plc balance sheet, EIS, VCT and secondary funds), with investment from the Company's balance sheet representing approximately £60.0 million per annum.

New investments in primary portfolio businesses

Our hands-on approach in working with our portfolio companies, via our active role in board management, our global network and the support we provide to entrepreneurs, continues to be an attractive proposition for the businesses we seek to partner with.

All of our investments are innovative technology businesses that are capable of becoming much larger, global businesses. We continue to focus on the four key subsectors of

enterprise, digital health & wellness, hardware and consumer technology.

Examples included Evonetix, Ieso Digital Health, Ledger, PremFina, Droplet and Verve. Ledger is a Paris headquartered cryptocurrency and blockchain security company in which we made a £17.7 million investment in January 2018. The investment will enable Ledger to significantly scale up its operations as demand for its products increases. As cryptocurrency participation has increased, so have the security challenges associated with it. Against this backdrop, there are substantial opportunities to develop trust for participants in this area, a key driver behind Ledger's business model.

Fund of funds strategy

In October 2017, we announced a strategy to target up to £75.0 million (US\$100.0 million) of investment in the top seed funds across Europe over a five-year period. We have

committed to invest in seven funds including Seedcamp (www.seedcamp.com), Episode 1 Ventures (www.episode1.com), Join Capital (www.join.capital) and Icebreaker (www.icebreaker.vc), widely recognised as some of Europe's leading seed fund platforms. Draper Esprit was already an investor in the leading crowdfunding companies, Crowdcube and Seedrs.

By closely aligning Draper Esprit with the seed fund ecosystem, we believe we can provide growth capital to the best companies and unlock the strong performance of Europe's highest quality seed funds to the benefit of the plc shareholders.

Secondary portfolio acquisition

In October 2017, we announced the acquisition of Seedcamp Funds I and II for £17.9 million, through which we acquired stakes in high profile growing technology companies including TransferWise, a leading UK based Fintech business as well as a

“We remain very confident in the growth potential of our underlying portfolio companies with all our top holdings continuing to make progress... providing strong value creation for our shareholders.”

Simon Cook
CEO

number of promising companies including Codacy, Edited, Erply, Fishbrain, Codility, Winnow, Codeship and Try.com.

Follow on investments

As well as new investments, during the year we also invested in our core portfolio by adding to our existing investments, delivering on our strategy of building larger stakes in businesses we passionately believe in (having earmarked 70% of our capital to be reserved for scaling-up and increasing our stakes in portfolio companies through later rounds of funding).

During the period, we deployed £23.0m in this way through follow-on investments in the semiconductor specialist Graphcore; the employee engagement platform, Perkbox; the leading electric vehicle charging company, Pod Point; and Push Doctor, Europe's largest digital health provider.

We remain confident in the growth potential of our underlying portfolio companies with all of our top holdings continuing to make strong commercial progress, growing sales significantly and reporting positive news flow, thereby providing strong value creation for our shareholders.

Continued momentum – outlook and summary

We have entered the new financial year in a strong position, and our model of offering investors, who otherwise wouldn't have access to, or the capacity to actively manage, investments in high-growth private technology businesses, continues to bear fruit.

Post period end, we have invested US\$14.0m in Aircall in May, a leading provider of cloud-based call centre software and have committed to US\$16.5 million in the more recent investment round in Revolut, the leading fintech business. We have also announced the sale of our portfolio company, Tails.com, to Nestlé Purina Petcare.

We remain grateful for the support we have received from our existing shareholder base and welcome our new investors. Our ambition remains to deliver at least 20% year on year growth in portfolio value while building on our ability to hold and grow our portfolio companies for longer, increasing our investment in later rounds in order to maximise the opportunity to build large and successful European technology businesses that are able to become the global businesses of the future.

Lastly, I would like to place on record my thanks to our management team, who continue to leverage their experience, vision and capabilities on behalf of our talented array of portfolio companies, as well as the management teams of these portfolio companies who remain the very essence of our business.

We enter the new financial year well positioned to capitalise further on opportunities in 2018/19 and remain focused on executing our strategy for the benefit of our shareholders.

Simon Cook
CEO

Portfolio
Case Study
Clavis
Insight

Analytics of online
consumer goods
companies.

clavisinsight.com

£8.1m
Total invested

Our investment in Clavis Insight is a good example of the benefits of having a flexible funding platform. In 2016, we were able to acquire a significant minority stake in Clavis for £8.1 million. A year later, Clavis sold to Ascential plc, generating a 90% return for Draper Esprit.

But what lies behind their success? We invested in Clavis Insight because we saw the potential of its service to be used across the world. It gives consumer goods companies analytics on how their products are sold online – with detail on everything from how the product is presented to how it’s being reviewed. The product monitors online retailers across more than 20 countries, and is growing in the US, Europe and China.

It’s exactly the kind of technology that catches the eye of acquirers, as companies look to combine their own sales force with cutting-edge technology. And for a company like Ascential, which deals in insight and information to help businesses make better decisions, Clavis Insight is a natural, valuable fit.

Portfolio Review

Backing Europe's most innovative businesses

Overview

This year has seen an increase in the investment rate, taking advantage of the opportunities in the market that are afforded by our flexible model. Our Core Portfolio Companies have performed strongly, driven by revenue growth and from financing rounds and exits at higher valuations being achieved.

At the year ended 31 March 2018 the fair value of the Company's Gross Primary Portfolio had increased to £243.5 million (2017: £112.7 million from £78.7 million since the IPO in June 2016). Excluding new investments and realisations across our portfolio of companies, the gross portfolio value has increased 66% (2017: 39%). During the year, the Group has realised the investment holdings in Clavis, Aveillant and Moviepilot with £15.9 million (2017: £42.0 million) of cash generated (including amounts held in escrow). The Company has invested £71.5m (2017: £37.1 million) in the year, with a further £24.8 million (2017: £6.0 million) co-invested from EIS/VCT and managed funds, into the next generation of high-growth digital technology companies and to further support our existing portfolio.

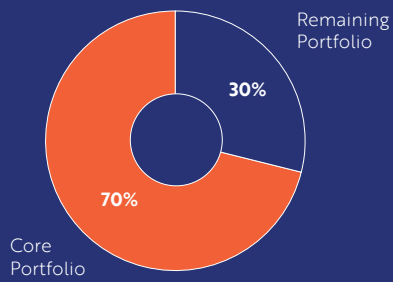
The increase in fair value in the period has been driven by continued strong performance across the portfolio with notable uplifts in the value of the core portfolio companies, in particular Graphcore, Lyst, Trustpilot, Perkbox, M-Files, PodPoint and TransferWise (acquired as part of the Seedcamp Fund I and II acquisition in the year).

At year end, the portfolio held by the plc consists of significant minority interests in 31 companies (2017: 29 companies). The fair value of the Gross Primary Portfolio is underpinned by ten core holdings which account for approximately 70% 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. Further investments post year end bring the current portfolio to 33 companies (see note 30).

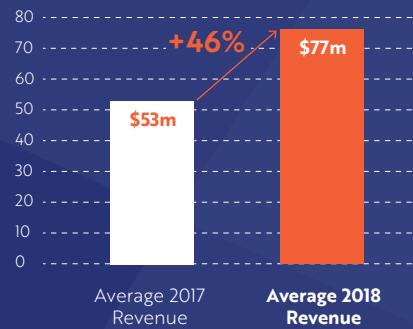
As we scale the business the fair value of the core portfolio holdings is increasing. New investments in the year (Ledger and TransferWise) and realisations (Clavis Insight) have been reflected such that the core companies now comprise of: Trustpilot, Graphcore, Lyst, Perkbox, Ledger, TransferWise, Pod Point, Graze, M-Files, and SportPursuit. These portfolio companies now have an average turnover in excess of US\$77.0 million, growing in aggregate over 46% annually from 2017. The gross profit margin of the core holdings average 65% 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 life cycle. Post year-end investments in Revolut and Aircall are expected to form part of the core portfolio going forward.

The fair value growth in the period reflects the strong revenue growth of the portfolio companies, the flexible model of the plc to be able to acquire positions at a discount by providing liquidity to private markets and the upside impact of portfolio companies achieving financing rounds at higher valuations.

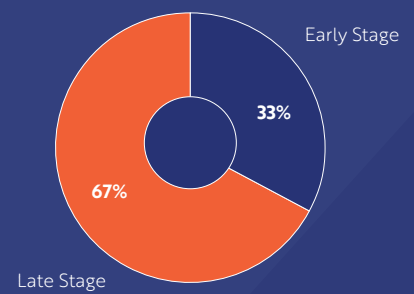
Core Holdings % of GPV — March 2018



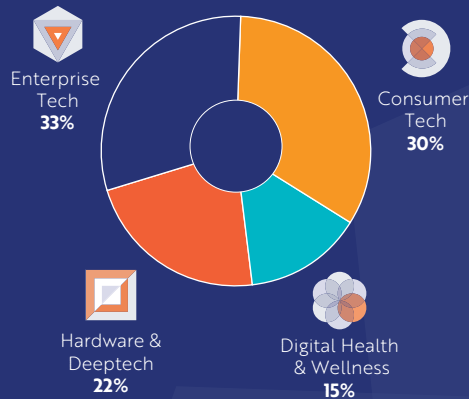
Average Revenue — Core



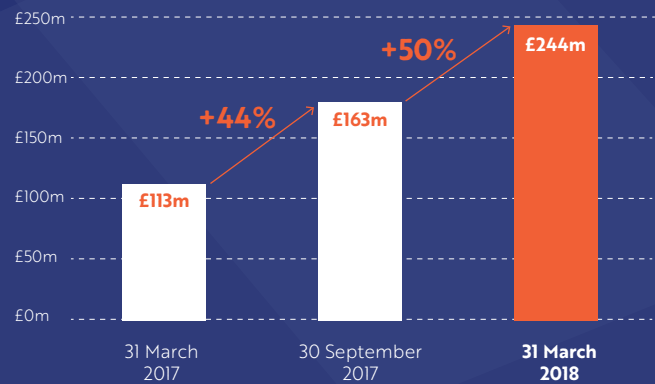
Capital Deployed — Split by Stage of Investment (Core Portfolio)



Number of Companies — Split by Sector (Total plc)



Gross Portfolio Value (£ millions)



Portfolio Review continued

Investments

The target rate of capital deployment from the plc is £60.0 million with a further £40.0 million from co-investment funds. During the financial year a total of £71.5 million (2017: £37.1 million) was deployed by the plc and a further £24.8 million (2017: £6.0 million) across the Group in 20 companies (9 new and 11 existing) and 4 FOF. Since the year end, the Group has invested a further £21.5 million post year end (see note 30). 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. The intention is to increase the size of the equity interest held in the portfolio companies over time in line with the available capital of the Group.

New investments made during the financial year include:

Some of the notable new investments made in financial year to 31 March 2018 include:

- £18 million into **Ledger**, the Paris headquartered cryptocurrency and blockchain security company.
- £18 million to acquire **Seedcamp Fund I and II**, 2007 and 2010 vintage funds which include stakes in high profile growing technology companies including **TransferWise** (a leading international Fintech money transfer business), **Codacy**, **Edited**, **Erply**, **Fishbrain**, **Codility**, **Winnow**, **Codeship** and **Try.com** and which provides strong follow-on potential.
- £21.0 million across the Group (£12.0 million plc, £9.0 million EIS/VCT) into **Ieso Digital Health** (online mental health platform), **Verve** (word-of-mouth sales software), **Evonetix** (DNA synthesis platform), **Kaptivo** (SaaS-based digital collaboration solutions for enterprise using computer vision), **Droplet** (software allowing unmodified applications to run on any device) and **PremFina** (insure-tech business providing premium finance).

The Company also made further investments of £17.0 million alongside a further £3.1 million from EIS/VCT to increase its holdings in:

- **Trustpilot**, the global online review community.
- **Perkbox**, digital employee engagement platform.
- **Pod Point**, the UK's leading provider of electric car charging solutions for home, workplace and public charging.
- **Resolver**, the customer support and complaints resolution software business.
- **Realeyes**, machine learning technology measuring emotions through facial recognition.

Alongside this, the Company has continued to expand its fund of fund strategy with further commitments to a number of Europe's top seed funds: Episode 1 (UK), Seedcamp Fund IV (UK), Join Capital (Germany), Icebreaker (Finland). Commitments have also been made to three other funds based in London, Cambridge and Ireland.

A further £21.5 million has been committed for investment in new companies post year end as follows:

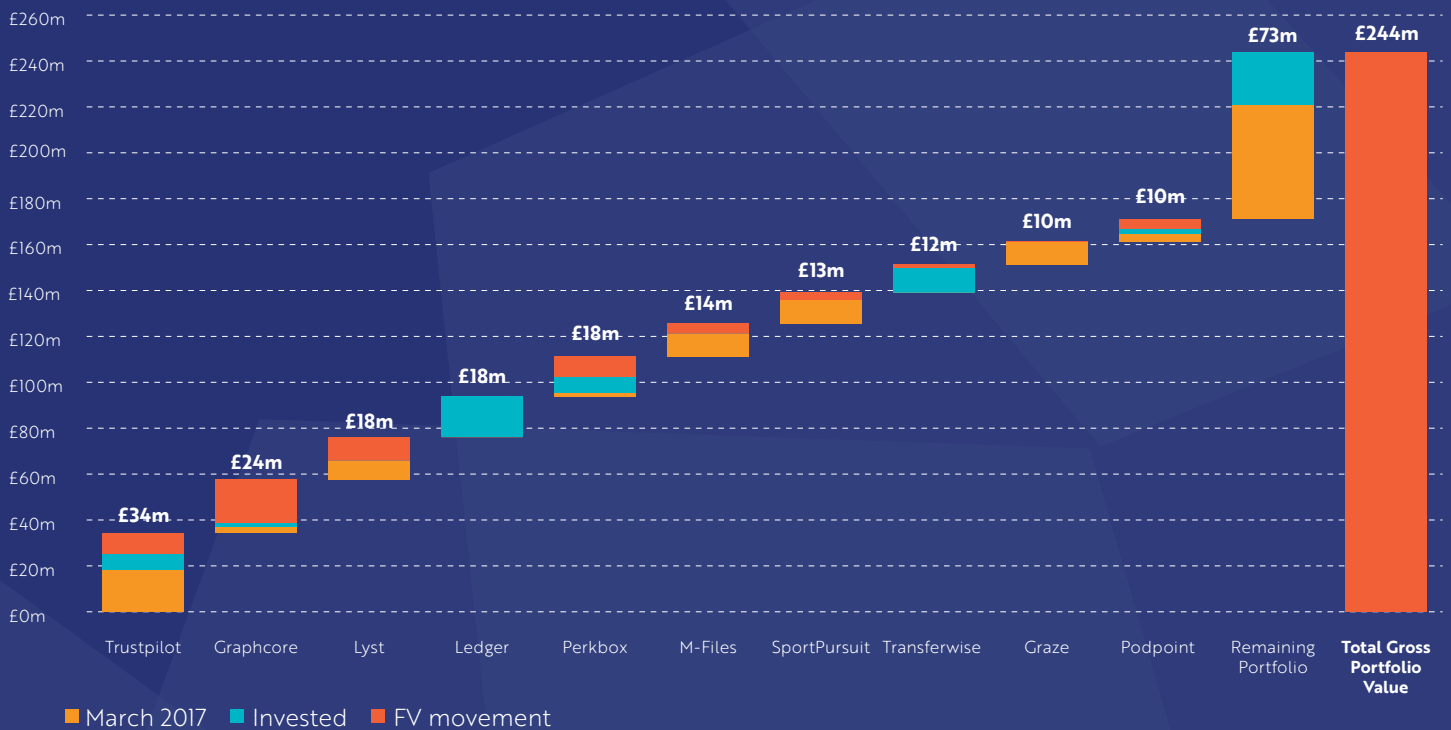
- A further £10.0 million invested by the Company in **Aircall**.
- Up to £11.5 million committed by the Company in **Revolut**.

Realisations

The Company announced the following significant disposals since IPO:

- **December 2017** – The sale of Clavis Insight, a leading eCommerce insights company to Ascential Plc. The sale was for an initial cash consideration of US\$119.0 million resulting in cash to the Company, including escrows of £15.3 million. This represented a cash exit multiple on funds invested of 1.9x.
- **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 **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 Progression — by Portfolio Company (£ millions)



Core Portfolio Companies



GRAFHCORE

The Group first backed Graphcore in 2016 and has now invested £4.2 million in total, with the most recent investment in 2017 of £1.9 million, part of a wider US\$30.0 million Series B funding round. Since then, US fund Sequoia Capital, led a further US\$50.0 million round in the company.

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 and machine learning across diverse industries – from autonomous vehicles to personalised 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, a semiconductor business based near Bristol, UK, which is backed by other funds managed by Draper Esprit. Nigel Toon, the CEO and Simon Knowles, the CTO, were previously founders of Icera, a Draper Esprit management backed semiconductor business which was sold to NVIDIA for US\$360 million in 2011. The company plans to bring its intelligent processing system to market this year, which is anticipated to enable material performance increases (from 10-100x) for machine learning computation.

Alongside Draper Esprit, investors include: Sequoia Capital, 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.

£4.2m

Invested

£23.4m

Net Asset Value

TRUSTPILOT

Draper Esprit Funds first invested in Trustpilot in 2013, with follow-on investment in 2015 and 2017 bringing the total investment by the Company to £18.1 million, including £6.7 million invested in the financial year.

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. The company’s aim is to build the world’s single most trusted review company.

It is rapidly becoming an essential part of customer service for consumer-facing companies. 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 over the last 3 years. They have successfully expanded from Europe into the US, with over 42 million reviews and 210,000 reviewed companies in that market.

Alongside Draper Esprit, investors include: Vitruvian Partners, Index Ventures, Northzone and SEED Capital Denmark.

£18.1m

Invested

£34.3m

Net Asset Value



 perkbox

Perkbox, a digital employee engagement platform, received £2.5 million (plc £1.7 million) from the Group in 2016. In 2017, the plc built its stake in the business further by investing £6.6 million.

Perkbox enables companies of all sizes to incentivise, motivate and attract staff with over 200 perks and benefits. Its platform includes a sophisticated rewards and recognition infrastructure. Launched in 2015, the company already has over 650,000 paying members ranging from SMEs to large corporations such as British Gas and BUPA. The company has now developed a white-labelled platform called “Perkbox for customers”, which helps businesses acquire, connect, and retain loyal customers. The company has doubled year-on-year and now has over 165 employees. Forbes magazine recently ranked Perkbox as one of Britain’s fastest growing companies.

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

£8.3m

Invested

£17.5m

Net Asset Value

 Ledger

Ledger, a cryptocurrency and blockchain security company, received £17.7 million from the plc in January 2018.

The company have developed two main hardware products: the Ledger Nano S and the Ledger Blue, both of which enable users to store their keys offline. They will also launch a new product: the Ledger Vault, enabling hedge funds, banks and family offices to manage their crypto assets, due to high demand. All these products are underpinned by a unique technology: an Operating System (OS) specifically designed to run on any secure hardware and to support any crypto asset.

By building a cold storage solution, the company offers users the most secure option in the market, enabling crypto owners to keep full ownership of their digital assets, without the need for third party intervention. The hardware wallets isolate the private keys from computers or smartphones, which are easily hackable.

Already profitable, it has sold over a million of cryptocurrency hardware wallets to customers in 165 countries. The team, now over 80 employees across France and the US, has managed to recruit some of the best engineering talent from organisations such as Gemalto and French smart card experts, such as Oberthur Technologies.

Other investors include Draper Network funds, Draper Associates (US), Draper Dragon (China) and Boost VC (US), as well as FirstMark Capital, Cathay Capital and Korelya Capital.

£17.7m

Invested

£17.7m

Net Asset Value

Core Portfolio Companies continued



SPORTPURSUIT

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.

M-Files[®]

M-Files is a software company which provides enterprise information management (EIM) solutions to eliminate information silos and to provide access to content from core business systems and devices. By using software based on the meta-data contained within the document, it is not constrained by where the document is stored or resides.

The M-Files solution is built on three pillars: it's metadata based, repository neutral, and intelligent. That means that you can find data based on what it is, not where it's stored. See information in context automatically, regardless of its system of origin. M-Files therefore enables users to access data easily, with a faster and more intuitive data migration system.

Alongside Draper Esprit, other investors include Partech Ventures and Tesi.

£3.6m

Invested

£13.4m

Net Asset Value

£2.5m

Invested

£14.4m

Net Asset Value



graze

Graze is a multichannel manufacturer of health snacks, operating in the UK and the US. Founded in 2009, it developed a subscription model based on experiences of founder Graham Boshier 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 11,000 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 launched in the US in 2016 and their products are now available in over 20,000 retail stores in this market, 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 Draper Esprit, investors in Graze include The Carlyle Group and Octopus Investments.

lyst

Lyst is a global fashion search platform used by 65 million people every year. Lyst is one of the world's largest e-commerce websites, offering over 4.2 million fashion products from 12,000 of the world's leading fashion brands and stores. The company aims to empower customers to find the fashion that's perfect for them, whatever their style.

With over a million orders, the company reached profitability this year and has grown 70% year on year. It now has offices in New York and London. Draper Esprit invested £2.6 million in 2012.

Alongside Draper Esprit, investors include Balderton Capital, Accel Partners and Susa Ventures.

£3.7m

Invested

£10.0m

Net Asset Value

£2.6m

Invested

£18.3m

Net Asset Value

Core Portfolio Companies continued



pod POINT

Pod Point, the electric charge point supplier, received £3.4 million in 2017 and a further £2.0 million in 2018 from plc. Pod Point is a well-established, leading player in the UK’s electric vehicle sector, having manufactured and sold over 50,000 charging points since it was founded in 2009.

The market for electric vehicles is going from strength to strength, driven by advances in technology, infrastructure developments and cost efficiencies. In the UK, Pod Point has in excess of a 40% market share of the home charge market, having sold over 50,000 charging points. The team is also expanding rapidly and now comprises over 140 employees. 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.

TransferWise

TransferWise is an international money transfer platform – using real exchange rates and has no hidden fees. Co-founded by Taavet Hinrikus and Kristo Kaarmann, TransferWise was launched in 2011. It is now one of Europe’s most successful fintech startups and over two million people use the service to transfer US\$1.2 billion each month.

In April 2018, the company became the first non-bank to join the Bank of England’s payment system, enabling it to process payments in the UK without going through commercial banks.

Draper Esprit acquired a stake in TransferWise through the acquisition of Seedcamp Fund I and II as a Secondary portfolio.

Alongside Draper Esprit, other investors include Andreessen Horowitz, Valar Ventures, Baillie Gifford, Sir Richard Branson and Max Levchin of PayPal. In 2017, the company announced a further US\$280.0 million in a funding round led by Old Mutual Global Investors and IVP.

£5.4m

Invested

£9.9m

Net Asset Value

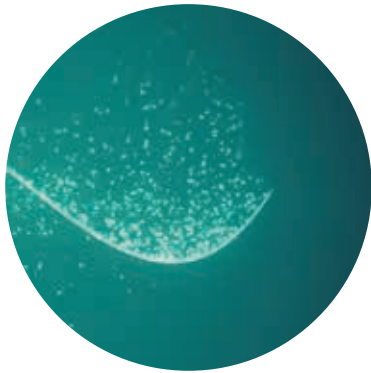
£7.1m

Invested

£12.2m

Net Asset Value

Emerging Portfolio Companies



evonetix

Draper Esprit co-led a £9.0 million funding round in Evonetix, helping it to scale technology that opens up new possibilities for synthetic biology. The company is pioneering a new approach to scalable and high-fidelity gene synthesis and received £1.8 million funding from the plc and a further £1.8 million from the Group in January 2018.

The ability to synthesise fragments of DNA without the limitation of sequences and with no fundamental errors is a challenge. All existing DNA manufacturing methods can only produce short sequences because longer sequences have a higher rate of error. Evonetix was founded in 2016 to address this very problem. Their platform uses an addressable silicon array to direct the synthesis of DNA at many sites in parallel, followed by an error-detection process to enable DNA production at scale.

The US\$12.3 million financing was co-led by DCVC (Data Collective) of Palo Alto, CA and Draper Esprit, and included the Morningside group, alongside existing investors Providence Investment Company (Jersey), Cambridge Consultants Ltd (Cambridge, UK), Rising Tide Fund (San Francisco, CA) and Civilization Ventures (San Francisco, CA).

£1.8m

Invested

£1.8m

Net Asset Value



ieso digital health

Draper co-led an £18.0 million funding round, the largest amount raised by a digital behavioural health business in Europe. Draper Esprit invested £7.5 million across the Group (£3.8 million from plc) alongside existing investor Touchstone Innovations. This was part of a round to accelerate growth in Ieso's home market and commercialise its transformative technology platform in the US.

Based in Cambridge, UK, Ieso Digital Health's breakthrough technology, is transforming the way mental health is delivered. Ieso provides patients with access to secure, one-on-one, real-time, evidence-based cognitive behavioural therapy (CBT) programmes, delivered by accredited therapists, at a time that is convenient for patients. Ieso's intelligent technology platform is both cost effective and removes many of the significant barriers preventing treatment, including stigma and accessibility. It also gives its therapist network guides and insights to enhance their performance and clinical outcomes.

More than 16,700 patients have been treated to date and Ieso now leads the way in digital therapy as the number one provider of online CBT in the UK and has also recently expanded into the USA. Unlike many other online or digital services, Ieso's method was validated in a randomised clinical trial published in The Lancet in 2009.

£3.8m

Invested

£3.8m

Net Asset Value

Financial Review



“As a successful first full year as a listed entity, the Company is scaling and taking advantage of the broad range of opportunities available to it.”

Ben Wilkinson
CFO

The year to 31 March 2018 has been an active period for the Group highlighted by the June 2017 equity raise of £100.0 million (£95.3 million net of fees) which has led to an increased investment target of £60.0 million per annum by the plc (alongside a further £40.0 million from EIS and VCT co-investment funds). Accordingly, further investment activity has been demonstrated with £71.5 million deployed in the financial year (2017: £37.1 million). Portfolio performance, particularly in the core portfolio (as further described in the Portfolio Review) has driven strong fair value returns and further exits have returned additional cash back to the plc. The benefits of the plc model have been further demonstrated through the secondary acquisition of Seedcamp Fund I and II and the building of secondary stakes in existing portfolio companies. The flexibility to invest outside of primary funding rounds enhances the investment opportunity set the plc is able to take advantage of.

The Gross Primary Portfolio, the gross value of the Company's investment holdings before deductions for carry and any deferred tax, has more than doubled to £243.5 million (2017: £112.7 million), an increase of £130.8 million (2017: £34.0 million). The increase in the value of the Gross Primary Portfolio reflects investments made during the year of £71.5 million, a fair value increase of £74.6 million (2017: £43.8 million) and realisations of £15.3 million (2017: £35.1 million). The increase in fair value has been driven by the strong performance across the portfolio and in particular across the core holdings (ten portfolio companies with a fair value greater than £8.0 million that combine to represent more than 70% of the Gross Portfolio Value). Notable uplifts in the value of Graphcore, Trustpilot, Lyst, Perkbox, Pod Point and TransferWise (acquired as part of the Seedcamp Fund I and II acquisition in the period). Graphcore (reflecting the uplift in value from the US\$50.0 million Series C investment by Sequoia), Trustpilot (driven by growth in revenue and continued secondary acquisitions to build the equity holding), Lyst (revenue growth and turning profitable), Perkbox (continued strong revenue growth and secondary stake acquisition), Pod Point (continued revenue growth) and TransferWise

(acquired as part of the Seedcamp Fund I and II acquisition in the period - raised equity at \$1.6 billion led by IVP).

In the financial year the Group has realised successful exits from the investments in Clavis, Aveillant and Moviepilot generating £15.9 million (2017: £42.0 million) of cash proceeds (including amounts held in escrow). Of the original 24 companies in the portfolio at IPO in June 2016, Draper Esprit has now exited 10 companies (including Tails.com post period end, see note 30).

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 gross primary portfolio of £243.5 million (2017: £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 £231.9 million (2017: £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 table opposite has been generated to reflect the movement in value of the portfolio during the period.

A deferred tax provision of £1.8 million (2017: £3.4 million) has been recognised in the year against the gains in the portfolio to reflect holdings of less than 5% equity interest or for a period of less than 12 months in the underlying portfolio companies. Tax was paid in the period of £1.9 million against realisations made where the holding period was less than 12 months (Movidius, Qosmos, Datahug). Carry balances due to previous and current employees of the Group are accrued on the basis of the current fair value at the year-

Gross Portfolio Value Table

	Fair Value of Investments 31st March 2017 £'000	Investments £'000	Realisations* £'000	Movement in Fair Value £'000	Draper Esprit (Ireland) Limited £'000	Fair Value of Investments 31st March 2018 £'000	Interest FD category ** at reporting date
Investments							
Trustpilot	18,226	6,700	-	9,407	-	34,333	C
Graphcore	2,307	1,853	-	19,228	-	23,388	B
Lyst	8,052	-	-	10,289	-	18,341	C
Perkbox	1,650	6,616	-	9,229	-	17,495	C
Ledger	-	17,703	-	-	-	17,703	B
M-Files	9,789	-	-	4,570	-	14,359	B
SportPursuit	10,070	206	-	3,091	-	13,367	D
Transferwise	-	10,501	-	1,688	-	12,189	A
Graze	9,683	-	-	365	-	10,048	B
Podpoint	3,350	2,010	-	4,524	-	9,884	C
Remaining Portfolio	47,667	25,934	(15,338)	10,869	953	70,085	
Total	110,794	71,523	(15,338)	73,260	953	241,192	
Co-invest assigned to plc	1,935	-	-	385	-	2,320	
Gross Portfolio Value	112,729	71,523	(15,338)	73,645	953	243,512	
Carry external	(5,621)	-	-	(5,858)	302	(11,177)	
Portfolio deferred tax	(3,413)	-	-	(331)	1,896	(1,848)	
Trading carry & co-invest	2,276	-	-	(853)	-	1,423	
Net portfolio value	105,971	71,523	(15,338)	66,603	3,151	231,910	

* Realisations do not include amounts held in escrow. Total cash realisations including amounts held in escrow was £15.9 million (2017: £42.0 million)

** Fully diluted interest categorised as follows: Cat A: 0-5%, Cat B: 6-10%, Cat C: 11-15%, Cat D: 16-25%, Cat E: >25%

end and deducted against the Gross Primary Portfolio, the Carried Interest Plan is further described in the Directors' Remuneration Report (page 40). Trading carry and co-investment of £1.4 million (2017: £2.3 million) reflects the carry accrued to plc on the fair value of the portfolio companies held within legacy funds that are in run-off and continued to be managed by the Group. The net position of £231.9 million (2017: £106.0 million) is reflected on the balance sheet as financial assets held at fair value through the profit or loss.

On 5 June 2017, the Company announced a placing and subscription for £100.0 million. 29,012,346 new shares were issued on 20 June 2017 to trading on AIM and ESM with a further 1,851,851 new shares issued on 4th August 2017 following FCA approval relating to Invesco Perpetual. 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 all our shareholders who share the Board's vision to support high-growth private technology investing in Europe.

Balance sheet net assets have increased by 107% to £311.3 million (2017: 17% to £150.7 million) in the period while net assets excluding goodwill have grown by 123% to £290.9 million (2017: 22% to £130.2 million) reflecting the growth in the fair value of the portfolio and the funds raised in June 2017. The increase in trade and other receivables to £4.8 million (2017: £0.5 million) is reflective of £3.5 million of accrued income relating to an EIS performance fee which is attributable from the sale of Grapeshot to Oracle. Grapeshot was an investment held in the EIS funds and generated a gross 20% performance fee on gains above 1.25x following the recent successful sale to Oracle. Encore Ventures is 70% owned by plc and the balances are therefore consolidated gross with a non-controlling interest balance reflecting the amounts not accruing to the plc. £1.0 million of the accrued income is directly attributable to the plc. This balance demonstrates the

benefit of the co-investment funds in reducing the plc cost base and the upside potential from successful exits. The £3.5 million accrued income is also reflected as revenue on the income statement.

Year-end cash balances of £56.6 million (2017: £24.9 million) reflect the cash proceeds from the equity raise of £100.0 million (net of £5.0 million of directly attributable costs, which are reflected in the share premium account on the statement of financial position), amounts invested of £71.5 million, £15.3 million of investments realised 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.

Consolidated statement of comprehensive income

Investment income for the year comprises the £66.6 million (2017: £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 £7.2 million (2017: £1.7 million) which is generated from management fees, performance fees and director fees.

Fee income has increased in the period as investment amounts increase and EIS and VCT funds have continued to increase the size of their funds raised. Fee income has increased in the period due to 1) the £3.5 million EIS performance fee, described above, of which £1.0 million is directly attributable to the

plc (balance is reflected in non-controlling interests), 2) £3.5 million of management fees (2017: £1.6 million), which have increased in line with the assets under management of the Group.

Total operating costs of £7.1 million (2017: £4.0 million in the nine month period) consists of administrative costs of £5.8 million (2017: £3.7 million), predominantly relating to employment costs and other operating expenses, non-cash share-based payments of £0.5 million (2017: £0.1 million), which have increased in the year following the issuance of further options in November 2017 and the charge taken relating to lapsed options (note 13), direct investment costs of £0.4 million and exceptional items of £0.2 million for personnel changes. Administrative costs are in line with expectations and reflect the growth in the investment team and level of deal activity.

Post balance sheet events

The Group has made further investments totalling £21.5 million (see note 30) and realised £2.5 million cash from the sale of Tails.com to Nestlé Purina Petcare.

After a successful first full year as a listed entity, the Company is scaling and taking advantage of the broad range of opportunities available to it.

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 £243.5 million (2017: £112.7 million).
2. Realising cash	Cash generated from portfolio company exits against original cost.	£15.9 million (2017: £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.	£71.5 million (2017: £37.1 million) invested in the period from plc, with a further £24.8 million across the Group.
4. Deal flow	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 deal flow 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.	£56.6 million (2017: £24.9 million) at year end.

Principal risks

The Board considers 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
<p>1. The investment portfolio businesses are at an early stage and carry inherent risk</p>	<p>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.</p>	<p>The Investment team, comprised of experts in their sector, undertakes 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.</p>
<p>2. Portfolio value may be dominated by single or limited number of companies</p>	<p>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.</p>	<p>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.</p> <p>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.</p>
<p>3. The Company will hold non-controlling interests in the investment portfolio businesses</p>	<p>Non-controlling interests may lead to a limited ability to protect the Company's position in such investments.</p>	<p>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.</p>
<p>4. Proceeds from the sale of investments may vary substantially from year to year</p>	<p>The timing of portfolio company realisations is uncertain and cash returns to the Group are therefore not predictable.</p>	<p>The Group maintains sufficient cash resources to manage its ongoing operational and investment commitments. Regular working capital reviews are undertaken using cash flow projections.</p>

<p>5. Fluctuations in foreign exchange rates may adversely affect the performance of the Company's portfolio</p>	<p>Certain investments of the Group are made or operate in currencies other than Sterling and the Group may make certain 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.</p>	<p>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.</p>
<p>6. Portfolio company valuations subject to change</p>	<p>The valuations of the Group's underlying portfolio of investments are substantially based on the revenue generated by these businesses.</p> <p>Each of these businesses, and therefore their ability to generate revenue, are subject to the macroeconomic environment in the countries in which the businesses operate.</p> <p>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.</p>	<p>The Group invests in market leaders, across a spread of geographies and sub-sectors which provide diversification in revenue sources, macroeconomic risks and peer groups.</p>
<p>7. The Group is dependent on a small number of shareholders who hold a large proportion of the total share capital of the Group</p>	<p>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.</p>	<p>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.</p>
<p>8. The Group and its portfolio companies are subject to competition risk</p>	<p>The execution of the Company's investment strategy depends primarily on the ability of the Company to identify opportunities to make investments and to capitalise on these 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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

<p>9. The Group may not be able to retain and attract investment team members and support staff with the right skills and experience</p>	<p>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.</p>	<p>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.</p> <p>The Group encourages staff development and inclusion through coaching and mentoring.</p>
<p>10. Esprit Capital Partners or Encore Ventures cease to be authorised by FCA</p>	<p>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.</p>	<p>The Group ensures that Esprit Capital and Encore Ventures fulfil their ongoing requirements under FCA rules.</p>
<p>11. UK future exit from the EU may impact on the Group</p>	<p>The ability to make investments into Europe may be reduced.</p>	<p>The Company is dual listed on AIM in London and ESM in Dublin, thereby providing flexibility to participate in European investments going forward.</p>
<p>12. The termination of the Group's arrangements with the Draper Venture Network may reduce the opportunities available for investment</p>	<p>If the Group's arrangements with the Draper Venture Network were terminated for any reason, the Company would lose the advantages of that membership.</p>	<p>The Group is an active member of the Draper Venture Network and participates as a Board member.</p>

Governance

“The Directors share the view that good governance is fundamental to the successful growth of the business.”

Karen Slatford
Chairman

Board of Directors



Karen Slatford
(age 61)
Non-Executive Chair

Between 1983 and 2001 Karen was at Hewlett Packard, where in 2000 she became Vice President and General Manager of 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, non-executive director and chair of the remuneration committee of Alfa Financial Software Holdings plc, 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 49)
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, 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 48)
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 59)
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 is currently chair of Sinclair Pharma Plc, and a Non-Executive Director of Horizon Discovery Plc, Morphogenesis Inc, and Minoan Group plc where he chairs the Audit and Remuneration Committees.



Richard Fowler Pelly OBE
(age 62)
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.

Chairman's Corporate Governance Introduction



I am pleased to introduce our 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.

The Directors share the view that good governance is fundamental to the successful growth of the business and we are committed to following the principles of the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance (the "QCA Code"). We have therefore 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. We will publish a comply and explain statement against the QCA Code in September 2018 in accordance with revised AIM Rule 26.

Our governance structure, described in this report, provides a framework of established and clearly articulated roles, authority limits and controls which allows the executive team to focus on delivering the investment strategy of the Group. These systems are designed to support our compliance with the AIM rules and other legal, regulatory and compliance requirements which apply to us. We believe that the governance structure we have implemented is appropriate and effective, and the Board keeps the relevant systems and procedures under regular review to ensure that they develop in line with the growth and strategic progress of the Group.

During the year, we have conducted our first formal Board performance evaluation process which is described later in this report. I am pleased to confirm that the evaluation process concluded that the Board comprises an appropriate balance of skills and experience and that it is operating effectively. We have identified a number of areas for further development, mainly around our Board process, and will work to address these during the coming year.

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 34 and 35.

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 £10.0 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 ten times during the year, and will continue to meet at least ten times per year in future.

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 meetings during the year.

Director	No. of meetings attended 31-Mar-18	No. of meetings attended 31-Mar-17
Karen Slatford	10	8
Simon Cook	10	8
Stuart Chapman	10	8
Grahame Cook	7	6
Richard Pelly	10	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. These schedules of activity are reviewed at least annually to ensure that key matters and developments are discussed at the appropriate time.

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 combined Remuneration and Nomination Committee, details of which are set out below.

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 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 meets at least three times per year, and met on three occasions during the financial year.

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.

Chairman's Corporate Governance

Introduction continued

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 40 to 42 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 the 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 28 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

The Board and Committees conducted a formal performance evaluation process during the year. The process was carried out by way of tailored questionnaires completed by each member of the Board and Committees. With respect to the Board, the questions covered a variety of topics including the composition of the board, the quality and timeliness of information provided to the Board, succession planning, and shareholder engagement. Responses were collated by the Chairman and fed back

to the Board at its meeting in March 2018. In general, the responses found the Board to be operating effectively. Some minor improvements around Board process and engagement between Non-Executives and shareholders, were identified and steps will be taken to address these during the coming year.

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 23 July 2018. The Notice of the 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 2018.

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 year (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 also meets 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 terms of reference were reviewed by the Committee during the year, with no changes proposed.

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 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 again considered the need for an internal audit function during the year and continues to be of the view 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 38, 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

Directors' Remuneration Report

I am pleased to present our 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

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 four occasions during the year under review and has met once since the year end. 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 awards of options under the Company Share Option Plan, approving bonus payments to the Executive Directors following the assessment of performance against agreed financial KPIs, and approving the performance measures for the 2018/19 annual bonus. The bonus amounts paid in

respect of the year ended 31 March 2018 are set out in the table on page 42.

The Committee also approved a 3% salary increase for both the CEO and the COO, in line with general increases across the Company. In addition, the Committee also approved a further increase of £20,000 per annum to the COO's salary to bring it in line with the market. As a result of these changes, effective from 1 April 2018, the CEO's annual salary will be £278,100 and the COO's annual salary will be £231,150.

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 are appointed under service contracts which 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 is appointed under a letter of appointment with the Company. Subject to their re-election by shareholders, the initial term of appointment for each Non-Executive Director is three years from Admission to AIM, 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. There have been no changes to Non-Executive Directors' fees during the year.

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.

On 28 November 2017, the Committee approved the grant to the Executive Directors of options under the CSOP over a total of 469,670 ordinary shares at an exercise price of 387 pence per share. 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 operates in respect of investments made during a 24-month period and related follow-on investments made for a further 36-month period.

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 2018/19 will operate as follows:

	Role	Basic salary/fee £'000s	Maximum bonus potential
Executive			
Simon Cook	Chief Executive Officer	278	60%
Stuart Chapman	Chief Operations Officer	231	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 2018/19 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 80% (48% of base salary) for achieving target performance then increasing on a straight-line basis to 120% of bonus potential (72% 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 2018:

	Basic salary/fees £'000s	Pension contributions £'000s	Taxable benefits £'000s	Performance- related bonus £'000s	Year end 2017/18 Total £'000s	Period ended 2016/17 Total £'000s
Executive Directors						
Simon Cook	270	41	11	144	466	373
Stuart Chapman	205	31	1	110	347	275
Non-Executive Directors						
Karen Slatford	80	–	–	–	80	67
Grahame Cook	40	–	–	–	40	33
Richard Pelly	40	–	–	–	40	33
Total	635	72	12	254	973	781

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
	28/11/17	–	234,835	28/11/20	£3.87
Stuart Chapman	28/11/16	8,450	226,385	28/11/19	£3.55
	28/11/17	–	234,835	28/11/20	£3.87

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 2018	Number of ordinary shares as at 31 March 2017
Simon Cook	2,119,306	2,230,214
Stuart Chapman	2,119,306	2,230,214

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

Richard Pelly

Chairman of the Remuneration Committee

24 May 2018

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 March 2018.

Results and dividends

The Group's profit for the year was £65.3 million (year ended 31 March 2017: £33.2 million). 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 14.

Review of business

The Chairman's Statement on page 36 and the Strategic Report on pages 1 to 31 provide a review of the business, the Group's performance for the year ended 31 March 2018, 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
Grahame Cook
Simon Cook
Richard Pelly
Karen Slatford

Brief biographical details for each of the Directors are given on pages 34 and 35.

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 42.

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 2018.

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 2018, the Company's issued share capital was £716,117.73 (2017: £407,475.76) divided into 71,611,773 (2017: 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 2018, 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
Invesco Ltd	15,963,098	22.29
Ireland Strategic Investment Fund	14,004,502	19.56
Woodford Investment Management	11,361,000	15.86
Cannacord Genuity Group Inc	3,700,750	5.17
China Huarong International Holdings Limited	3,333,333	4.65

Directors' Report continued

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 23 July 2018. The Notice of the 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 23 July 2018 and is signed on its behalf by:

Stuart Chapman
Chief Operating Officer

24 May 2018

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also elected to prepare the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the company and group for that period. In preparing the Group financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 applicable UK Accounting Standards/ have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to

establish that the company's auditor is aware of that information.

To the best of our knowledge:

- the group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This responsibility statement was approved by the Board on 24 May 2018 and signed on its behalf by:

Stuart Chapman
Chief Operating Officer

24 May 2018

“The first full year as a public company has been a successful one with strong growth demonstrated alongside the flexibility to invest creatively across the plc model.”

Ben Wilkinson
CFO

Financials

Independent Auditor's Report to the Shareholders of Draper Esprit Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Draper Esprit Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the statement of company financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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, including Financial Reporting Standard 101 'Reduced Disclosures Framework' (United Kingdom Generally Accepted Accounting Practice).

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 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

- Overall materiality: £6,227,000, which represents 2% of the group's net assets;
- Key audit matters were identified as
 - Valuation of investments ;
 - Improper revenue recognition; and
 - Goodwill impairment.
- Our audit was substantive in nature and was risk based focusing on the areas identified as Key audit matters.

Key audit matters

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

Key Audit Matter – Group	How the matter was addressed in the audit – Group
<p>Risk 1 Valuation of investments</p> <p>The group's business is investing in high growth companies with a view to realising fair value increases for the investors</p> <p>The group's investment policy is to invest in early stage and growth stage companies; these investments are predominantly in unlisted equity instruments. Accordingly, the value of the investment portfolio is a significant, material item in the financial statements.</p> <p>The valuation of unlisted investments in the investment portfolio includes significant assumptions and judgements made by management, and we therefore identified valuation of investments as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Assessing whether the accounting policy for valuing the investment is in accordance with the financial reporting framework; • Considering whether the valuation workbook prepared and methodologies used by the investment manager were in accordance with the International Private Equity and Venture Capital (IPEVC); Confirmed that information contained in the investee companies' latest management accounts and board packs was consistent with the data used by the investment manager in estimating the fair value; • Discussed directly with the investment manager each unlisted investment's performance and prospects and how this information had been reflected in the valuation workbook; • For unlisted investments valued using comparable company models, we confirmed the consistency and relevance of the companies used and tested the data obtained to third party sources. We performed sensitivity analysis on any adjustments applied to the comparator company multiples in the calculation of value; • We used our internal valuation team to inform our challenge of the investment manager on the appropriateness of the basket of comparable companies used in the investment model; • Where alternative assumptions could reasonably be applied we developed our own estimates and considered the overall impact of a change in these assumptions had on the valuation of the unlisted investment; • For unlisted investments held at cost, we obtained documentation supporting the price paid and considered any assumptions made by the investment manager in using cost as a valuation method. <p>The group's accounting policy on the valuation of investments is shown in note 3 (Fair value measurement), to the financial statements and related disclosures are included in note 16 (Investments).</p> <p>Key observations</p> <p>Our audit work did not identify any material misstatements concerning the valuation of investments.</p>

Independent Auditor's Report to the Shareholders of Draper Esprit Plc continued

Key Audit Matter – Group	How the matter was addressed in the audit – Group
<p>Risk 2 Revenue recognition Under ISA (UK) 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, there is a presumed risk that income recognised in the year may be materially misstated through fraudulent transactions.</p> <p>Revenue for the group comprises investment management fees, performance fees and portfolio director's fees.</p> <p>We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Assessing the design and implementation of controls in relation to revenue recognition by walking through the controls and processes in place; • Assessing whether the group's accounting policies in relation to revenue recognition comply with the financial reporting framework; and • Recalculating the revenue recognised in accordance with the underlying agreements <p>The group's accounting policy on revenue recognition is shown in note 3 (revenue recognition) to the financial statements and related disclosures are included in note 6 (Revenues).</p> <p>Key observations Our audit work did not identify any material misstatements concerning revenue recognition.</p>
<p>Risk 3 Goodwill impairment There is a risk that the carrying value of the goodwill that was generated on formation of the group has not been adequately assessed for impairment in-line with IAS 36 Impairment of assets.</p> <p>The goodwill impairment calculation includes management's judgements and assumptions regarding the growth rate, the expected realisations and discount rates.</p> <p>We therefore identified goodwill impairment as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Considering management's impairment review of the Goodwill for consistency with the financial reporting framework; and • Assessing the key judgements and assumptions made in the impairment review. The key assumptions were the growth rate, realisation rate and discount rate. Our testing included comparing the assumptions used to the group's current year performance (actual and budgeted). We also re-performed the calculation of the discount rate used and compared to industry standards; • Where alternative assumptions could reasonably be applied we developed our own estimates and considered the overall impact of a change in these assumptions had on the impairment assessment <p>The group's accounting policy on goodwill impairment is shown in note 3 (Impairment), to the financial statements and related disclosures are included in note 4 (Critical accounting estimates and judgements) and note 14 (Intangible assets).</p> <p>Key observations Our audit work did not identify any material misstatements concerning goodwill impairment.</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£6,227,000 which is 2% of net assets. This benchmark is considered the most appropriate because net assets are considered the key metric for management's and the user's understanding of the financial statements, and is used by management as a key performance indicator. The value of net assets is principally driven by the net asset value of the investment portfolio.	£5,820,000 which is 2% of the company's net assets. This benchmark is considered the most appropriate because net assets are considered the key metric for management's and the user's understanding of the financial statements, and is used by management as a key performance indicator. The value of net assets is principally driven by the net asset value of the investment portfolio.
	Materiality percentage taken for the current year is higher than the percentage that we used for the year ended 31 March 2017. This was done to reflect what those charged with governance and users of the financial statements would consider to be material to the financial statements in the current year.	Materiality percentage taken for the current year is higher than the percentage that we used for the year ended 31 March 2017. This was done to reflect what those charged with governance and users of the financial statements would consider to be material to the financial statements in the current year.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas, such as £355,000 for operating expenses, and £nil for related party transactions and directors' remuneration.	We determined a lower level of specific materiality for certain areas, such as £338,000 for operating expenses, and £nil for related party transactions and directors' remuneration.
Communication of misstatements to the audit committee	£311,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£291,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the group's business and was risk based. Our procedures at planning stage included attending an investment valuation meeting in order to gain an understanding of the valuation and client's review process. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and the management of specific risks.

Independent Auditor's Report to the Shareholders of Draper Esprit Plc continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- 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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 45, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Paul Flatley
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
London

24 May 2018

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2018

	Notes	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Unrealised gains on investments held at fair value through the profit and loss	5	66,603	35,744
Fee income	6	7,163	1,673
Total investment income		73,766	37,417
Operating expenses			
General administrative expenses	7	(5,785)	(3,705)
Depreciation and amortisation		(160)	(127)
Share based payments		(490)	(123)
Investment and acquisition costs		(424)	-
Exceptional items		(229)	-
Total operating costs		(7,088)	(3,955)
Operating profit from operations	8	66,678	33,462
Finance (expense)/income	10	(1,418)	221
Operating profit/(loss) before tax		65,260	33,683
Income taxes	11, 21	43	(438)
Profit/(loss) for the year		65,303	33,245
Share of profit/(loss) attributable to non-controlling interests		(3,131)	(330)
Profit/(loss) from continuing operations		62,172	32,915
Other comprehensive income/(expense):			
Other comprehensive expense		-	-
Total comprehensive income/(loss) for the year		62,172	32,915
Earnings per share attributable to:			
Equity holders of parent (pence)	12	86.8	80.8
Diluted earnings per share (pence)	12	83.3	-

The notes on pages 58 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

for the year ended 31 March 2018

	Notes	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Non-current assets			
Non-current assets			
Intangible assets	14	21,055	21,158
Investments in associates	15	258	258
Financial assets held at fair value through the profit or loss	16	231,910	105,971
Property, plant and equipment	17	229	152
Total non-current assets		253,452	127,539
Current assets			
Trade and other receivables	19	4,840	527
Cash and cash equivalents		56,641	24,892
Total current assets		61,481	25,419
Current liabilities			
Trade and other payables	20	(2,948)	(1,548)
Total current liabilities		(2,948)	(1,548)
Non-current liabilities			
Deferred tax	21	(651)	(716)
Total non-current liabilities		(651)	(716)
Net assets		311,334	150,694
Equity			
Share capital	22	716	407
Share premium account	22	188,229	93,248
Merger relief reserve	22	23,920	23,920
Share-based payments reserve	13	613	123
Retained earnings		95,064	32,892
Equity attributable to owners of parent		308,542	150,590
Non-controlling interests		2,792	104
Total equity		311,334	150,694
Net assets per share (pence)	12	431	370

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2018.

S. M. Chapman
Chief Operating Officer

The notes on pages 58 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2018

	Notes	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Cash flows from operating activities			
Operating profit/(loss) after tax		65,303	33,245
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	(66,603)	(35,744)
Depreciation and amortisation		160	155
Share-based payments		490	123
Bad debt provision		–	37
Foreign exchange movements	10	1,530	(221)
(Increase)/ decrease in trade and other receivables		(4,314)	681
Increase in trade and other payables		1,401	441
Net cash used in operating activities		(2,033)	(1,283)
Tax paid		(107)	–
Net cash outflow from operating activities		(2,140)	(1,283)
Cash flows from investing activities			
Purchase of property, plant and equipment		(204)	(166)
Interest received		112	
Cash acquired on purchase of subsidiary		–	495
Loans repaid from underlying investment vehicles	16	15,338	17,137
Purchase of initial portfolio	16	–	(40,000)
Purchase of investments	16	(74,674)	(20,602)
Net cash outflow investing activities		(59,428)	(43,136)
Cash flows from financing activities			
Cash paid to non-controlling interests		(443)	(246)
Proceeds from issue of share capital	22	100,000	72,060
Equity issuance costs	22	(4,710)	(2,724)
Net cash inflow from financing activities		94,847	69,090
Net increase in cash & cash equivalents		33,279	24,671
Cash and cash equivalents at beginning of year		24,892	–
Exchange differences on cash and cash equivalents	10	(1,530)	221
Cash and cash equivalents at end of year		56,641	24,892

The notes on pages 58 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

	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 31 March 2016	50	-	-	-	(3)	47	-	47
Total 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/(loss) 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
Comprehensive Income for the year								
Profit for the year	-	-	-	-	62,172	62,172	3,131	65,303
Amounts withdrawn by non-controlling interest	-	-	-	-	-	-	(443)	(443)
Total comprehensive income for the year	-	-	-	-	62,172	62,172	2,688	64,860
Contributions by and distributions to the owners:								
Issue of share capital (note 22)	309	-	-	-	-	309	-	309
Share premium (note 22)	-	94,981	-	-	-	94,981	-	94,981
Merger relief reserve (note 22)	-	-	-	-	-	-	-	-
Share based payment (note 13)	-	-	-	490	-	490	-	490
Balance at 31 March 2018	716	188,229	23,920	613	95,064	308,542	2,792	311,334

The notes on pages 58 to 80 are an integral part of these consolidated financial statements.

Notes to the 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").

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 2018 comprise the financial statements of the Company and its subsidiaries (together, "the Group").

The consolidated financial statements are presented in Pounds Sterling (£) which is the currency of the primary economic environment the Group operates in. 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, 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 2018. 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 effective from 1 January 2018. 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 determined that commitments of £1.9 million with respect to the Company's registered office (note 23) are recognised on the balance sheet as a liability for the financial year commencing 1 April 2018.
- IFRS 9 Financial Instruments: IFRS 9, effective from 1 January 2018, will 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'). 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 Practice). 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.

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 II 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 deconsolidated 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 in ownership. All transactions and balances between Group subsidiaries are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

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

Notes to the Consolidated Financial Statements continued

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.

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
Esprit Investments (1) (B) LP [^]	Limited partnership	England
Esprit Investments (2) LP [^]	Limited partnership	England
Esprit Investments (2) (B) LP [^]	Limited partnership	England

[^] Esprit Investments (1) (B) LP, Esprit Investments (2) (B) LP and Esprit Investments (2) LP were newly registered UK limited partnerships during the year.

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, they are 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 that 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.

- Performance fees

Performance fees are earned on a percentage basis on returns over a hurdle rate in the statement of comprehensive income. Amounts are recognised as revenue when it can be reliably measured and probable funds will flow to the Group.

c) Deferred income

The Group's management fees are typically billed either quarterly or 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.

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.

Notes to the Consolidated Financial Statements continued

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 straight-line 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.

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 Group's 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.

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 economic 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.

Notes to the Consolidated Financial Statements continued

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.

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

IFRS 8, "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.

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.

v) Exceptional items

The Group classifies items of income and expenditure as exceptional when the nature of the item or its size is likely to be material, so as to assist the reader of the financial statements to better understand the results of the operations of the Group. Such items by their nature are not expected to recur and are shown separately on the face of the consolidated statement of comprehensive income. The exceptional item in the current year of £0.23k (2017: £nil) relates to costs associated with a change in personnel.

w) Interest income

Interest income earned on cash and deposits and short-term liquidity investments is recognised when it is probable that the economic benefits will flow to the Group and the amount of income recognised can be measured reliably. Interest income is accrued in a time basis, with reference to the principal outstanding and at the effective interest rate applicable.

Notes to the Consolidated Financial Statements continued

x) Carried interest

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 operates in respect of investments made during a 24-month period and related follow-on investments made for a further 36-month period.

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 Groups interest in carried interest is measured at fair value through the profit and loss (FVTPL) with reference to the performance conditions described above.

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 estimates 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. There have been no changes to the accounting estimates and judgements in the financial year ended 31 March 2018.

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 (IPEVCG). In line with the IPEVCG, 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, 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 IPEVCG 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. See note 26 and note 27 for information on unobservable inputs used and sensitivity analysis on investments held at fair value through the profit and loss.

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 CGU was determined to be the fund managers, which is a critical management judgement as they are responsible for generating deal flow and working with investee companies creating value and maximising returns for the Group. 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 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%. The carrying amount of goodwill at balance sheet date was £20.5m (2017: £20.5 million). The Group has conducted a sensitivity analysis on the impairment test of the CGU and the carrying value. A higher discount rate in the range of 15%-20% together with a lower IRR of 10% does not reduce the carrying value of goodwill to less than its recoverable amount.

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 2018 £'000s	Year ended 31 Mar 2017 £'000s
Unrealised gains on investments held at fair value through the profit and loss (note 16)	66,603	35,744

6. Revenue

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

	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Management fees	3,546	1,632
Performance fees attributable to the Group	1,072	-
Performance fees attributable to non-controlling interests	2,502	-
Portfolio Directors' fees	43	41
	7,163	1,673

Notes to the Consolidated Financial Statements continued

7. Administration expenses

Administration expenses comprise:

	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Employee benefit expenses (note 9)	3,765	2,349
Operating lease rentals	246	115
Legal and professional	1,096	666
Irrecoverable VAT	85	130
Travel expenses	280	122
Other administration costs	313	323
	5,785	3,705

8. Profit for the year

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

	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Audit fees payable to the Company's auditors	47	47
Audit of the accounts of any associate of the company	41	32
Audit-related assurance services	22	22
Other assurance services	15	15
Taxation compliance services	78	58
Other taxation advisory services	27	3
Total fees payable to the Company's auditor	230	177
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 £nil (period ended 31 March 2017: £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 2018 £'000s	Year ended 31 Mar 2017 £'000s
Wages and salaries	2,884	1,858
Defined contribution pension costs	342	167
Benefits (Healthcare and Life Assurance)	111	16
Recruitment Costs	24	63
Social security contributions and similar taxes	404	246
	3,765	2,350

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

	Year ended 31 Mar 2018 Number	Year ended 31 Mar 2017 Number
Technology Investment	13	10
Corporate functions	7	7
	20	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 43, and the CFO of the Company.

	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Wages and salaries	840	730
Short-term non-monetary benefits	12	39
Defined contribution pension costs	102	90
Share-based payment expense (note 13)	196	63
Social security contributions and similar taxes	145	89
	1,295	1,011

10. Finance Income

	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Net foreign exchange gain	(1,530)	221
Interest income on cash and cash equivalents	112	–
Net finance expense	(1,418)	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 2018 £'000s	Year ended 31 Mar 2017 £'000s
Current tax expense		
Current tax on profits for the year	–	–
Adjustments for under/(over) provision in prior years	–	–
Total current tax	–	–
Deferred tax expense		
Arising on business combinations (note 21)	(64)	578
Reversal of amounts previously recognised	21	(140)
Total deferred tax	(43)	438

The UK standard rate of corporation tax is 19% (2017: 19%). There is no current tax charge in the year (2017: £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 are as follows:

Notes to the Consolidated Financial Statements continued

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Profit/(loss) for the year before tax	65,260	33,683
Profit/(loss) on ordinary activities of Group companies before tax		
Tax using the Company's domestic tax rate of 19% (2017: 19%)	12,399	6,400
Expenses not deductible for tax purposes	–	–
Unrealised revaluation of investments	(12,654)	(6,791)
Other tax adjustments	212	829
Total tax (credit)/charge for the year	(43)	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 impact in the prior year.

	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
Basic earnings per ordinary share			
31 March 2018	62,172	71,612	86.8
31 March 2017	32,915	40,748	80.8

	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
Diluted earnings per ordinary share			
31 March 2018	62,172	74,636	83.3
31 March 2017	–	–	–

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 impact in the prior year.

	Net assets £'000s	Weighted average no. of shares '000	Pence per share
Net asset value per ordinary share			
31 March 2018	308,542	71,612	431
31 March 2017	150,590	40,748	370

	Net assets £'000s	Weighted average no. of shares '000	Pence per share
Diluted net asset value per ordinary share			
31 March 2018	308,542	74,636	413
31 March 2017	–	–	–

13. Share-based payments

31 March 2018	Date of Grant	Number of CSOP Options 1 Apr 2017	Number of Options (lapsed)/granted in the period	Number of CSOP Options 31 March 2018	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	(234,835)	1,384,132	101,400	3 Years	355	64.1
Company Share Option Scheme (CSOP)	28-Nov-16	152,528	-	152,528	-	5 Years	355	89.3
	11-Nov-17	-	180,000	180,000	-	3 Years	354	89.8
	28-Nov-17	-	-	1,191,913	48,926	3 Years	387	70.9
	28-Nov-17	-	-	116,016	-	5 Years	387	97.9

On 11 and 28 November 2017, 180,000 and 1,307,929 shares under option were granted to employees of the company, Directors and Trusts. The share price at grant dates was 354 and 387 pence respectively.

On 31 March 2018, 234,835 options lapsed which had an exercise price of 355 pence on the grant date.

The Black Scholes Option Pricing Model has been used for valuation purposes. All options are settled in shares and 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. The share-based payment charge for the year is £490,234 (period ended 31 March 2016: £122,940).

31 March 2017	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 Company Share Option Scheme (CSOP)	28-Nov-16	1,618,967	101,400	3 Years	355	64.1
	28-Nov-16	152,528	-	5 Years	355	89.3

The Draper Esprit plc 2016 Company Share Option Plan (CSOP) was launched on 28 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 28 November 2019 and 28 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.

Notes to the Consolidated Financial Statements continued

14. Intangible assets

	Goodwill ¹ £'000s	Customer contracts ² £'000s	Total £'000s
31 March 2018			
Cost			
Cost carried forward as at 1 April 2017	20,476	818	21,294
Additions during the year	–	–	–
Cost as at 31 March 2018	20,476	818	21,294
Accumulated amortisation			
Amortisation carried forward as at 1 April 2017	–	(136)	(136)
Charge for the year	–	(103)	(103)
Accumulated amortisation as at 31 March 2018	–	(239)	(239)
Net book value:			
As at 31 March 2018	20,476	579	21,055
As at 31 March 2017	20,476	682	21,158
31 March 2017			
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. An eight-year cashflows period was deemed appropriate for the value in use calculation given the patient capital model adopted by the Group. 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 profits in the year 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 Group's 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 2018 £'000s	Year ended 31 Mar 2017 £'000s
As at 1 April	105,971	–
Initial portfolio acquired on 15 June 2016 ¹	–	63,940
Carry and Co-invest acquired on 15 June 2016	–	2,822
Investments made in the year ²	74,674	20,602
Loans repaid from underlying investment vehicles	(15,338)	(17,137)
Unrealised gains on the revaluation of investments	66,603	35,744
As at 31 March	231,910	105,971

1 The initial portfolio was acquired on 15 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 in the year 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

31 March 2018	Leasehold Improvements £'000s	Computer Equipment £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2017	138	33	171
Additions during the year	147	8	155
Cost as at 31 March 2018	285	41	326
Accumulated depreciation			
Depreciation carried forward as at 1 April 2017	(13)	(6)	(19)
Charge for the year	(67)	(11)	(78)
Accumulated depreciation as at 31 March 2018	(80)	(17)	(97)
Net book value:			
As at 31 March 2018	205	24	229
As at 31 March 2017	125	27	152

31 March 2018	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 depreciation as at 31 March 2017	(13)	(6)	(19)
Net book value:			
As at 31 March 2017	125	27	152

Notes to the Consolidated Financial Statements continued

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 year, 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 2018 £'000s	Year ended 31 Mar 2017 £'000s
Trade receivables	324	272
Bad debt provision	–	(37)
Accrued performance fees	3,574	–
Other receivables and prepayments	942	292
	4,840	527

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

	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Not past due	78	59
Past due 1-30 days	92	43
Past due 31-60 days	–	97
More than 60 days	154	73
	324	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 2018 £'000s	Year ended 31 Mar 2017 £'000s
Trade payables	(292)	(36)
Other taxation and social security	(619)	(208)
Other payables	(93)	(82)
Accruals and deferred income	(1,944)	(1,222)
	(2,948)	(1,548)

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 2018 £'000s	Year ended 31 Mar 2017 £'000s
Arising on business combination	(100)	(164)
Arising on co-invest and carried interest	(578)	(578)
Other timing differences	27	26
At 31 March	(651)	(716)

22. Share capital and share premium**Ordinary share capital**

31 March 2018 - Allotted and fully paid	Number	Pence
At the beginning of the year	40,747,576	1
Issue of share capital during the year	30,864,197	1
At the end of the year	71,611,773	1

On 5 June 2017 the Company announced a placing and subscription for £100.0 million. 29,012,346 new shares were issued on 20 June 2017 to trading on AIM and ESM with a further 1,851,851 new shares issued for 324 pence each on 4th August 2017.

31 March 2017 - Allotted and fully paid	Number	Pence
At the beginning of the year	50,000	100
Redeemed during the year ¹	(50,000)	100
Issue 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.

Notes to the Consolidated Financial Statements continued

On 15 June 2016, 40,673,909 new ordinary shares of 1 pence each were issued for trading on the AIM and ESM at a price of 300 pence 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 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.

Share premium

	Year ended 31 Mar 2018 [^] £'000s	Period ended 31 Mar 2017 ^{^^} £'000s
Allotted and fully paid		
At the beginning of the year	93,248	–
Premium arising on the issue of ordinary shares	100,000	95,972
Equity issuance costs	(5,019)	(2,724)
At the end of the year	188,229	93,248

[^] The premium on ordinary shares in the period arises from the issue of 30,864,197 new ordinary shares of 1 pence each on 20 June 2017 and 4 August 2017.

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

Merger relief reserve

In accordance with the Companies Act 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 2018 £'000s	Year ended 31 Mar 2017 £'000s
Not later than one year	333	333
Later than one year but not later than five years	1,332	1,332
Later than five years	278	611
	1,943	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 2018			
Financial assets			
Investments held by Plc	213,625	–	213,625
Investments held by other group vehicles	18,285	–	18,285
Long-term financial assets	231,910	–	231,910
Trade and other receivables	–	4,840	4,840
Cash and cash equivalents	–	56,641	56,641
Short-term financial assets	–	61,481	61,481
Total financial assets	231,910	61,481	293,391
Financial Liabilities			
Trade and other payables	–	(2,949)	(2,949)
Total financial liabilities	–	(2,949)	(2,949)

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
31 March 2017			
Financial assets			
Investments held by plc	93,877	–	93,877
Investments held by other group vehicles	12,094	–	12,094
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	–	(1,548)	(1,548)
Total financial liabilities	–	(1,548)	(1,548)

Notes to the Consolidated Financial Statements continued

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 due 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 2018 £'000s	31 March 2017 £'000s
Investments	231,910	105,971
10% decrease in GBP	241,304	110,573
10% increase in GBP	224,224	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 2018 £'000s	31 March 2017 £'000s
Cash denominated in EUR	9,355	3,081
10% decrease in EUR:GBP	8,419	2,773
10% increase in EUR:GBP	10,290	3,389
Cash denominated in USD	9,116	3,225
10% decrease in USD:GBP	8,205	2,902
10% increase in USD:GBP 10% increase in EUR:GBP	10,032	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 2018 £'000s	31 March 2017 £'000s
Shareholders' Equity	308,542	150,590
10% decrease in EUR:GBP/USD:GBP	299,024	144,056
10% increase in EUR:GBP/USD:GBP	319,803	156,864

Market risk – Price risk

Market price risk arises from the uncertainty about the future prices of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements.

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 as financial assets at fair value through the profit and loss (note 16). These equity rights are held in unquoted high growth technology companies and are valued by reference to revenue or earnings multiples of quoted comparable companies where applicable as discussed more fully in note 4(a). Revenue or earnings multiples of quoted comparable companies are subject to market movements. Consequently, a 10% increase in market prices with all other variables held constant would result in a £10.8 million increase in shareholder value and conversely a 10% decline in market prices would result in a £10.8 million reduction in shareholder value.

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.

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 2018 £'000s	31 March 2017 £'000s
Investments	231,910	105,971
Trade and other receivables	324	272
Cash at bank and on hand	56,641	24,892
	288,875	131,135

The Directors consider that all the above financial assets, which are not impaired or past due for each of the reporting dates 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.

Notes to the Consolidated Financial Statements continued

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 Director services. These fees which amounted to £9,527 (year ended March 2017: £29,825) have been included in the turnover for the year. 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 III(i) 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 balance sheet events

A further £21.5 million has been committed for investment in new companies post year end as follows:

- £10.0 million invested by the Company in Aircall's Series B investment round led by Draper Esprit; and
- Up to £11.5 million committed by the Company in Revolut's Series C round.

On 2 May 2018, the Company realised £2.5 million cash from the sale of Tails.com, a direct-to-consumer tailor-made dog nutrition business, to Purina Petcare, a subsidiary of Nestlé SA.

Statement of Company Financial Position

as at 31 March 2018

Assets	Note	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Non-current assets			
Financial assets held at fair value through the profit and loss	6	213,625	93,877
Investments in subsidiary undertaking	7	24,000	24,000
Investments in associates	7	258	258
Property, plant and equipment	8	227	146
Total non-current assets		238,110	118,281
Current assets			
Trade and other receivables	9	1,064	227
Cash and cash equivalents		53,587	24,122
Total current assets		54,651	24,349
Current liabilities			
Trade and other payables	10	(2,007)	(932)
Total current liabilities		(2,007)	(932)
Total liabilities		(2,007)	(932)
Net assets		290,754	141,698
Equity			
Share capital	11	716	407
Share premium account	11	188,229	93,248
Merger relief reserve	11	23,920	23,920
Share-based payments reserve	12	613	123
Retained earnings		77,276	24,000
Total equity		290,754	141,698

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 £53.3 million (Year ended 31 March 2017: £24.0 million).

These financial statements were approved by the Board on 24 May 2018.

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 2018

	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 2015¹	-	-	-	-	-	-
Balance at 31 March 2016	50	-	-	-	(3)	47
Comprehensive Income for the year						
Profit for the year	-	-	-	-	24,003	24,003
Share-based payments	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	24,000	24,050
Contributions by and distributions to the owners:						
Issue of share capital (note 11)	357	-	-	-	-	357
Share premium (note 11)	-	93,248	-	-	-	93,248
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	24,000	141,698
Comprehensive Income for the year						
Profit for the year	-	-	-	-	53,276	53,276
Total comprehensive income for the year						
Contributions by and distributions to the owners:						
Issue of share capital (note 11)	309	-	-	-	-	309
Share premium (note 11)	-	94,981	-	-	-	94,981
Merger relief reserve (note 11)	-	-	-	-	-	-
Share-based payment (note 12)	-	-	-	490	-	490
Balance at 31 March 2018	716	188,229	23,920	613	77,276	290,754

Notes to the Company Financial Statements

for the year ended 31 March 2018

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 FRS 101. FRS 101 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);
- 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 Year, 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.

Notes to the Company Financial Statements continued

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

Name of subsidiary undertaking	Registered office	Activity	Holding	Country	31 March	31 March
					2018	2017
					Fair value	Fair value
					£'000	£'000
Draper Esprit (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland.	Investment company	100%	Ireland	194,399	93,877
Esprit Investments (1) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	19,226	–
Totals					213,625	93,877
					Year ended	Year ended
					31 Mar 2018	31 Mar 2017
					£'000s	£'000s
As at 1 April					93,877	–
Initial investment in Draper Esprit (Ireland) Limited on 15 June 2016 ¹					–	63,940
Investments made in the year ²					74,674	20,602
Loans repaid from underlying investment vehicles					(15,338)	(16,273)
Unrealised gains on the revaluation of investments					60,412	25,608
As at 31 March					213,625	93,877

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 in the year 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 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 26 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, which is held at cost on the Company's balance sheet.

8. Property, plant and equipment

31 March 2018	Leasehold improvements £'000s	Computer equipment £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2017	138	24	162
Additions during the year	147	7	154
Cost as at 31 March 2018	285	31	316
Accumulated depreciation			
Depreciation carried forward as at 1 April 2017	(13)	(3)	(16)
Charge for the year	(67)	(6)	(73)
Accumulated depreciation as at 31 March 2018	(80)	(9)	(89)
Net book value	-	-	-
As at 31 March 2018	205	22	227
As at 31 March 2017	125	21	146

31 March 2017	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 2018 £'000s	Year ended 31 Mar 2017 £'000s
Trade receivables	93	227
Other debtors	661	-
Intercompany debtors	310	-
Total	1,064	227

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

Notes to the Company Financial Statements continued

10. Trade and other payables due within one year

	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Accruals and trade creditors	(2,007)	(932)
Total	(2,007)	(932)

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

31 March 2018 – Allotted and fully paid	Number	Pence
At the beginning of the year	40,747,576	1
Issue of share capital during the year	30,864,197	1
At the end of the year	71,611,773	1

On 5 June 2017 the Company announced a placing and subscription for £100.0 million. 29,012,346 new shares were issued on 20 June 2017 to trading on AIM and ESM with a further 1,851,851 new shares issued for 324 pence each on 4th August 2017.

31 March 2017 – Allotted and fully paid	Number	Pence
At the beginning of the year	50,000	100
Redeemed during the year ¹	(50,000)	100
Issue of share capital during the year	40,747,576	1
At the end of the year	40,747,576	1

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' and employee remuneration can be found in note 9 of the consolidated financial statements. For further details on Directors' compensation refer to the Directors' Remuneration Report on page 40.

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)
Esprit Investments (1) (B) LP [^]	Limited partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(note 6)
Esprit Investments (2) (B) LP [^]	Limited partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	
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

[^] Esprit Investments (1) (B) LP and Esprit Investments (2) (B) LP were newly registered UK limited partnerships during the year on 17 September 2017 and on 29 March 2018 respectively.

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:

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
31 March 2018			
Financial Assets			
Investments	213,625	–	213,625
Long-term financial assets	213,625	–	213,625
Trade and other receivables	–	1,064	1,064
Cash and cash equivalents	–	53,587	53,587
Short-term financial assets	–	54,651	54,651
Total financial assets	213,625	54,651	268,276
Financial Liabilities	–	(2,007)	(2,007)
Total financial liabilities	–	(2,007)	(2,007)

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
31 March 2017			
Financial Assets			
Investments	93,877	–	93,877
Long-term financial assets	93,877	–	93,877
Trade and other receivables	–	227	227
Cash and cash equivalents	–	24,122	24,122
Short-term financial assets	–	24,349	24,349
Total financial assets	93,877	24,349	118,226
Financial Liabilities	–	(932)	(932)
Total financial liabilities	–	(932)	(932)

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.

Notes to the Company Financial Statements continued

19. Post balance sheet events

A further £21.5 million has been committed for investment in new companies post year end as follows:

- £10.0 million invested by the Company in Aircall's Series B investment round led by Draper Esprit; and
- Up to £11.5 million committed by the Company in Revolut's Series C round.

On 2 May 2018, the Company realised £2.5 million cash from the sale of Tails.com, a direct-to-consumer tailor-made dog nutrition business, to Purina Petcare, a subsidiary of Nestlé SA.

20. Related party transactions

During the year the Company recharged Encore Ventures LLP £208,800 administration costs of which £17,400 remains unpaid at balance sheet date.

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

Broker and Nominated Adviser

Numis Securities Limited
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 (as to English law)

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU
United Kingdom

Legal Advisers to the Company (as to Irish law)

Maples and Calder
75 St. Stephen's Green
Dublin 2
Ireland

Independent auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 2YU
United Kingdom

Public relations adviser

Belvedere Communications (PR)
Enterprise House
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United Kingdom

Principal Bankers

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Cambridge, CB2 3AA
United Kingdom

Registrar

Equiniti Limited
Aspect House
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Lancing
West Sussex BN99 6DA
United Kingdom

Company Secretary

Prism Cosec Limited
42-50 Hershham Road
Walton-On-Thames
Surrey
KT12 1RZ

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 registration number 09799594 and having its registered office at 20 Garrick Street, London, WC2E 9BT.
“Core Portfolio Companies”	Top 10 portfolio companies by value.
“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 43 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 registration number 572006 and having its registered office at 32 Molesworth Street, Dublin 2, Ireland.
“FCA”	the UK Financial Conduct Authority.
“FOF” or “FoF”	Fund of Funds.
“Gross Portfolio 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 registration 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.

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