

# Venture Capital Reinvented.

Draper Esprit plc Annual Report  
Year ended 31 March 2019





## 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.

We are the European arm of the Draper Network, a global community of 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 private technology companies.



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The Strategic Report comprising the inside cover to page 43 has been approved by the Board and signed on its behalf by

**S. M. Chapman**

4 June 2019

**“Technology is playing an increasingly significant role in our daily lives. I am immensely proud of the role that Draper Esprit is able to play in helping entrepreneurs who have the vision, passion, and creativity to deliver this future.”**

**Karen Slatford**  
Non-Executive Chair

## Performance highlights 2019

Please note that some of the below measures are Alternative Performance Measures (“APMs”). Please see note 28 to the consolidated financial statements for further details.

### £111.2m

Profit after tax of £111.2 million (2018: £60.9 million)

### 524p

NAV per share increased by 26% to 524.0 pence (2018: 416.0 pence)

### £594.0m

Gross Portfolio value increased by 144% to £594.0 million (2018: 116% increase to £243.5 million).

### 58%

Gross Portfolio fair value increased by 58% in the 12-month period (2018: 66%)

### £226.4m

Invested £226.4 million (2018: £71.5 million) by the Group, including £106.2 million via Earlybird. In addition, a further £35.1 million (2018: £24.8 million) was invested by EIS/VCT

### £16.0m

Cash realisations of £16.0 million (2018: £15.9 million). A further £15.3 million was realised post-period end

### £618.6m

Net Assets including goodwill of £618.6 million (2018: £300.5 million)

### £215.0m

Additional capital raised of £215.0 million (£207.6 million net) by plc and £64.0 million across EIS and VCT funds) (31 March 2018: Plc £95.3 million net/EIS/VCT £55.0 million)

### £150.0m+

Available investment resources to deploy across plc (existing cash and £50.0 million debt) and EIS and VCT funds

### \$1.6bn

Total raised by the core portfolio in the period

### <1% of NAV

Operating costs are less than 1% of year end NAV

#### Operational highlights

- The Company has invested in 21 new (including 9 via Earlybird VI) and 12 existing portfolio companies\*
  - The Group has invested £5.3 million in seed funds (and made further commitments of £24.0 million in 13 new seed funds invested over 5 years)
  - The value of the Core Portfolio Companies has increased by 143% to £415.3 million
- \*Reporting threshold - companies with a NAV of £1.0 million or more.

#### Summary

In June 2016, Draper Esprit listed on AIM (LSE: GROW), operated by the London Stock Exchange, and Euronext Growth Dublin, in order to bring technology entrepreneurs long-term, patient capital to build the global businesses of the future. Since then, we have scaled up our capital base and resources, invested in five unicorns (companies worth over \$1.0 billion), and returned over £81.6 million (including £15.3 million post period end) of cash to the balance sheet.

FY2019 was another successful year for the Group. We generated strong returns, and the fair value of the Company's Gross Portfolio has increased by 58% since 2018. In addition, the Company signed a strategic partnership with Earlybird Digital West to share resources, talent, and dealflow opportunities, particularly in the German speaking market.

#### Market environment

FY2019 was a year dominated by global politics and increasing uncertainty across the world. However, venture capital markets in Europe have remained strong and in the past year the number of companies in Europe that gained growth-funding (funding of £5.0 million or above) increased by c.22.4%.

Meanwhile, the global trend of companies staying private for longer has continued. Funds have had to adapt to this new reality, and we have seen the entrance of new pre-IPO tech funds, which sit later in the company lifecycle. Appetite to invest in technology companies at a later stage has not been tempered; Merian Global Investors launched their first fund for unquoted companies, meanwhile Baillie Gifford's launched a new pre-IPO fund, Schiehallion. As the market has scaled, we have scaled the number of investments made in the period.



## Chairman's Introduction



I am pleased to be able to introduce our third annual report as a listed company, following our listing on the AIM and Euronext Growth markets in 2016.

Once again, we have exceeded our targeted portfolio return of 20% per annum while investing in the future of our business and helping our portfolio companies push the boundaries of what is possible.

Technology is playing an increasingly significant role in our daily lives. I am immensely proud of the role that Draper Esprit is able to play in helping entrepreneurs who have the vision, passion, and creativity to deliver this future across our four key subsectors; enterprise, digital health & wellness, hardware & deeptech and consumer technology.

During the period, we continued to provide long-term, patient capital to the businesses

we work with, in line with the strategy we outlined at our 2016 IPO. This has enabled the technology entrepreneurs in our portfolio to access the capital they need to grow their businesses, while simultaneously giving our investors exposure to exciting early and growth-stage technology companies.

Our own business has evolved significantly over the course of the last year. We have further scaled the business through investment and acquisition and entered a strategic partnership with Earlybird Digital West ("Earlybird"), with whom we share dealflow, investment resources, and expertise to co-invest including in the German speaking market. In parallel, we have grown our own team and extended our market reach through this partnership. We were also able to deliver two successful fundraisings during the period, strengthening our commitment to invest in the very best technology companies across Europe. We are grateful for the ongoing support of our shareholders and welcome new investors to our register.

Our investments in FY19 spanned a number of sectors and geographies, from a Finnish microsatellite company and a Dublin-based travel software business, to a London-headquartered fintech Unicorn and a Cambridge-based surgical guidance

company. All have big ambitions and a clear focus with the energy and dynamism needed to deliver on their growth ambitions.

Our success this year was driven by the teams who run our portfolio companies and the excellence of our people. Therefore, on behalf of the Board, I would like to thank all of them for their contribution and commitment to building the very best early and growth-stage technology companies Europe has to offer.

The European venture capital market continues to gather strength and winning firms are beginning to emerge. As one of Europe's largest venture capital firms in terms of capital deployment, we are at the vanguard of this movement. In addition, 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 build on our impressive 2019 performance in the years ahead.

**Karen Slatford**  
Non-Executive Chair

See more at:  
[draperesprit.com](http://draperesprit.com)

# CEO's Statement



**A substantial year of change and progress**

**"The strong momentum generated by the Company in 2018 has continued into 2019, with further progress made across all areas of the business."**

**Simon Cook**  
CEO

## Overview

The year ended 31 March 2019 was a period of significant development for Draper Esprit. We continue to deliver on our strategy of providing early and growth-stage technology companies with the capital, international networks, and hands-on support they need in order to achieve their global growth ambitions. Meanwhile, we have considerably increased the scale and breadth of our own business.

During the year, we undertook two successful fundraisings, signed a strategic partnership with Earlybird Digital West, and invested £226.4 million in new and existing companies, including £106.2m through our strategic fund acquisition and strategic partnership with Earlybird, and a further £35.1 million from EIS and VCT, cementing our standing as one of Europe's largest VCs.

Our mission is to empower Europe to invent the future, and the progress we have made towards achieving this aim is reflected in the growth across our portfolio, our strong financial performance for the period, exciting new investments and multiple exits.

We remain passionate about democratising entrepreneurship and the twelve months ended 31 March 2019 have seen us deliver growth and scale in our portfolio, as well as our own business, that will drive long-term and sustainable returns for our shareholders.

## Operating review

The strong momentum generated by the Company in 2018 has continued into 2019 with further progress made across all areas of the business.

The pace at which new technologies are disrupting, shaping and improving the world around us shows no signs of relenting with developments around machine learning, artificial intelligence, mobility, and blockchain opening up exciting new possibilities across our areas of focus in enterprise, digital health, hardware & deeptech, and consumer technology.

At the same time, we continue to invest in high quality companies, which fulfill our

strict investment criteria; we met thousands of businesses over the course of the year, but only the very best met these criteria and secured investment from us. Similarly, as the private capital markets continue to evolve, with greater funding opportunities available for companies to stay private for longer, we remain focused on price discipline.

Over the course of the 2019 financial year, we scaled our investments in line with the opportunities presented. The plc invested £89.0 million into new and existing portfolio companies, £5.3 million invested in fund of funds vehicles, with a further £25.9 million via the acquisition of DFJ Europe X, increasing our stakes in existing portfolio companies, and a further £35.8 million invested via Earlybird. We also furthered our relationship with Earlybird, acquiring underlying holdings in Earlybird IV and Earlybird Digital East for £70.4 million.

During the year, we generated cash of £16.0 million through exits including amounts held in escrow (with a further £15.3 million gross post period end). We once again exceeded our core strategic aim of targeting a portfolio return of 20% per annum, with 58% fair value growth in the portfolio across the period.

We achieved this with costs of less than 1% of year end NAV.

## Successful exits

During the year, the Company announced two disposals, with one further exit post the period end.

In April 2018, we announced the sale of our portfolio company Tails.com, the direct-to-consumer, tailor-made dog nutrition business to Purina Petcare, a subsidiary of Nestlé SA. The transaction was executed at a valuation supportive of NAV and represented an attractive return for Draper Esprit.

In February 2019, we sold our holding in Graze, the UK's leading healthy snacking brand, as part of its acquisition by Unilever plc, generating an IRR of 19%.

# £16.0m

Cash realisations with further £15.3m realisations post period end (2018: £15.9m)

# £226.4m

Cash invested in next generation companies (2018: £71.5m) (£120.2m ex. Earlybird)

# £215.0m

Additional capital raised by the plc

Post period end, we also announced a partial disposal of our share in TransferWise, the international money transfer platform, following its successful \$292.0 million share sale which values the business at \$3.5 billion.

Having originally acquired a stake in TransferWise as part of the acquisition of Seedcamp Funds I and II, which were acquired for £17.9 million in October 2017, we took the opportunity in April 2019 to sell down part of our stake while retaining an ongoing investment in the business.

Following this partial sale, Draper Esprit will have generated cash realisations of £18.1 million from TransferWise and three other companies from the Seedcamp portfolio, exceeding the original £17.9 million initial investment for the portfolio in October 2017. The remaining stake in Seedcamp I and II are also currently valued at above the £17.9 million original cost.

This transaction can be seen as part of an active secondary market developing within a maturing European ecosystem.

In addition, Grapeshot, part of the EIS portfolio, was sold to Oracle in April. Since the IPO, we have exited 18 companies, realising over £81.6 million in cash (including £15.3 million for Transferwise post period-end).

### Building scale to invest in high-growth technology companies

As companies are able to access larger pools of capital in order to achieve their growth ambitions, firms are remaining private for longer.

However, investment into technology on a per capita basis is over 165% higher in the US and 79% higher in China than in Europe.

Europe is still under-ventured and, if entrepreneurs from Europe are to compete on an international level, they need to

access funds with the ability to back their businesses over the long term.

In order to maintain continued access to the best dealflow across Europe, alongside our ambition to build a platform of scale, we entered into a Strategic Partnership Agreement with Earlybird Digital West ("Earlybird") with a view to sharing dealflow, investment resources, and expertise.

This partnership has already delivered success and, having taken a significant stake in Earlybird's VI fund as part of the original agreement, we further strengthened our partnership in January 2019 when we acquired interests in two of Earlybird's funds, EB IV and DEF, increasing the Group's underlying position within the German-speaking market and our broader position with fast-growing European companies.

With over 100 high growth companies across Europe in our respective portfolios, the Draper Esprit and Earlybird teams perfectly complement one another with our existing offices in London, Dublin, Paris, and Cambridge, working closely with Earlybird's offices in Berlin, Munich, Cologne, and Istanbul to create one of the most active venture capital partnerships in Europe.

To fund our continued growth, we successfully raised £115.0 million and £100.0 million in June 2018 and February 2019 respectively, from both new and existing shareholders. These placings broadened our shareholder base and were accompanied by a further £64.0 million raised from across Draper Esprit's EIS and VCT funds.

The proceeds from the placings have been used to fund our primary strategy of direct investing as well as the acquisitions of the Earlybird funds. More broadly, our ambition is to grow NAV organically through investment and realisations to over £1.0 billion, utilising selective secondary acquisitions to generate scale and enhance returns.

### New investments in portfolio businesses

During the period, we invested in a range of innovative and high growth technology businesses, which, we believe, have the potential to become global leaders in their respective fields. These included the following new core holdings in:

- £25.4 million in Peak Games, the leading mobile games company based in Turkey. The plc acquired the underlying holding in the company via its relationship with Earlybird in February 2019. Peak Games is one of the top 10 mobile games companies in the USA, with over 275 million users.
- £14.5 million in Smava, the consumer loans portal based in Germany, striving to make loans transparent, fair, and affordable. The plc acquired the underlying holding in the company via its relationship with Earlybird in February 2019. The company has raised \$135 million to date and has over 300,000 customers who have made transactions of over €3 billion on the platform.
- £13.3 million in UiPath, the comprehensive robotic software solution for IT-based process automation. The plc acquired the underlying holding in the company via its relationship with Earlybird in February 2019 based on a value of UiPath of \$3.0 billion. Post period end, UiPath raised a further \$568.0 million at a post-money valuation of \$7.0 billion.
- £12.4 million in FINALCAD, the leading building, infrastructure and construction mobile software platform, bringing the total funds raised by FINALCAD to \$60m to date, with the proceeds being used to extend the product platform into the energy, operations, and maintenance sectors, increase headcount globally, and further invest in R&D.
- £9.9 million in Aircall, a leading provider of cloud-based call centre software bringing the total funds raised by Aircall to \$40.5 million to date, with the proceeds from the round being used to accelerate

# CEO's Statement

the buildout of Aircall's cloud-based phone system.

In addition, £49.3 million has been invested into a further 28 new emerging portfolio companies including 6 via Earlybird VI.\* These include Iceye, the Finnish microsatellite company, Revolut, the London-headquartered fintech company, Fluidic Analytics, the Cambridge-based protein detection platform with research, medical and consumer applications, N26, the digital mobile bank, Onefootball, the football app, and Hadean, the London-based deep tech company building a cloud-first operating system.

## Seed fund strategy

As we have consistently outlined, our seed fund strategy gives us access to the best early stage deals across the sectors and geographies in which we operate while also ensuring that the early stage market in Europe is well seeded with capital.

During the period, Draper Esprit plc has continued to expand its fund of funds strategy and has invested £5.3 million in top seed funds. This £5.3 million investment gives strategic seed stakes of an average of £30,000 in 150 companies, enhancing future dealflow as the best will seek growth capital. We have now invested in 17 seed funds, having committed £34.0 million in total, which will be invested by the funds across a broad range of subsectors within the European technology market over the next five years.

## Fund secondaries

Secondary activity has always been central to the entrepreneurs we support given the role it plays in driving value and creating liquidity in the market, allowing founders to scale their businesses for the long term. By investing in primary and secondary deals, we are able to provide entrepreneurs with broader capital solutions to allow them to build their companies while finding high quality opportunities for our shareholders at attractive valuations.

During the period, we invested £70.4 million in Earlybird Fund IV and Digital East, where we gained underlying holdings in companies such as UiPath, Smava, Peak Games, B2X, and Socialbakers.

In addition, we acquired DFJ X for £25.9 million, increasing our stakes in existing core portfolio companies including Trustpilot, M-Files, Sports Pursuit, and Lyst.

## Follow on investments and portfolio update

Our core portfolio companies have performed strongly, driven by revenue growth and from financing rounds at higher valuations. As the European venture capital market matures, the ability for companies to stay private for longer, by raising significant capital in later rounds, is generating global companies that can compete with the very best internationally. Our growing scale and patient capital model means we can back the companies we invest in for longer.

Graphcore and Trustpilot are two particularly good examples of this model in action, with Draper Esprit working closely with both businesses since our original investment. These firms, and others such as Ravenpack and Perkbox, have been in our portfolio from an early stage. We have continued to support their development via participation in later funding rounds, as well as hands-on support to help them to scale in their respective markets.

## Building on our momentum – outlook and summary

We have entered the new financial year in a strong position and have built on this positive momentum with strong progress within the portfolio, including the recent equity raises by Perkbox, UiPath, and the secondary sale of Transferwise.

In May 2019, we have secured a new revolving credit facility, provided by Silicon Valley Bank ("SVB") and Investec, of £50.0 million over a 3 year term which will provide us with greater financing flexibility. We enter the new financial year with over £150.0 million investment capacity, including over

£50.0 million in cash, £50.0 million debt, and £50.0 million from our co-investment funds, EIS and VCT, to invest in new, exciting investment opportunities and continue backing the winners in our portfolio.

As we continue to source the best deals via the provision of growth capital to entrepreneurs, we have been able to deliver both consistent returns for investors and increased scale across our business.

Our relationship with Earlybird continues to strengthen our position in the German speaking market, providing us with exciting opportunities to invest in some of Europe's brightest tech start-ups, while the ongoing revenue growth within our portfolio, combined with attractive exits and a healthy pipeline of future investment opportunities, means we are well placed to build on our strong track record of delivery to date.

I would also like to place on record my thanks to the management teams of our portfolio companies who remain central to our whole business model.

We enter the new financial year well positioned to capitalise further on opportunities in 2019/20 and remain focused on executing our strategy driving long-term, sustainable returns for our shareholders.

\*Reporting threshold – companies with a NAV of £1.0 million or more.



Advancing machine intelligence

## Case Study Graphcore

£13.7m

Total invested  
(with a further  
£0.8m from EIS  
funds).

**From autonomous vehicles, personalised medicine, intelligent mobile devices, to collaborative robots— machine intelligence applications have the ability to impact a vast number of industries. However, training complex deep neural networks takes far too long, and most of the architecture is outdated. Many new machine-learning approaches need 100x to 1000x more compute power. To achieve this level of performance requires a new system solution that can scale to the level of compute required.**

To solve this problem, Graphcore have developed a completely new kind of processor and software specifically designed for machine intelligence. Their IPU (Intelligence Processing Unit) and IPU-Pod enable massive machine intelligence training tasks that can support huge deployments with thousands of users. In 2018, the company generated its first revenues, just two years after the company was founded.

We back companies as they grow, giving shareholders access to high quality opportunities. Over the past year, we participated in their \$200.0 million funding round, investing a further \$12.0 million in the company, at a \$1.7 billion valuation.

At Draper Esprit, we have a long history of backing hardware and semiconductor businesses. In fact, we knew the founders of Graphcore when we backed their former company Icera (sold to Nvidia) and then XMOS, from which Graphcore was a spinout. We have backed Graphcore from seed stage and have since partnered with them as they achieved unicorn status.

**“Our investments in the year spanned a number of sectors and geographies. All have big ambitions and a clear focus with the energy and dynamism needed to deliver on their growth ambitions.”**

**Karen Slatford**  
Non-Executive Chairman

# Strategic Report

# Our pools of capital

## A multiplatform strategy

In the past 3 years, we have scaled our platform to enable the plc to access the best dealflow across Europe. Our co-investment partners bring third party capital, enabling the plc to build a more material stake in companies, while also increasing our reach into the best companies. Meanwhile, the management and performance fees received from the tax-efficient funds offset management costs for plc shareholders.

The plc balance sheet forms the core investment vehicle for the Group. 30% of the Group investment capital goes towards smaller and early stage investments. In the UK, Draper Esprit EIS and Draper Esprit VCT invest alongside the plc. In Europe, these deals are done either directly through or alongside Earlybird Digital West via our strategic partnership.

70% of the deals we do are invested in larger and growth stage deals (either follow on from our emerging portfolio or new companies), these deals are done, predominantly, through the plc balance sheet. As the European market matures, there is an increasing market for these growth deals. The permanent capital model of a listed vehicle also provides additional flexibility to build stakes in the top performing investments over time as opportunities arise.

### Draper Esprit VCT

In 2016, Draper Esprit acquired a 30.77% stake in leading VCT manager Elderstreet Holdings Limited, which manages Draper Esprit VCT plc (LSE:EDV). At the last publicly released NAV 30 September 2018, it had AUM in excess of £41.7 million. Since then, it has closed a further £7.0 million fund raising. The funds co-invest with the plc in UK deals.

### Draper Esprit EIS

The Company owns 70% of Encore Ventures, an FCA-regulated management vehicle. With six co-investment funds, it has raised over £100.0 million to date.

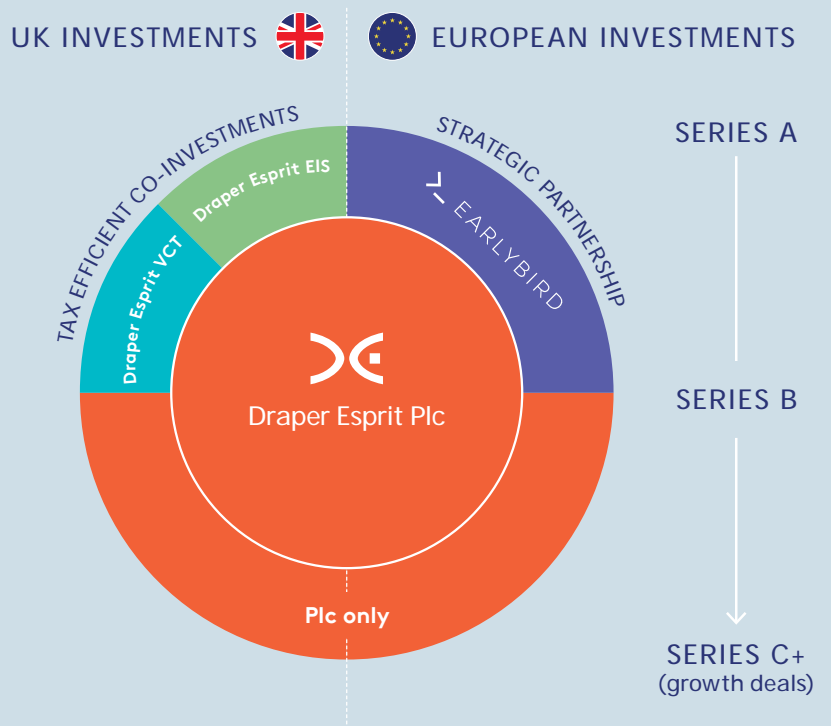
The Encore Funds have been independently reviewed for five years in a row as the highest ranked growth EIS fund. They scored 89/100 in the Tax Efficient Review, the highest ranked growth EIS fund as of April 2019. The funds co-invest with the plc in UK deals.

### Earlybird Digital West

In July 2018, Draper Esprit announced a strategic partnership with Earlybird Digital West to share dealflow and resources to co-invest in high growth technology companies across Europe, in particular the German-speaking market. As a part of this, Draper Esprit has taken a 50% stake in Earlybird's latest fund Digital West Early Stage Fund VI ("Earlybird Fund VI"), initial investment of €18.0 million (£16.0 million) is being followed by further commitments of €17.0 million (£15.0 million) a year.

For more information on the partnership, please see page 18.

## Plc co-investment structure



# Our Portfolio

We invest across four sectors in high growth European technology companies\*:



## Consumer Technology

New consumer-facing products, innovative business models, and proven execution capabilities that bring exceptional capabilities enabled by technology.



## Enterprise Technology

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



## Hardware and Deeptech

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



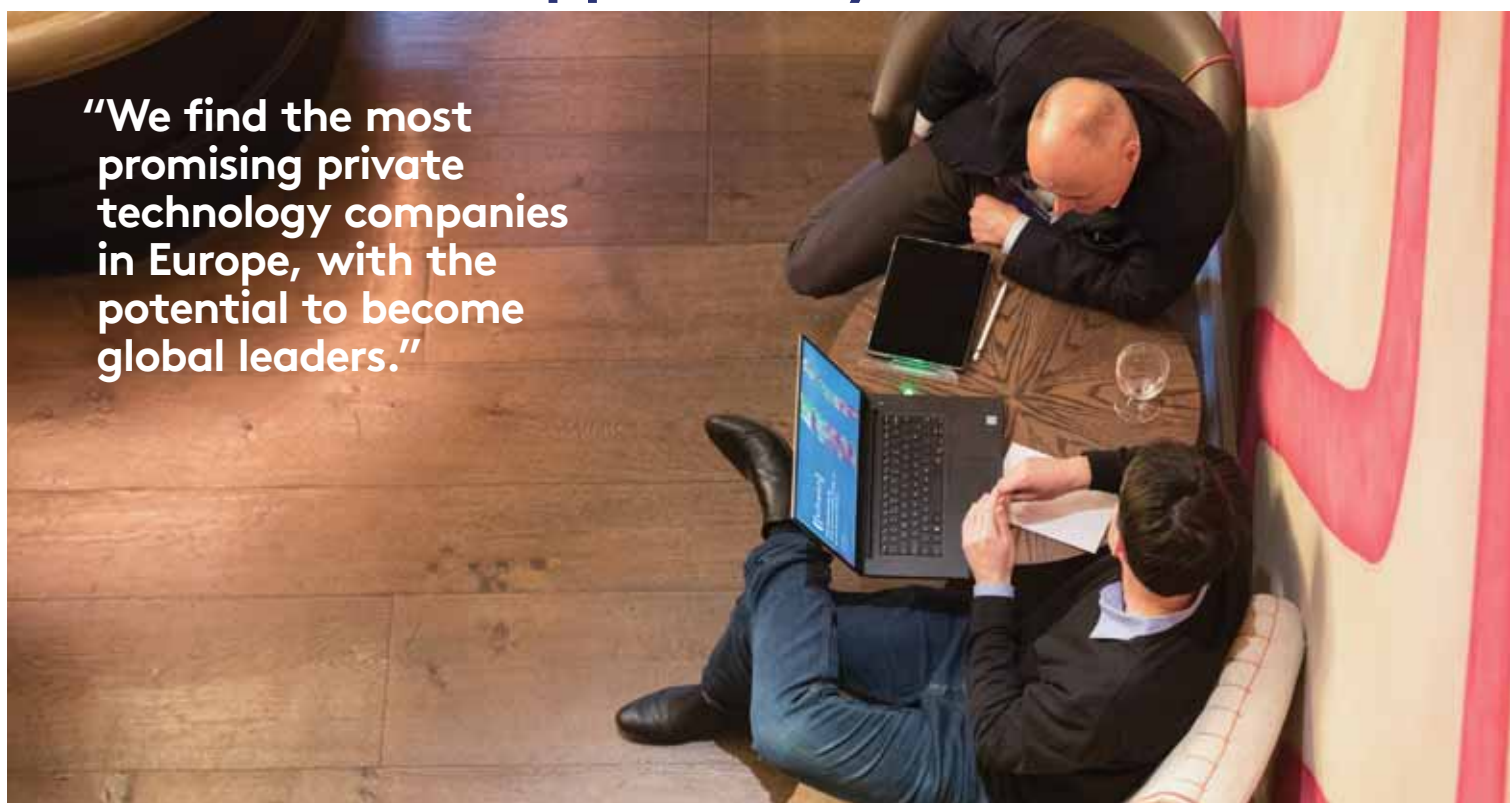
## Digital Health and Wellness

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



\*Companies represented here represent over £1.0 million of NAV.

## The investment opportunity



**“We find the most promising private technology companies in Europe, with the potential to become global leaders.”**

## The investment opportunity: access high growth private technology companies

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

### Invest in Europe's most ambitious tech companies

We find the most promising private technology companies in Europe, with the potential to become global leaders. We meet thousands of companies a year and invest in approximately 20 a year, including follow-on. Our brand, access to the Draper Venture Network (see page 16), and seed fund strategy (see page 20), mean we have a large pipeline of deals in the ecosystem to ensure we can take a market wide view before investing. The Group's investment team originate new attractive investments from key geographies across Europe while remaining focused on price discipline.

### Sustainable investment in growing companies

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 portfolio we have is diversified across sectors and geographies, and our core portfolio holdings have conservative valuations based on forecast revenues.

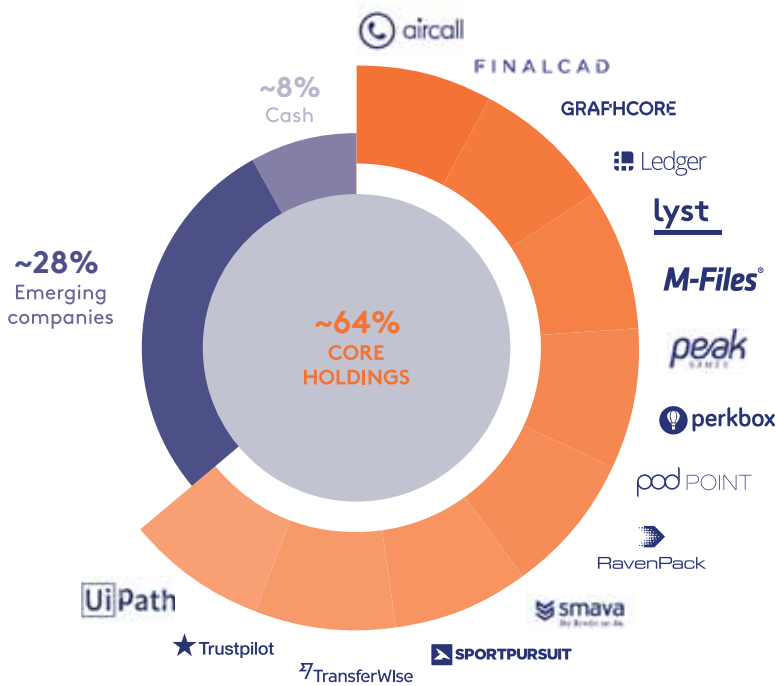
### Experience drives our success

Our team is highly experienced: we have been investing in technology for over 20 years. We take a seat on the board of

our portfolio companies, with significant investor rights. Many of the team also offer specific domain expertise and have experience as technology entrepreneurs, which aids our decision-making and ability to give the companies the right connections and advice.

As a Group we have a track record of delivering 20% annual portfolio returns, driven by the revenue growth of the underlying portfolio companies. As a public company, we continue to deliver these returns through the cycle. To date, we have exceeded this target with strategic acquisitions of portfolio companies and by increasing our stakes in our core holdings.

# 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.”**

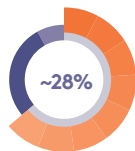
As our companies grow, we provide follow-on capital to build our stakes. 70% of Gross Portfolio Value and 64% of our Net Asset Value is distributed in the top 15 companies, representing our core holdings. By doubling down on the winners in our portfolio, we manage the risk exposure of the portfolio and 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.



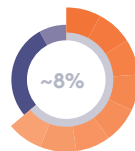
**Core Holdings**

The top 15 companies in the portfolio representing 70% of Gross Portfolio Value, which is 64% of the Net Asset Value (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 Group invests in entrepreneurial and 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, by going public through IPO, or increasingly via the private secondary market.

**Benefits of this approach**

**Gain access to private technology companies**

As companies stay private for longer, it is getting harder for investors to access high growth technology companies in the public markets. Our listed evergreen vehicle provides investors with ongoing liquidity that private limited partnership models do not allow.

**It is not a blind pool**

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

**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.

**“We source the best deals from thousands of companies and provide them with the capital, expertise and networks to fuel their growth.”**

# 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 from series A onwards is our core business, with the majority of our capital allocated to later stage investment rounds. We recognise the needs of the entrepreneur and are dynamic in finding the best capital solutions to fit their requirements.



### Series A

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.



### Series B, C & onwards

As businesses look to expand internationally and dominate globally, we invest as part of the Series B+ part of funding cycle. In order that shareholders capture the best value, we increasingly invest later stage in growth rounds.



### Secondaries

Whether it is helping companies find liquidity for their early backers, or a fund that has timed out 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.



### Seed fund of funds

While we do not 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 their businesses as they scale.



## Our investment criteria

### We invest in high-growth technology companies

We look for high-growth companies with strong technology products and business models, experienced and visionary management teams that have 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 eventual acquisition or IPO, with valuations from US\$50.0 million to US\$1.0 billion and beyond.

### 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. As many start-ups 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. By investing at the high-growth phase of a company's lifecycle, before companies go for acquisition or IPO, we give our investors access to the value this phase generated.

## The investment process

Together with Earlybird, we screen thousands of businesses every year in order to find the best opportunities.

### Screen thousands

Across our investment platform, we look at thousands of businesses a year – searching for the brightest opportunities, and the clearest visions. We do not 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 15-30

We make 15-30 investments a year, including follow on investments, bringing the most ambitious tech companies into our portfolio.

### Facilitate growth and build stakes

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 are 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 support 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 and international growth. Founded by Tim Draper, the network reaches from Silicon Valley to China, Brazil to Japan. The network allows us to gather like-minded funds from around the world to invest in the brightest companies. As our recent success with Ledger demonstrates, the network allows us to gather with like-minded funds from around the world to invest in the brightest companies.

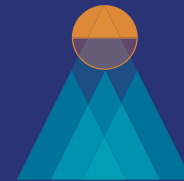
The network helps us support companies as they grow – providing the sort of international introductions that can spark years of growth, or put companies in touch with potential acquirers.

It is 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 are the only growth focused technology venture capital firm listed on the stock market. As we are no longer tied to a 5+5-year investment structure, 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 public 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 take a seat on the board of the company, to offer support and guidance as it grows and scales. This means we can actively manage our investments and put valuable experience to good use, right where it matters.

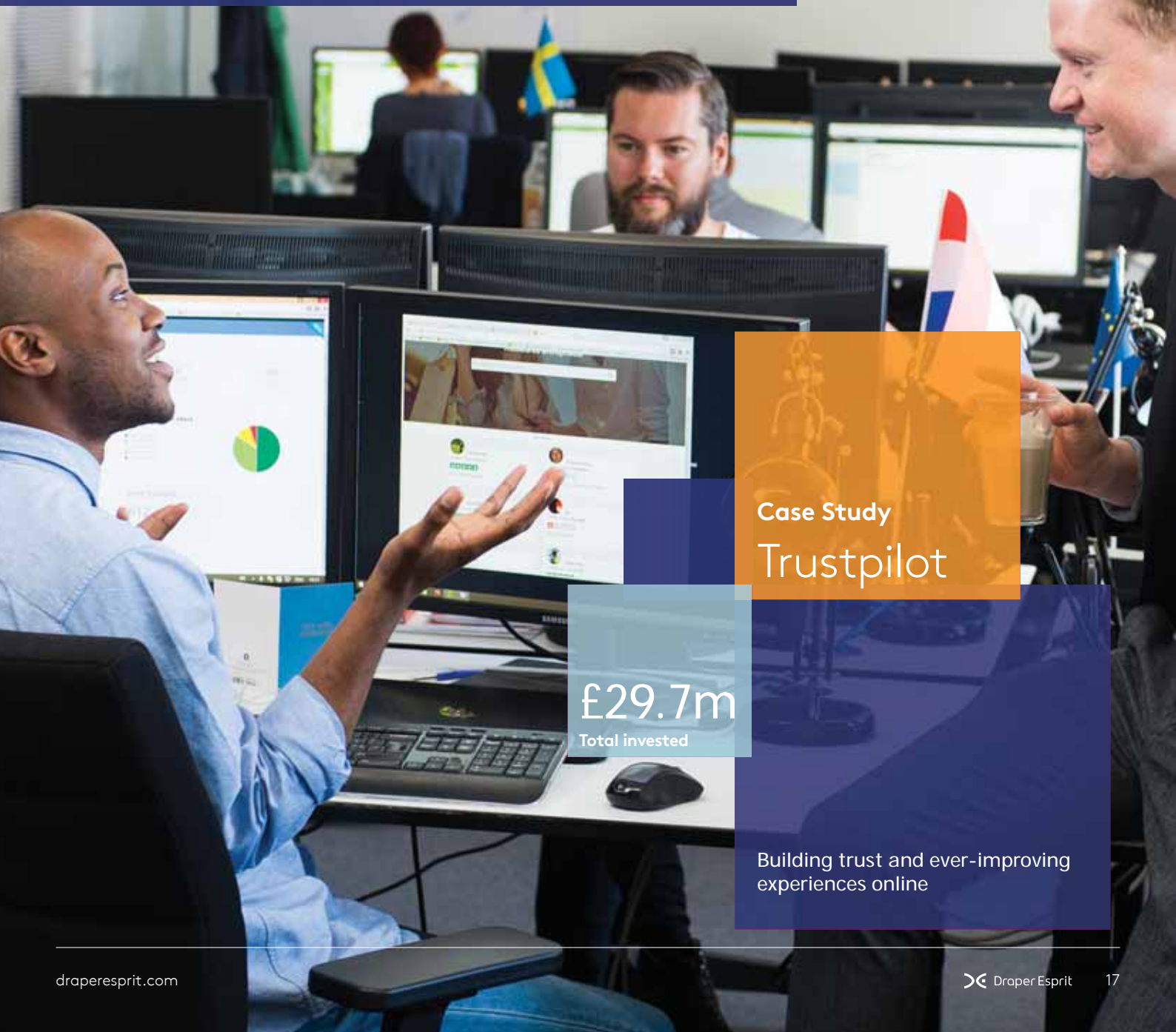
We also run events and offer specific training for portfolio companies: including trend spotting, panel discussions, and focused networking to help our companies get ahead.

**Trustpilot offers a free and open review platform, enabling people to make informed buying decisions. Since 2007, Trustpilot has built a market leading business model, gathering 56 million reviews of over 265,000 company domains from 150+ countries.**

We first invested in Trustpilot in 2013 but have since doubled down on the team through three subsequent follow-on rounds, including secondary transactions. By building a stake over time, we have both enabled the company to grow over the long term while also capturing value for our shareholders.

We worked to expand the senior leadership team, taking a seat on the board, and built a solid financial foundation for the company to scale. Our support continues. During this year, we participated in a series E fundraising of \$55m to accelerate its leading position.

Founded to be a transparent and collaborative platform, Trustpilot has international expansion and growth of its team on the horizon. We look forward to continue working with the company as its position solidifies within the global market.



Case Study  
Trustpilot

£29.7m  
Total invested

Building trust and ever-improving experiences online



## Our Strategic Partnership with Earlybird: scaling into the German speaking market

The last five years have seen a number of start-up hubs emerge or mature across Europe. The entrepreneurs no longer need to move to Silicon Valley to access capital and build their businesses; it is now possible to build the next unicorn from London, Berlin, Paris or Stockholm.

Our ambition is to support entrepreneurs building global businesses, no matter where they base themselves across the continent. To do that well, it requires local connections to build long lasting relationships with entrepreneurs in the cities they live and work in.

Over the past decade, Germany has become an international hub for entrepreneurship centred around Berlin and Munich. Last year, Germany was the second largest destination for venture capital funding in Europe, after the UK, with €4.9 billion invested in the region in 2018.<sup>1</sup>

Partnerships are rare in our industry. However, at a time when China is increasingly catching up with the US, Europe cannot afford to stand still. According to CB Insights and KPMG's latest report, the Americas invested \$102.0 billion in tech companies; Asia invested \$81.0 billion, while Europe invested \$21.0 billion.<sup>2</sup> Simply put, scale matters and growth capital is less available to entrepreneurs in Europe. That is not to say that the market is not growing; last year we saw later stage investments grow by 16.7% in Europe;<sup>3</sup> however, it is to say that entrepreneurs need platforms of scale, and that those who can offer this can be more competitive within the VC market. Through this strategic partnership, we believe we can offer our shareholders access to the very best companies in Europe.

<sup>1</sup> "Annual Venture Capital Report 2018," Dealroom

<sup>2</sup> "Q4'18 Global Analysis of Venture Funding," KPMG and CB Insights

<sup>3</sup> "Draper Esprit research, Pitchbook."

### About Earlybird

Earlybird is a leading venture capital firm based in Berlin, Munich and Istanbul. Earlybird has 23 investment professionals and 3 active funds:

- Digital West
- Digital East
- Health Tech

Earlybird has a strong track record of delivering results and since 2004 have achieved 7 IPOs and 23 trade sales. We have known the team at Earlybird now for over twenty years and have complementary teams and focuses. Like the team here at Draper Esprit, they have deep experience in investing in digital technology.

**"Together, we have the equivalent of a \$1.3 billion fund, one of the largest in Europe, and a portfolio of over 100 exciting European tech businesses."**

**“Through this strategic partnership, we believe we can offer our shareholders access to the very best companies in Europe.”**

## Joining forces as strategic partners

In July 2018, Draper Esprit signed a strategic partnership with Earlybird Digital West to share dealflow, talent, and resources. When thinking of a new partner, “fit” is everything. We focus on series A, B, and beyond. The name is on the tin for Earlybird: they invest early: from seed to series A. We invest from offices in the UK and Ireland. They, from Berlin, Munich and Istanbul.

### Powering up

Together, we have the equivalent of a \$1.3 billion fund, one of the largest in Europe, and a portfolio of over 100 exciting European tech businesses. Together we deploy €200 million a year in Seed, Series A, B and C technology companies. We collaborate on 15-20 new deals together annually by combining our capital.

### Our underlying holdings

The partnership with Earlybird not only gives Draper Esprit a platform of further scale (particularly in the German-speaking market), a larger pipeline of deals, and a larger pool of expertise, it also gives Draper Esprit shareholders greater exposure to some of Europe’s best companies. As European venture capital markets mature, we have scaled our platform to ensure we provide our shareholders with the best opportunities.

To date, we have invested £106.2 million into Earlybird, valued at £145.0 million at balance sheet date.

### Milestones of the partnership so far

<b>July 2018</b>	<p><b>Announcement of the strategic partnership between Earlybird Digital West &amp; Draper Esprit.</b></p> <p>As part of this, Draper Esprit committed €85.0 million over five years to Earlybird Fund VI. Draper Esprit acquired stakes in companies including Shapeshift, Everoad, Movinga, Fraugster, Medidate, Xain &amp; Crossengage.</p>	
<b>Feb 2019</b>	<p><b>Acquisition of stakes in 2007 Earlybird IV fund and Earlybird Digital East.</b></p> <p>Draper Esprit plc now has stakes in 19 new companies including Smava, Peak Games, UiPath, B2X, Nfon, Socialbakers.</p>	
<b>March 2019</b>	<p><b>Draper Esprit invest £4.3 million in N26 as part of the strategic partnership with Earlybird Digital West.</b></p> <p>Acquisition of stake in N26</p>	

# Seed fund strategy

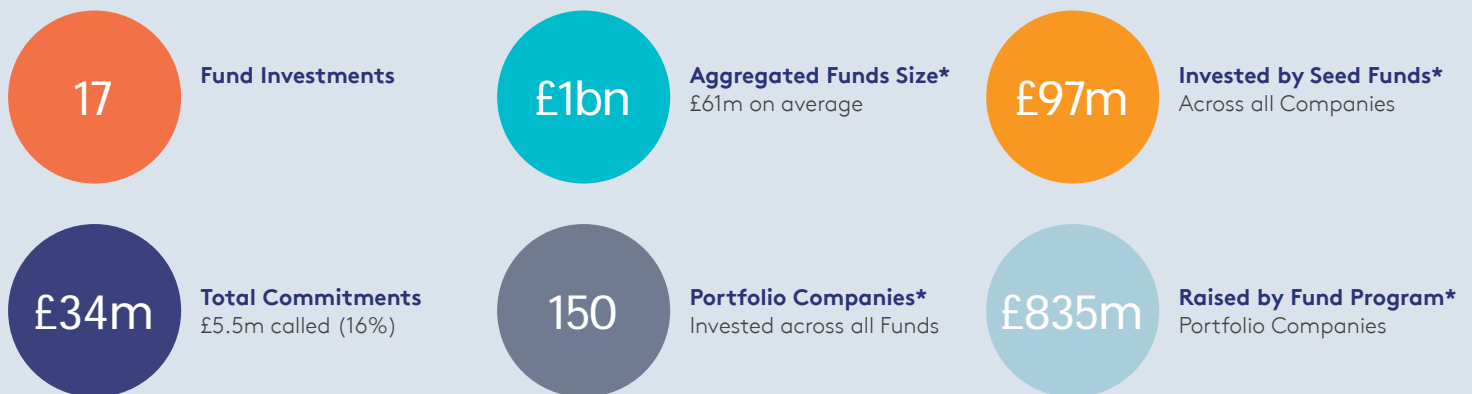
In October 2017, we launched our seed fund of fund programme. Since then, we have invested in 17 seed funds from across Europe, having committed £34.0 million, which will be invested over 5-10 years. Those funds already have over 150 portfolio companies and have raised £1 billion in aggregate. This year we invested £5.3 million from the plc.

The strategy is simple: by seeding the early stage ecosystem, we can source the best companies for series A & B, pool expertise from sector specific funds, and benefit from scouts based in every corner of Europe. Whether hunting for a company about to change the way we eat in France, how we manufacture products in Berlin, or the next piece of hardware in Cambridge, they always have one eye on the next trend.

In return, we ensure that the early stage market is well funded and can help many of their companies scale up when they need later stage funding to grow.

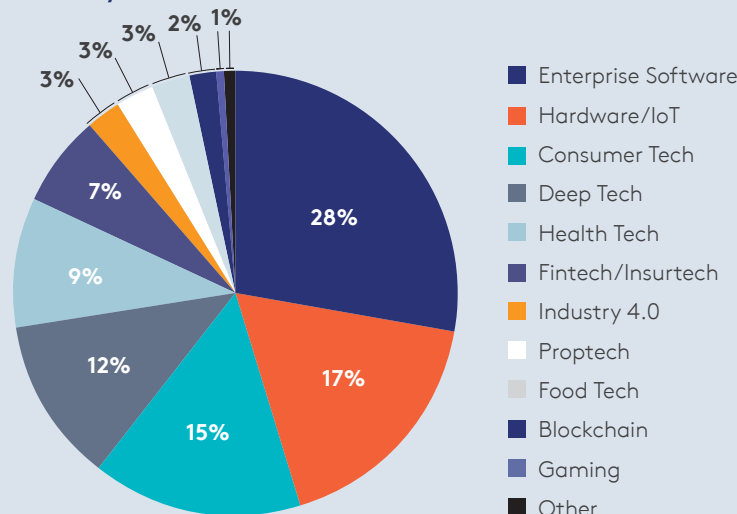
This is a long-term strategy but it is already bearing fruit. Draper Esprit invested in Apperio, a legal-tech business, and Fluidic Analytics, both of which originated in the portfolio of our seed fund IQ Capital, in August 2018.

## Our seed fund program in numbers\*

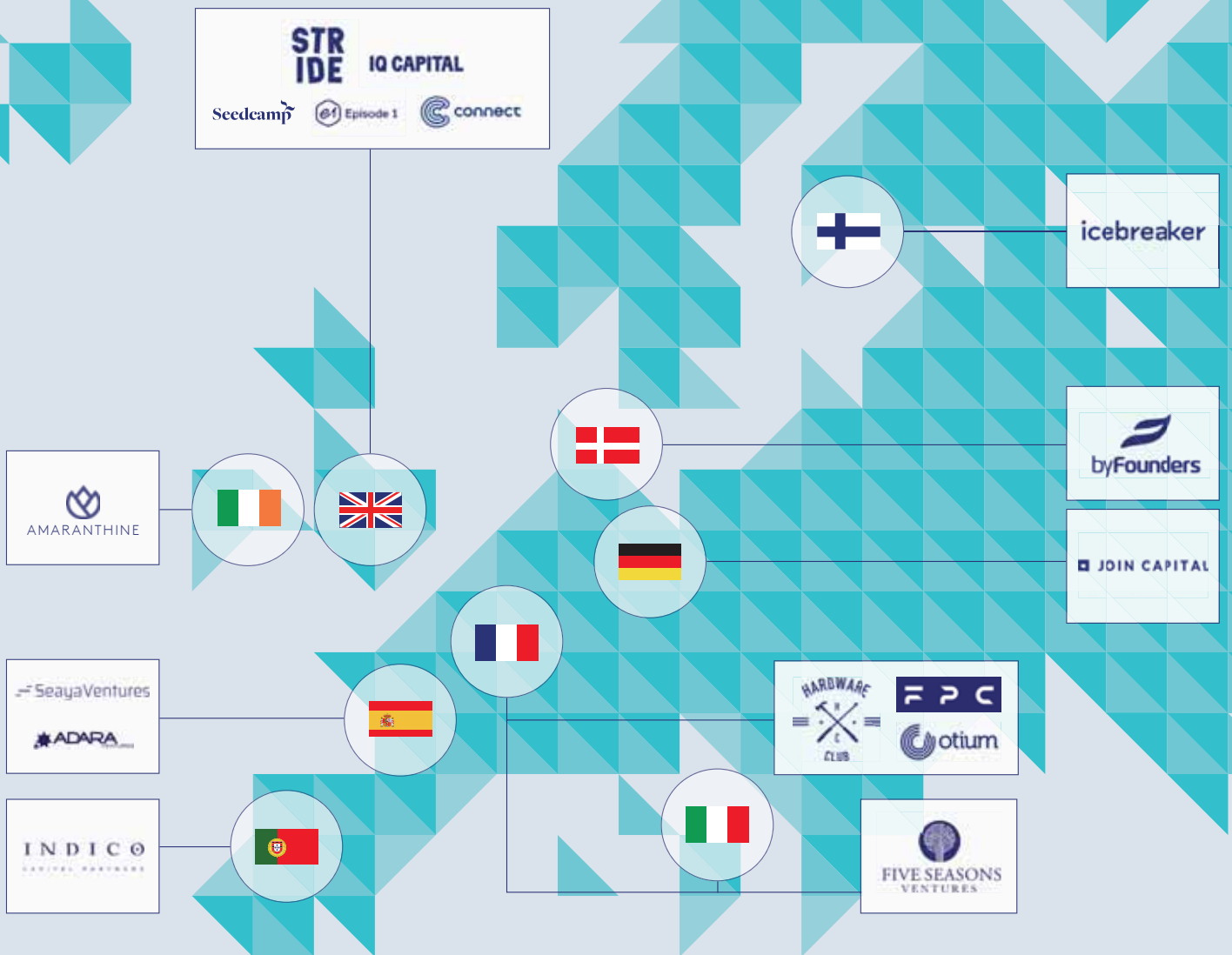


\*Numbers at at January 2019

### Portfolio companies of the seed funds by sector



“The strategy is simple: by seeding the early stage ecosystem, we can source the best companies for series A & B, pool expertise from sector specific funds and benefit from scouts based in every corner of Europe.”



# Emerging trends

The Draper Esprit investment team analyse the technology trends that will shape the industries of the future. Understanding the fundamentals of new technologies, such as machine learning or blockchain, and their commercial platforms, is critical to our investment decisions.

Each year, we make a number of investments into early stage companies at series A, from across diverse industries. These companies sit in our emerging portfolio. As these companies grow, we can double down on them to become part of our core holdings. Here are a few examples of new companies we backed this year:

## hadean

### Enabling online simulated worlds of unprecedented scale

We are still using a technology stack, which is, at its foundation, 40 years old. Thanks to cloud development platforms, software is increasingly able to scale across thousands of servers. The apps on your phone, the websites you browse, or the storage you use online for photos can now be powered by vast computer power, which used to cost millions and was only available if you had a supercomputer. However, the operating systems used today were not designed for the cloud.

Current architectures are built upon outdated infrastructure and involve clunky layers of middleware, and hours of development time. The result is that many complex applications struggle to be built without high rates of failure and unpredictability (large-scale simulations, for example), or simply require more time and manpower to manage (big data processing, for instance).

In March 2019, we led a £7.2 million round in Hadean, who are developing a cloud-first operating system, with the goal of redefining the technology stack for modern computing. Hadean's operating system enables programmers to scale their code, treating entire cloud-data centres as a single and gigantic computer.

Their technology has already been used by game studios, including CCP Games, the creators of MMO Eve Online, to build the largest online battle ever fought. Meanwhile, the Francis Crick Institute is using it to simulate large and complex models of protein-protein interactions, researching novel binding sites for tackling diseases like cancer.



## ICEYE

### Redefining modern satellites

Traditionally, satellites have been outdated, titanic objects mostly in high earth orbit. They are slow to react, taking days or even weeks to adjust the position to see a specific view of earth. Over time, microsattelites have emerged as an alternative by combining a constellation of satellites you can achieve a higher quality of data at a much lower cost. This data can then be used to solve some of the toughest challenges in maritime industry, disaster management, insurance, finance, security and intelligence.

In May 2018, we invested in ICEYE, the first satellite company in the world to have successfully launched a SAR (Synthetic Aperture Radar) satellite with a launch mass of under 100kg. Their radar satellite has the ability to see through cloud cover and can work day or night, allowing for much more reliable earth observation. The reliability of this data is crucial to its commercialisation and technical progress. We invested alongside the Draper Venture Network funds, including Draper Associates (based in the US) and DNX (based in Japan).



DNA gives us clues about what is likely to happen over a lifetime. Proteins and their behaviours tell us what is actually happening now. Proteins and their behaviours are crucial to understanding how diseases develop, identifying the ways that drugs interact with their targets, and helping to match the right treatment to the right patient at the right time. To date, the emergence of deep understanding of the biology underlying disease and health in real time has been hampered by the shortcomings of existing tools for protein characterisation.

In November 2018, we invested in Fluidic Analytics who have built a platform to give insights into the way that proteins fold, aggregate and interact by characterising them in solution- precisely as they exist in the body. These products have the potential to help researchers, pharmaceutical companies and patients gain more accurate diagnostics.





# RavenPack

Democratizing B...



Democratising big data in finance

£7.5m  
Total invested

h 12th 2019

CONFIDENTIAL

Case Study  
Ravenpack

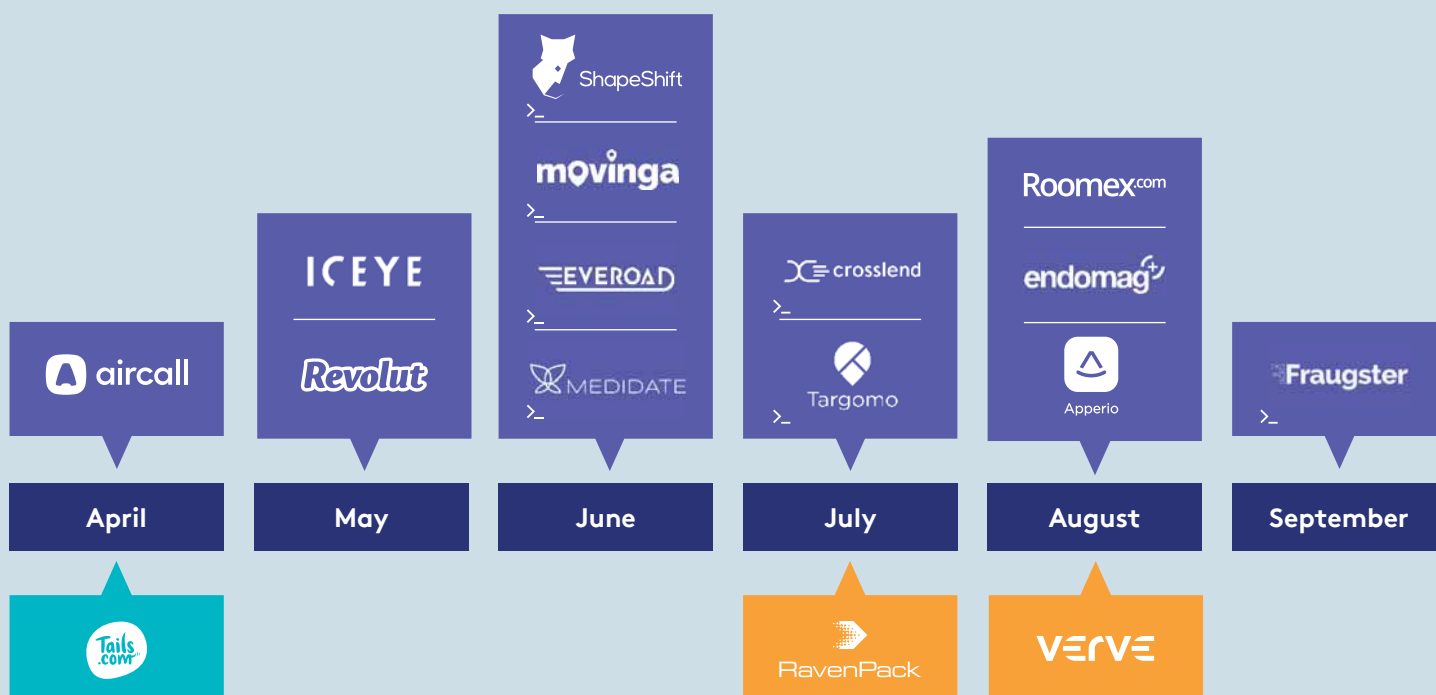
**Financial services handle vast amounts of data. They need reliable software to analyse unstructured datasets from social media, news wires, regulatory filings and their own textual assets to make sound investment decisions. Combined with analytics including sentiment scoring, RavenPack empowers its clients with a better understanding of global events and how markets might react to them.**

Over the past year, the company has grown at pace. They now count over 70% of the world's leading hedge funds as their customers, and have closed deals with big hitters Citi Bank, CloudQuant, and Wolfe Research. Priding itself on producing clarity in emotional and unstable financial environments, RavenPack is quickly becoming the product of choice for financial services.

We back our winners, and Ravenpack this year moved from our emerging portfolio of promising companies to a core holding. The company is on track to achieve excellent results, and we are excited to be a partner with them as they continue to scale.



# Activity in the year\*



## Deal Sourcing Strategy

- Initial investments
- Follow-on investments
- Portfolio additions
- Exits
- Seed funds
- > Via Earlybird

\*All companies listed represent investments of over £1.5 million.

\*\*Partial sale of shares, remains a core holding.

## £226.4 million investment in new and existing companies from 1st April 2018 to 31st March 2019

£91.7m

Initial investments  
(including £35.8m via  
Earlybird)

£33.1m

Follow-on investments

£96.3m

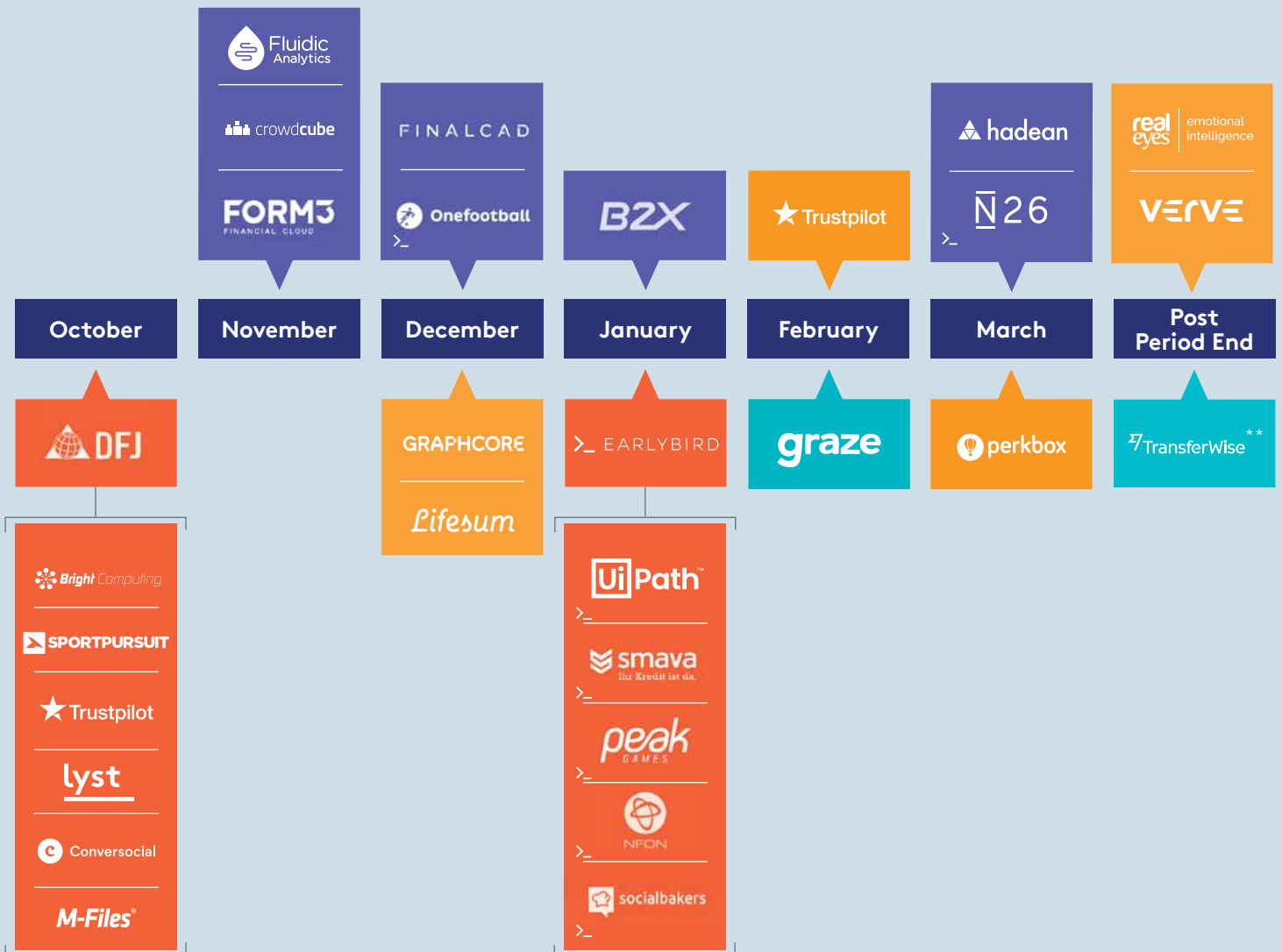
Secondaries (including  
£70.4m via Earlybird)

£16.0m\*

Exits (plus £15.3 million  
post period end)

£5.3m

Seed funds



# Portfolio Review

## Backing disruptive technology businesses across Europe

65%

Approximate average gross margin of core companies.

58%

Annual growth in portfolio value.

### 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 and strategic co-operation with our partnership with Earlybird. Our core portfolio companies have performed strongly, driven by revenue growth and from financing rounds.

At the year ended 31 March 2019, the fair value of the Group's Gross Portfolio had increased to £594.0 million (2018: £243.5 million).

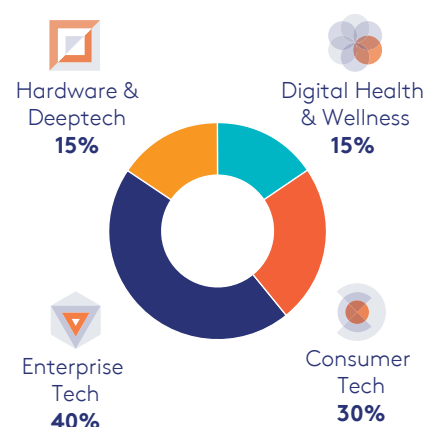
During the year, the Group has realised its investment holdings in Graze and Tails.com with £16.0 million (2018: £15.9 million) of cash generated including amounts held in escrow. The Group invested £226.4 million in the year (2018: £71.5 million), with a further £35.1 million co-invested from EIS/VCT funds (2018: £24.8 million), into the next generation of high-growth digital technology companies as well as supporting our existing portfolio companies.

The increase in gross fair value in the period of £140.1 million (58%) is driven by continued strong performance across the portfolio with notable uplifts in the value of the core portfolio companies, in particular Graphcore, UiPath, Peak Games, Trustpilot, Transferwise, and Smava.

At year-end, the portfolio held by the plc including via Earlybird consists of significant minority interests in 54\* companies (2018: 31 companies). The fair value of the Gross Portfolio is underpinned by 15 core holdings (2018: 10), which account for approximately 70% (2018: 70%) of the total portfolio value, with the remaining value spread across emerging investee companies, which have the potential to grow into the core holdings of the future. The investments made in the period and over the last number of years have added strength and breadth to the portfolio.

As we scale the business, the fair value of the core portfolio holdings is increasing. New investments in the year and realisations have been reflected such that the core companies now comprise of: Graphcore, Trustpilot,

### Number of Companies – split by sector



Peak Games, UiPath, Lyst, TransferWise, Smava, Perkbox, Ledger, M-Files, Ravenpack, SportPursuit, Finalcad, Podpoint and Aircall. This is a natural progression of the portfolio as the core companies scale and meet value inflexion points that highlight an acceleration in their growth.

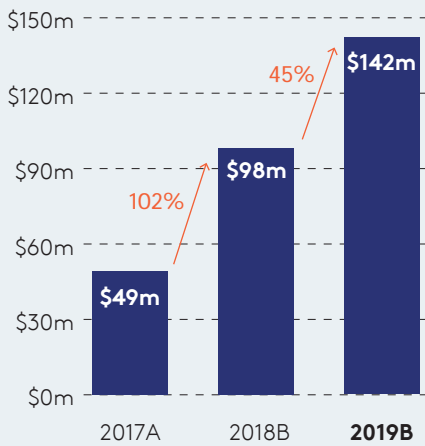
These portfolio companies now have an average turnover in excess of US\$142.0 million (2018: \$98.0 million), growing in aggregate over 45% annually from 2018. The high average revenues continue to grow in excess of our 30% per annum target and now reflects the scale and maturity of the core companies. The gross profit margin of the core holdings average approximately 65% and demonstrates 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.

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.

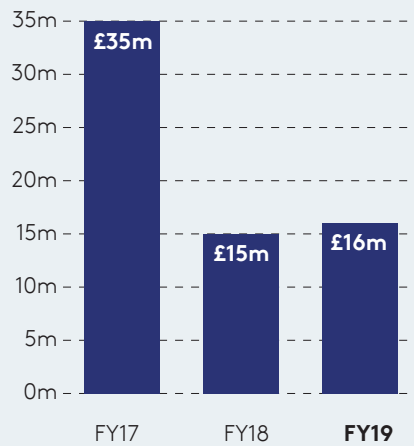
\* Reporting threshold – companies with a NAV of £1.0 million or more.

Please note, some of the below measures are Alternative Performance Measures ("APMs"). Please see note 28 to the consolidated financial statements for further details.

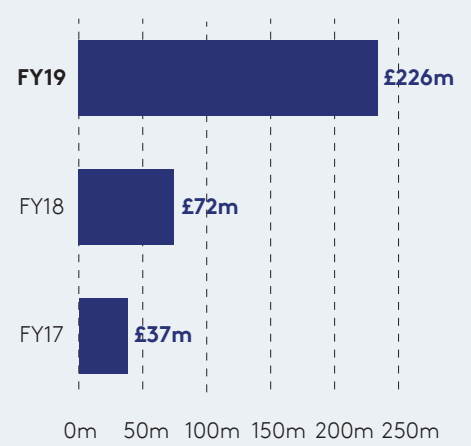
Average Revenue – Core



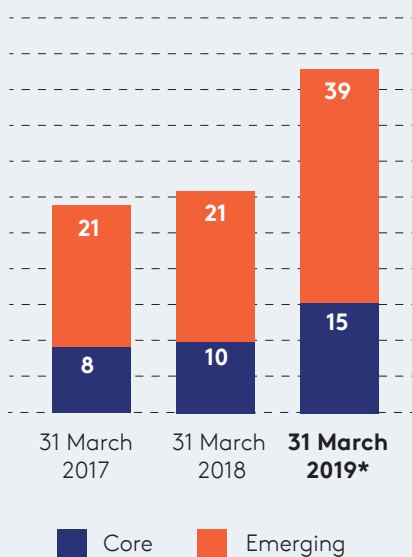
Cash realisations



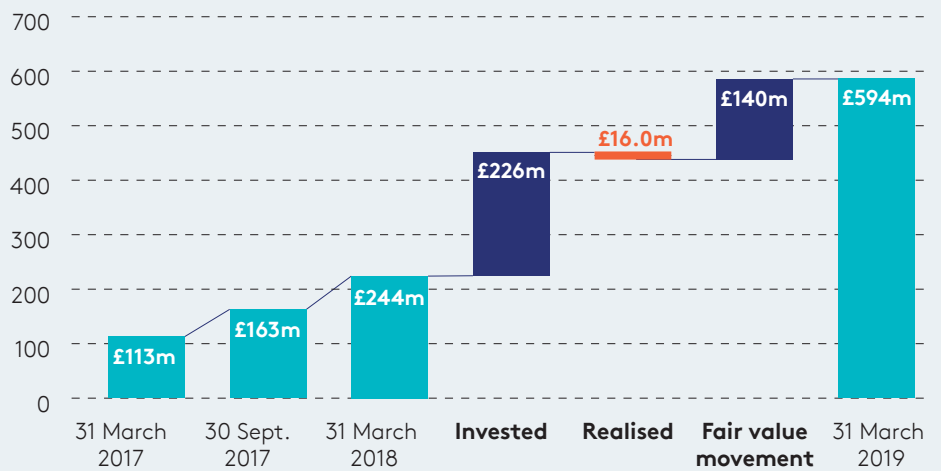
Cash invested



Number of Companies



Gross Portfolio Value Progression (£ millions)



\*Reporting threshold – companies with a NAV of £1.0 million or more.

# Portfolio Review

## Investments

To date, we have targeted investments of £60.0 million per annum from the plc and £40.0 million from co-invest funds into primary investments. In addition, the Group looks to opportunistically acquire portfolios of assets to provide investors with access to the best technology companies in Europe at attractive valuations.

During the financial year a total of £226.4 million (2018: £71.5 million) was deployed by the plc and a further £35.1 million (2018: £24.8 million) from EIS/VCT funds in 21 new companies (plc: 12, Earlybird: 9), 12 existing companies, and 12 seed funds. 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

In the year, the Company invested £91.7 million in 21 new investments (including £31.5 million in 9 new investments via Earlybird VI), with a further £21.0 million invested from EIS/VCT funds. Some of the notable new investments made in the financial year include:

- £12.4 million into **FINALCAD**, the leading building, infrastructure and construction mobile software platform.
- £9.9 million into **Aircall**, the leading provider of cloud-based call centre software.
- £8.0 million (including £4.0 million from EIS/VCT funds) into **Fluidic Analytics**, the Cambridge based deep tech protein detection platform with research, medical and consumer applications.
- £7.4 million into **Revolut**, the London headquartered fintech company.
- £7.3 million (including £5.0 million from EIS/VCT funds) into **Endomagnetics**, the Cambridge based cancer diagnostic clinical platform.
- £6.0 million (including £2.0 million from EIS/VCT funds) into **Crowdcube**, the UK based lending platform.
- £6.0 million (including £3.0 million from EIS/VCT funds) into **Roomex**, the Dublin headquartered SaaS enabled business travel platform.
- £4.3 million via Earlybird into **N26**, the Berlin headquartered digital banking company.
- £3.7 million into **ICEYE**, the Finnish microsatellite manufacturer.
- £31.2 million via Earlybird VI in high profile growing technology companies including **Crosslend** (a digital marketplace for loans), **Shapeshift** (the cryptocurrency exchange which offers global trading of a variety of digital assets via web and mobile platforms) together with further follow-on opportunities in the remaining portfolio.

## Follow-on investments

To grow our holdings in line with our stated strategy, and to continue to back the growth of our best companies, the Group invested £33.1 million into 12 existing portfolio companies. A further £14.1 million was invested from EIS/VCT funds increasing existing holdings in:

- **Graphcore**, a machine intelligence semiconductor company.
- **Trustpilot**, the global online review community.

- **Ravenpack**, the provider of analytics as a service to financial professionals by transforming unstructured data / content into actionable information in real-time.
- **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.

## Secondary investments

To provide investors with access to the best high growth technology companies in Europe, the Company sources investment opportunities through secondary acquisitions.

In the period, the Company acquired a 27% stake in Earlybird IV and a 5% stake in Earlybird Digital East which added a further £70.4 million of notable investments in the year including:

- £25.4 million in **Peak Games** (the leading mobile games company based in Turkey) and £14.5 million in **Smava** (the consumer loans portal based in Germany), which have been added to the Core Portfolio, via Earlybird VI together with further follow-on opportunities in the remaining portfolio.
- £13.3 million in **UiPath** the comprehensive robotic software solution for IT-based process automation acquired via Earlybird Digital East Fund together with further follow-on opportunities in the remaining portfolio.

The secondary acquisition of DFJ Europe X Fund for £25.9 million in the year increased our % holdings in several of our Core Portfolio companies, including Ravenpack, Trustpilot, M-Files and Lyst.

## Seed funds

In addition to the above, the Company has continued to expand its seed fund strategy investing £5.3 million in the year together with further commitments to a number of Europe's top seed funds: Byfounders (Denmark), Hardware Club (France), Five Seasons (France), Episode 1(UK), Seedcamp Fund IV (UK), Join Capital (Germany), Icebreaker (Finland). During the year, commitments have been made to 13 new seed funds across Europe.

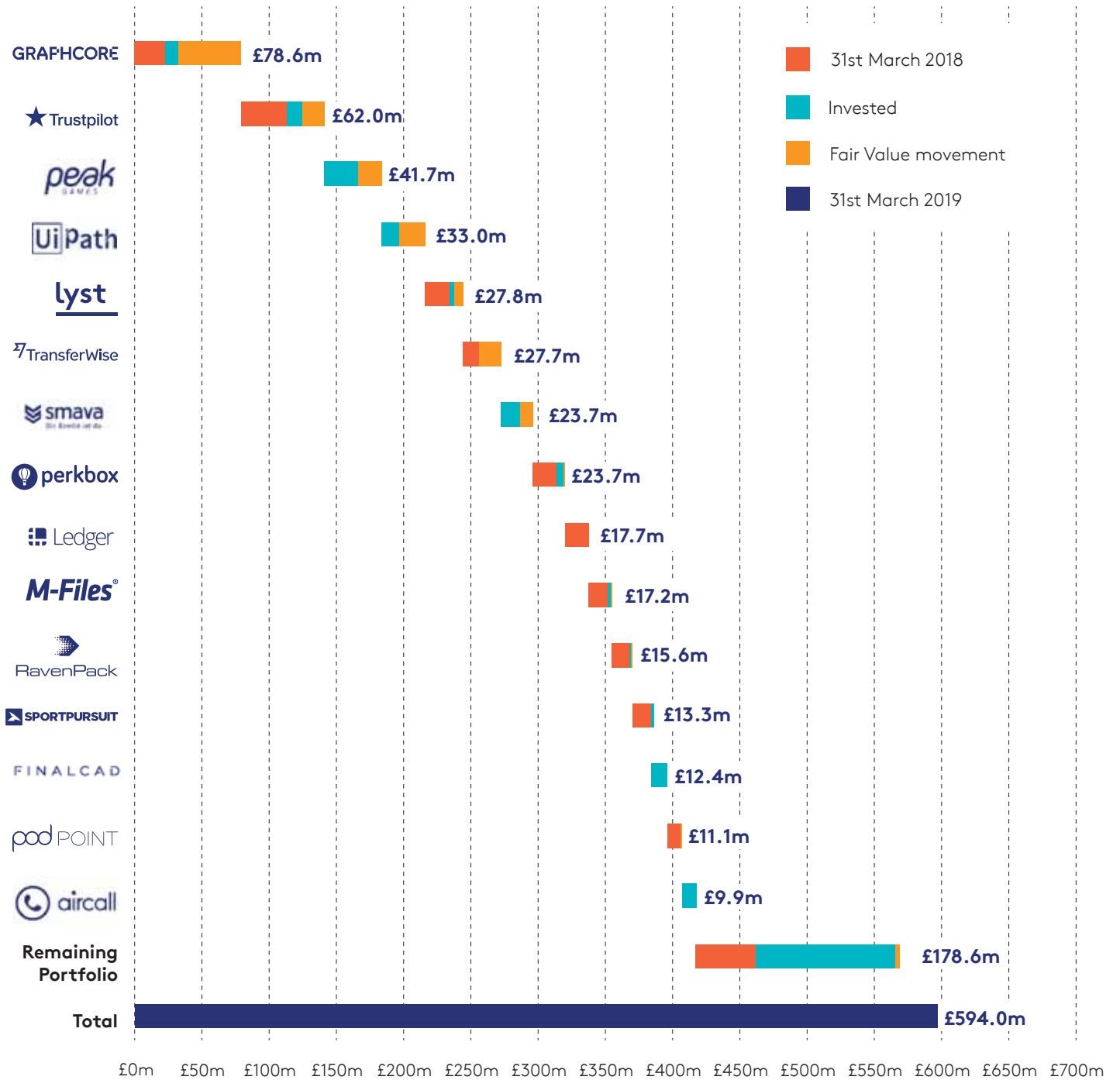
## Post-year end the following investments were made:

- A further £2.5 million invested by the Company in Verve.
- A further £2.2 million invested by the Company in Realeyes.
- A further £0.5 million invested by the Company in Push Doctor.
- A further £0.4 million invested by the Company in Kaptivo.

## Realisation

During the year, the Company realised £16.0 million from the disposal of Graze and Tails.com, including amounts held in escrows. Post period end £15.3 million gross proceeds were received for the part realisation of Transferwise bringing the total cash returned since IPO to £81.6 million to the balance sheet.

Gross Portfolio Progression — by Portfolio Company  
(£ millions)



# Core Portfolio Companies



Draper Esprit invested £9.9 million in 2018.

Aircall makes phone support easy to manage. It offers instant phone numbers in over 40 countries for over 3000 business customers and provides a collaborative phone app for teams using connective CRM or customer support tools.

In 2018, the company raised a series B round, led by Draper Esprit totalling US\$29.0 million. Opening new offices in New York and Paris, Aircall has hired a team of over 150 people and released integrations with ecommerce giant Shopify as well as CRM systems MS Dynamics and Copper.

In May, Aircall announced a partnership with Intercom. Aircall Now, an application that instantly transitions text chat with customers into a phone conversation within Intercom Messenger, streamlines the sales, marketing, and customer workflow. This partnership sees Aircall Now available to Intercom's 25,000+ customers, giving the company ample firepower to scale globally.

Alongside Draper Esprit, other investors include Balderton Capital, NextWorld Capital, eFounders and Newfund.

£9.9m

Invested

£9.9m

Investment valuation

£12.4m

Invested

£12.4m

Investment valuation



## FINALCAD

Draper Esprit invested £12.4 million in 2018.

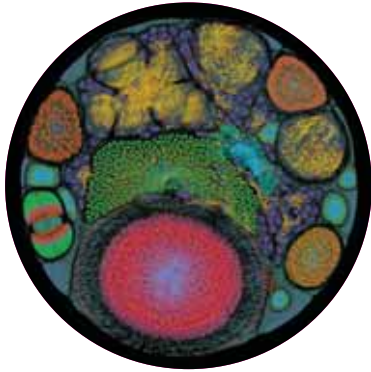
FINALCAD improves construction companies' operational efficiency through a mobile digital platform. Site engineers, Foremen, Architects and Consultants can collaborate using FINALCAD's app, enabling collaboration across a wide variety of workflows both on site and at the office. The app is not just a communication tool, but also enables users to work on drawings, BIM models, tasks, controls, safety procedures and progress monitoring. FINALCAD then provide insights and best practices at a company level.

During the period, the company launched FINALCAD Live, an app allowing users to write a digital site diary with images, a location, and description, creating a news feed for short duration construction projects. The app transforms the way in which site managers oversee costs, collaboration, and processes.

The company also made key hires in its sales teams, bringing in Olivier Remy, Head of Sales for Northern Europe and Jaime Urquiza, Head of Sales for Southern Europe and Latam. Additionally, it signed Groupe Fayat, France, the no.1 independent construction group in France and worldwide leader in road equipment.

Investors alongside Draper Esprit are CapHorn Invest, Aster, Serena Capital, Salesforce Ventures, and Cathay innovation.





## GRAPHCORE

Draper Esprit first backed Graphcore in 2016 and has invested £13.7 million to date with the most recent investment of £9 million in December 2018, part of a wider US\$200.0 million plus Series D funding round. This latest round valued Graphcore at \$1.7 billion, making it one of a handful of British technology unicorns.

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.

During the year, the company began product rollout. In May, it shipped its C2 IPU (Intelligence Processing Unit) cards to early access customers. In December, it announced the Rackscale IPU-Pod™ reference design, which takes full advantage of the IPU’s scale-up and scale out features, harnessing its capability of massive machine intelligence training tasks or the support of huge deployments with 1000s of users.

The team are also scaling significantly, with around 500 new hires expected across the business by end of Q1 2019. Notable hires include Scott Hover-Smoot as SVP and General Counsel bringing considerable experience of the semiconductor industry and Jason Lu as VP of China Sales in October 2018, building out the Graphcore team in China.

Investors alongside Draper Esprit are Sequoia Capital, Atomico, Microsoft, and BMW iVentures.

£13.7m

Invested

£78.6m

Investment valuation



## Ledger

Draper Esprit invested £17.7 million from the plc in January 2018.

During the period, Ledger, the hardware security wallet for cryptocurrencies and blockchain applications, launched three new products: the Ledger Nano X, a bluetooth hardware wallet that received an innovation award at the CES, the Ledger Vault, a security solution for financial institutions and Ledger Live, the standalone companion computer app for Ledger devices.

Ledger has opened new offices in New York and Hong Kong, deploying sales teams to the ground for the Ledger Vault. The Ledger Plex, a 3500m² production facility in Vierzon (France), has broken ground and will be delivered in September 2019.

To date the company has clients in over 165 countries and has sold over 150 million wallets globally. In May, the team also announced a joint-venture named Komainu with global investment bank, Nomura, and pioneer investment house, Global Advisors. Komainu is being established to bring together the traditional and disruptive worlds of asset custody, paving the way for secure and compliant institutional investment in digital assets.

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

Investment valuation

## Core Portfolio Companies continued



### lyst

Draper Esprit has invested a total of £5.3 million in the Company.

Lyst is a global fashion search platform used by over 72 million shoppers from 120 countries. It is one of the world’s largest e-commerce websites, bringing together 5 million products from 12,000 of the world’s leading fashion brands and retailers. Lyst keeps customers at the centre of its offering, providing a one stop solution to find fashion that’s perfectly right for them.

In 2018, the French multinational luxury goods conglomerate LVMH, led a funding round of US\$60.0 million in the company. This new funding will be used to drive global expansion. During the period, revenues grew by 23%, it opened offices in The Netherlands, Russia, and Japan, now operates in over 11 markets, and had a big brand refresh.

Investors include LVMH, Balderton Capital, Accel Partners, and Susa Ventures.

£5.3m

Invested

£27.8m

Investment valuation



### M-Files®

Draper Esprit has invested a total of £4.0 million to date.

M-Files is a software company which provides enterprise content management (ECM) 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.

During the period, the company launched M-Files Online, a fully cloud-enabled subscription-only offering, and began selling to new customers exclusively via recurring subscription licenses while growing annual recurring revenue (ARR) by more than 30% year on year. M-Files also raised €27.0 million from the European Investment Bank (EIB), fuelling technology development and international expansion.

With this recent investment, the company has aggressively scaled its team, totalling 500 employees globally and now has 9,000 worldwide customers, including Thyssenkrupp, Mazars, Apex Oil Company and Kinsmen Group.

M-Files was honoured with the prestigious Internationalisation Award by the President of the Republic of Finland for its global success, innovative intelligent information management solutions and positive impact on the Finnish economy.

Investors include Partech Ventures, Tesi, and the European Investment Bank.

£4.0m

Invested

£17.2m

Investment valuation



**peak**  
GAMES

As part of our strategic partnership with Earlybird, the plc acquired a 27 per cent. interest in Earlybird GmbH & Co. Beteiligungs-KG IV ("EB IV") for £55.0 million, adding Peak Games to the core portfolio.

Peak Games is a leading name in the gaming industry. Founded in 2010 and based in Turkey, Peak Games produces highly-rated mobile games which includes the top-10 grossing Toy Blast and the launch of Toon Blast in July 2018. Peak Games is one of the top 10 mobile games companies in the USA, with over 275 million users globally having installed at least one product.

In July 2018, to support the debut of puzzle game, Toon Blast, the company launched the first celebrity performance marketing campaign with actor, Ryan Reynolds. This saw the creation of 30 unique videos, promoted across online channels to varying demographics, allowing the company to measure the effectiveness of each video in precise detail. Toon Blast has now achieved over 80 million downloads.

Investors include Earlybird VC, Hummingbird Ventures, and Endeavor Catalyst.



**perkbox**

Draper Esprit has invested a total of £14.0 million to date.

Perkbox is a platform that provides a unique employee experience, enriching the personal and working life of employees. It offers a suite of products including a platform with access to best in class Perks, Perkbox Recognition and Perkbox Insights. It serves organisations of all sizes from SMEs to large companies in the UK such as OpenTable, Rentalcars, and Purplebricks.

In February 2019, the company opened an office in Sydney, Australia, sending existing team members from its London HQ to ensure the company starts off with an experienced talent pool. The company has already signed up several providers including coworking workspace, Emerge Sydney; food and beverage startup, Hey You; suit maker, Instichu and SME loans company, Valiant Finance. It is estimating to onboard another 2,000 companies by the end of the year.

Perkbox also expanded their team with several key hires including ex Yahoo! Veteran, Paul Schulz as CTO and Edenred CEO, Jacques Stern as a Non-exec director. It has grown the size of its tech team from 32 to 65 employees in order to accelerate product development cycles.

Draper Esprit first invested in Perkbox in 2016 alongside the crowd on the Seedrs platform.

£25.4m

Invested

£41.7m

Investment valuation

£14.0m

Invested

£23.7m

Investment valuation

# Core Portfolio Companies continued



## pod POINT

Draper Esprit has invested a total of £5.4 million to date.

The electric charge point supplier, which has now partnered with 13 car manufacturers including household names Audi, Volkswagen, and Volvo raised £13.0 million of funding from Legal and General in March 2019, taking a 13 per cent. stake in the company.

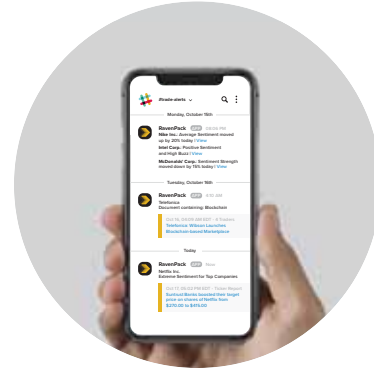
PodPoint is one of the UK's largest electric vehicle charging point operators, boasting more than 1,500 charging stations across the UK. The company has charged over 44 million miles of electric motoring and shipped in excess of 40,000 charging points.

During the year, the company signed a partnership with Tesco to roll out POD Points across their 400 stores, installed the UK's largest workplace charging array with Skanska and began installing across the Lloyds Bank estate.

Investors include Legal and General, Barclay's Capital, QVentures.

£5.4m  
Invested

£11.1m  
Investment valuation



## RavenPack

Draper Esprit has invested a total of £7.5 million to date.

During the year, the company closed deals with several large financial institutions and research houses, including Citi Bank, CloudQuant, and Wolfe Research. Meanwhile, they launched a new portfolio sentiment ranking tool, enabling users to search from 50,000 companies, addressing specific risks across 19,000 sources including news, social media, regulatory filings, and transcripts. Hundreds of thematic factors can be considered for their stock rankings to monitor for headline risk, identify sentiment leaders and laggards, or flag companies that are no longer aligned with their strategy.

Investors can also apply a selection of screening criteria and better manage reputational risks by identifying controversial companies in their portfolio. For example, users can filter out companies experiencing negative environmental, social, or governance (ESG) events, or rank higher those with positive earnings and product sentiment. Combined with RavenPack's sentiment scoring and analytics, the company can now empower their clients with a better understanding of events and how markets might react to them.

During the year, the plc made a follow-on investment of £4.3 million, enabling the company to expand internationally and scale its team. By end of Q2 2019 the company will have over 100 employees

£7.5m  
Invested

£15.6m  
Investment valuation



As part of our strategic partnership with Earlybird, the plc acquired a 27 per cent. interest in Earlybird Fund IV for £55.0 million, adding Smava to the core portfolio.

Launched in 2007, Smava is consumer loans portal based in Germany, striving to make personal loans transparent, fair, and affordable. Based on digital processes, Smava provides a market overview of 70 loan offers from 25 banks, ranging in value from €1,000 to €120,000. Borrowers can then choose a deal that suits them best.

In August 2018, the company announced a partnership with eBay's car portal in Germany, mobile.de, so users can access financing facilities when purchasing vehicles.

The company has raised \$135.0 million to date and has over 300,000 customers who have transacted over €3 billion through its platform over the lifetime of the start-up.

Investors include Earlybird VC, Vitruvian, Phenomen Ventures and Neuhaus Partners.

£14.5m

Invested

£23.7m

Investment valuation



Draper Esprit has invested a total of £5.6 million to date.

Founded in 2011, SportPursuit is as a UK-based sport-specific ecommerce website where members receive access to sales from brand partners within the technical sportswear and outdoor clothing and equipment space. It aims to be the world's largest private shopping club for sports enthusiasts, helping them to find the best clothing for them at the best rates.

During the period the company partnered with Eurosport, the Discovery-owned sports broadcaster, to launch a white-label platform for sports fans to purchase clothing, footwear, equipment and accessories. The Eurosports shop is now live in France, Germany and the UK via dedicated local-language microsites, with plans to extend this to Belgium, Monaco, Austria and Switzerland. In efforts to build a stronger brand presence in Germany and bolstering its move towards Europe, the company launched TV advertising campaigns raising brand awareness in new markets.

SportPursuit made several moves to improve its carbon footprint. It became the first online retailer to use sustainable packaging made entirely from sugar cane, achieving a carbon negative impact and planted 10,000 new trees in Uganda alongside the "Size of Wales" charity organisation.

Investors include CIT Growth Capital and Scottish Equity Partners, Secret Escapes co-founder Alex Saint and Zoopla founder Alex Chesterman.

£5.6m

Invested

£13.3m

Investment valuation

# Core Portfolio Companies continued



## TransferWise

Draper Esprit has invested a total of £10.5 million to date.

TransferWise is an international money transfer platform – using real exchange rates with no hidden fees. Co-founded by Taavet Hinrikus and Kristo Kaarmann, TransferWise was launched in 2010 with the vision of making international money transfers cheap, fair, and simple.

During the period, TransferWise became the first fintech company to hold a settlement account, allowing the company direct access to Bank of England’s Real Time Gross Settlement. Through the settlement account, TransferWise became the first tech company to be a direct member of the Faster Payment Scheme.

In June 2018, they announced a partnership with UK neobank Monzo, and France’s second largest bank, BCPE, making exchange rates low-cost and transparent. Additional partnerships include accountancy software company Xero, Dutch digital banking company Bunq, and food delivery service Wolt.

TransferWise continues to demonstrate strong growth. In September 2018, the company released their FY18 annual report, showing 75% revenue growth to £117.0 million and £6.2 million net profit after tax.

The company now serves 5 million customers worldwide, now processing £4.0 billion every month.

Post period end, the company announced a \$292.0 million share sale in which (through a partial sale of its stake) Draper Esprit generated cash of £15.3 million.



## Trustpilot

Draper Esprit has invested a total of £29.7 million to date.

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, The Netherlands and the US. The company has more than 58 million reviews of over 265,000 companies from 150+ countries and is one of the top 1% most visited websites worldwide.

With offices in Copenhagen, London, New York, Denver, Berlin, Melbourne and Vilnius, Trustpilot’s 700 employees represent more than 40 different nationalities. In June 2018, the company also launched a successful brand refresh, alongside plans for changes and upgrades to its platform after a year of research and collaboration with consumers.

Trustpilot will now offer companies new features for customer engagement and has launched its “Find Reviewer” tool, which enables companies and reviewers to engage with each other more freely and directly. The company has also now secured partnerships with leading ecommerce platforms, Magento (based in the US) and PrestaShop (based in Paris) alongside leading digital knowledge platform, Yext (based in the US). The partnerships will enable Trustpilot to expand its business further while improving user experience by providing them with more opportunity to gain insights. In March 2019, the company successfully raised \$55.0 million in a Series E equity round led by Sunley House Capital Management. This funding will enable Trustpilot to strengthen its market leading position through investment in marketing, platform development and team expansion.

Investors include Sunley House Capital management, Vitruvian Partners, Index Ventures, Northzone, and SEED Capital Denmark.

£10.5m

Invested

£27.7m

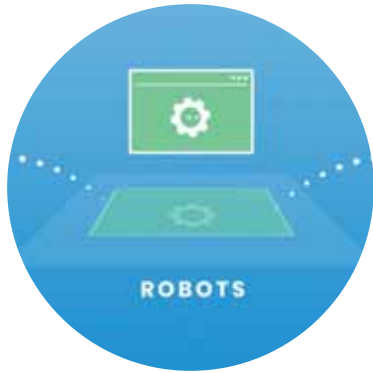
Investment valuation

£29.7m

Invested

£62.0m

Investment valuation



As part of our strategic partnership with Earlybird, the plc acquired a 5 per cent. interest in the Digital East Fund 2013 SCA SICAR for £16.0 million, adding UiPath to the portfolio. When Draper Esprit invested, UiPath was valued at \$3.0 billion. Post period end, the company announced in April a \$568.0 million investment round at a post-money valuation of \$7.0 billion.

UiPath provides a comprehensive robotic software solution for IT-based process automation. Built on a comprehensive, fully integrated platform with centralised instrumentality, UiPath is designed for the highest standards of enterprise management, security, scalability and auditability.

In February 2019, the company released the UiPath Computer Vision which enables human-like recognition of user interfaces, enabling robots to “see” the screen and visually identify individual elements of software platforms such as Citrix, VMware, VNC, and Windows Remote Desktop. This development is a huge leap in the path to empowering robots AI skills to solve complex problems in the most effective way.

In April 2019, Bruno Ferreira joined the company as VP of UK & Ireland. Bringing with him 20+ years of experience in the technology sector, Ferreira will help the firm to continue its exponential growth. In the same month, UiPath announced a partnership with RPAbox, a specialist UiPath implementation partner helping organisations scale RPA capabilities in their business units by providing a fast, reliable and efficient delivery model. This partnership will assist clients and partners with projects and increase the reach of UiPath globally.

Investors include Accel, Coatue, Capital IG, Credo, Earlybird VC, IVP, KPCB, Madrona, Meritech, Seedcamp, and Sequoia.

£13.3m

Invested

£33.0m

Investment valuation

“We find the most promising private technology companies in Europe, with the potential to become global leaders.”



# Financial Review

Please note, some of the below measures are Alternative Performance Measures ("APMs"). Please see note 28 to the consolidated financial statements for further details.



**"The progress in the year has built on the strategy of scaling our operations while providing investors with access to the best private technology companies in Europe."**

**Ben Wilkinson**  
CFO

The year ended 31 March 2019 has been another active year for the Group with significant investment activity and two equity raises in the period. The progress in the year has built on the strategy of scaling our operations while providing investors with access to the best private technology companies in Europe.

New equity capital of £100.0 million was raised in June 2018 to further scale the balance sheet and broaden the shareholder base. In February 2019, a further raise of £115.0 million was undertaken to secure the secondary acquisition of 27% in Earlybird IV and 5% in Earlybird Digital East. With a strong balance sheet, the Group has been able to increase investments in high growth technology companies, take advantage of secondary opportunities to create value and increase the breadth of operations.

The Gross Portfolio Value, the gross value of the Group's investment holdings before deductions for carry and any deferred tax, has more than doubled to £594.0 million (2018: £243.5 million) as a consequence of the £226.4 million of investment (2018: £71.5 million) and fair value growth of £140.1 million (2018: £73.6 million) net of realisations of £16.0 million (2018: £15.9 million).

The Gross Portfolio Value is subject to deductions for the fair value of the carry liabilities and deferred tax to generate the net investment value of £562.1 million (2018: £231.9 million) which is reflected on the consolidated statement of financial position as financial assets held at fair value through the profit or loss. The below table has been generated to reflect gross and net movement in value of the portfolio during the period.

The net fair value gain on investments of £114.7 million (31 March 2018: £66.6 million) is reflected in the consolidated statement of comprehensive income. A deferred tax provision of £5.4 million (2018: £1.8 million) is accrued against the gains in the portfolio where future tax liabilities are anticipated to be due. This amount is netted against the investments in the consolidated statement of comprehensive income. Carry balances of £27.7 million (2018: £11.2 million) are accrued to management teams, including previous and current employees of the Group based on the current

fair value at the year-end and deducted from the Gross Portfolio Value.

Net assets have increased by 106% to £618.6 million (£300.5 million at 31 March 2018) and net assets excluding goodwill have grown by 109% to £608.9 million (£290.8 million at 31 March 2018). The increase in the balance sheet assets reflects the positive portfolio performance, particularly in the core portfolio, including the new secondary acquisitions, and the equity raises undertaken in the year of £215.0 million (£207.6 million net of fees) from both existing and new institutional investors.

Fair value growth of the gross portfolio of £140.1 million (2018: £73.6 million) reflects fair value gains in the portfolio of £157.5 million and fair value reductions of £17.4 million including £16.2 million of positive currency movements.

In the Summer of 2018 the Group entered into a Strategic Partnership Agreement with Earlybird to share dealflow and resources to co-invest in high growth technology companies across Europe. The first stage of this partnership included a 50% commitment of £76.0 million to 2022 to Earlybird Fund VI, of which £31.5 million has been deployed to date. As approximately 20% of the European Venture Capital dealflow occurs in Germany, this commitment reflected the amount the Company would have otherwise invested in that market directly. As part of this first stage, the Company acquired a minority stake in the Earlybird Fund VI management company for a total consideration of £0.6 million. The consideration was satisfied by cash and the issuance of 64,820 new ordinary shares of one pence each in the capital of the Company to the Earlybird Digital West partners.

The subsequent phase of the partnership trajectory was enacted in February of 2019 with the acquisition of stakes in Earlybird IV and Earlybird Digital East. These acquisitions strengthened the relationship and provided significant value creation opportunity for the Group.

In addition to the shares outlined above, the fund raises led to an increase in the issued share capital with the issuance of 27,380,952 and 18,867,925 new shares on 14 June 2018 and



## Gross Portfolio Value Table

Investments	Fair Value of Investments 31st March 2018 £'000	Investments £'000	Realisations* £'000	Draper Esprit (Ireland) Limited £'000	Movement in Fair Value £'000	Fair Value of Investments 31st March 2019 £'000	Interest FD category ** at reporting date
Graphcore	23,381	9,491	-	-	45,740	78,612	B
Trustpilot	34,333	11,623	-	-	16,016	61,972	C
Peak	-	25,374	-	-	16,312	41,686	B
UiPath	-	13,250	-	-	19,704	32,954	A
Lyst	18,341	2,633	-	-	6,788	27,762	C
TransferWise	12,189	-	-	-	15,530	27,719	A
Smava	-	14,549	-	-	9,138	23,687	B
Perkbox	17,495	5,740	-	-	455	23,690	C
Ledger	17,703	-	-	-	-	17,703	B
M-Files	14,359	1,506	-	-	1,308	17,173	B
Ravenpack	5,478	4,207	-	-	5,930	15,615	D
SportPursuit	13,366	1,959	-	-	(1,990)	13,335	E
FinalCad	-	12,444	-	-	-	12,444	C
Podpoint	9,884	-	-	-	1,175	11,059	C
Aircall	-	9,916	-	-	-	9,916	B
Remaining Portfolio	74,663	113,740	(15,984)	-	4,258	176,677	-
<b>Total</b>	<b>241,192</b>	<b>226,432</b>	<b>(15,984)</b>	<b>-</b>	<b>140,364</b>	<b>592,004</b>	
Co-invest assigned to plc	2,320	-	-	-	(308)	2,012	
<b>Gross Portfolio Value</b>	<b>243,512</b>	<b>226,432</b>	<b>(15,984)</b>	<b>-</b>	<b>140,056</b>	<b>594,016</b>	
Carry external	(11,177)	-	-	-	(16,534)	(27,711)	
Portfolio deferred tax	(1,848)	-	-	-	(3,504)	(5,352)	
Trading carry & co-invest	1,423	-	-	-	(315)	1,108	
Draper Esprit (Ireland) Limited	-	-	-	4,988	(4,988)	-	
<b>Net portfolio value</b>	<b>231,910</b>	<b>226,432</b>	<b>(15,984)</b>	<b>4,988</b>	<b>114,715</b>	<b>562,061</b>	

\* Realisations do not include amounts held in escrow. Total cash realisations including amounts held in escrow were £16.0 million (2017: £15.9 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%

8 February 2019 respectively to trading on AIM and Euronext Growth.

During the year, a change in the underlying accounting treatment of the Company's acquisition of Esprit Capital Partners (ECP) in June 2016 has led to a reduction in the goodwill carried on the balance sheet of £10.8 million. This is not indicative of an impairment to the goodwill or the inherent value of Esprit Capital Partners LLP but a change in presentation. The reduction in the goodwill is matched by a reduction in the merger reserve on the balance sheet of £10.8 million and the income statement reflects an equivalent charge over the current and restated reporting periods. The prior period balance sheet and income statement comparatives have been restated to reflect how the reduced goodwill would have impacted the accounts in those periods. There are no ongoing charges related to this accounting change.

Year-end cash balances of £50.4 million reflect the cash balance of £56.6 million at 31 March 2018, the subsequent equity raise of £207.6 million net of fees, investments in the period of £226.4 million net of proceeds from disposals in the portfolio and the operating costs of the business.

### Consolidated statement of comprehensive income

Investment income for the year comprises the £114.7 million (2018: £66.6 million) of unrealised investment gains and fee income of £6.1 million which is generated from management fees and director fees. At the year-end 31 March 2018, performance fees were recognised of £3.5 million, of which £1.0 million was attributable to the plc with the remainder reflected in non-controlling interests. Under the new IFRS 15 accounting standard, there has been a change in the test for recognition and this revenue has not been recognised in the current period; it is anticipated that these balances will now be recognised at the point of cash realisation. General administrative costs of £7.8 million (2018: £5.8 million) predominantly relate to employment, professional and office expenses, while investment and acquisition costs of £0.2 million (2018: £0.4 million) relate directly to portfolio investment costs. The cost base of the Group in the year is less than 1% of year end NAV on a net basis (costs less income).

### Post balance sheet events

The Group has made further investments and realised £15.3 million gross proceeds from the partial sale of TransferWise.

Post year-end the Company entered into a £50.0 million Revolving Credit Facility with Silicon Valley Bank and Investec. The facility is for a 3 year term and carries an interest rate at the Bank of England base rate + 6.75% (min 7.5%). The facility provides additional funding flexibility to fund the future growth plans of portfolio companies.

After a further successful year of transformational growth, the Group has a strong balance sheet with the cash resources to harvest the opportunities presented by its deep networks across Europe.

### Ben Wilkinson CFO

## Key Performance Indicators

KPI	How measured	Progress
1. <b>Growth in value of the portfolio</b>	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 £594.0 million, reflecting a fair value increase of 58% (2018: £243.5 million).
2. <b>Realising cash</b>	Cash generated from portfolio company exits against original cost.	£16.0 million (2018: £15.9 million) realised in the period, with a further £15.3 million gross proceeds received post year end, including amounts held in escrow.
3. <b>New investments</b>	Deploying funds for investments into new portfolio companies, follow-on investments into existing companies, stake building into existing companies and secondary investments.	£226.4 million (2018: £71.5 million) invested in the period from plc, with a further £35.1 million across EIS/VCT.
4. <b>Dealflow</b>	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. <b>Cash balances</b>	Maintaining sufficient liquidity to meet operational requirements and to take advantage of investment opportunities and support the growth of portfolio companies.	£50.4 million (2018: £56.6 million) at year-end with a further £15.3 million of gross proceeds received post year-end. A Revolving Credit Facility for a further £50.0 million was signed post 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 mitigate 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 have a material adverse impact on the Group's business, financial condition, results of operations and/or the market price of the ordinary shares.

Risk	Possible consequences	Mitigation strategies
1. <b>The investment portfolio businesses are at an early stage and carry inherent risk</b>	The technology and offering developed by these businesses may fail and/or these businesses may not be able to develop their offering or technology into commercially viable products or technologies.	The Investment team, 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.
2. <b>Portfolio value may be dominated by single or limited number of companies</b>	There is a risk that if one or more such investee companies experience difficulties or suffer from poor market conditions and if, as a result, their value were to be adversely affected, this would have a material adverse impact on the overall value of the Group's portfolio of investee companies.	The Group adopts a broad sector approach with a focus on four core sectors. Risk is diversified within the portfolio by not focusing on any one sector and by deploying capital across growth stages.  The Board expects to allocate approximately 30% of the Group's investment capital towards smaller rounds of seed and series A investments with approximately 70% being invested in larger follow-on series B+ and series C+ investments to scale technology companies to fund later stage growth.
3. <b>The Group will hold non-controlling interests in the investment portfolio businesses</b>	Non-controlling interests may lead to a limited ability to protect the Group's position in such investments.	The Group is an active manager of its investments and usually takes a board position on the investee company. Investments are made with suitable minority protections, including veto rights on key decisions. Investments are often made in investee companies in which other institutional investors are also shareholders. Collectively a greater degree of protection can be afforded.
4. <b>Proceeds from the sale of investments may vary substantially from year to year</b>	The timing of portfolio company realisations is uncertain and cash returns to the Group are therefore not predictable.	The Group maintains sufficient cash resources to manage its ongoing operational and investment commitments. Regular working capital reviews are undertaken using cash flow projections.
5. <b>Fluctuations in foreign exchange rates may adversely affect the performance of the Group's portfolio</b>	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.	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 Group does not currently intend to enter into any hedging arrangements to mitigate its exposure to fluctuations in exchange rates.

<p><b>6. Portfolio company valuations subject to change</b></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><b>7. The Group is dependent on a small number of shareholders who hold a large proportion of the total share capital of the Group</b></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><b>8. As a publicly listed entity, any group or individual can acquire shares in the Company.</b></p>	<p>The actions or reputations of those shareholders are outside the control of the Company but can impact on the reputation of the Group by association.</p>	<p>The Board clearly communicates the culture and ideals of the Group and actively seeks to work with likeminded partners (where possible).</p>
<p><b>9. The Group and its portfolio companies are subject to competition risk</b></p>	<p>The execution of the Group's investment strategy depends primarily on the ability of the Group to identify opportunities to make investments and to capitalise on these opportunities. A number of entities compete with the Group 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 Group may prevent it from identifying investments that are consistent with its investment objectives or that generate attractive returns for shareholders. The Group may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors. Alternatively, the Group 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>

10.	<b>The Group may not be able to retain and attract investment team members and support staff with the right skills and experience</b>	The industry, in which the Group operates, is a specialised area and the Group requires highly qualified and experienced management and personnel. If the Group does not succeed in retaining skilled personnel or is unable to continue to attract all personnel necessary for the development and operation of its business, it may not be able to grow its business as anticipated or meet its financial objectives.	The Group carries out regular market comparisons for staff and Executive remuneration. Senior Executives are shareholders in the business and the Group operates appropriate incentive programmes to align individuals with the Group's strategy over the long term.  The Group encourages staff development and inclusion through coaching and mentoring.
11.	<b>Esprit Capital Partners or Encore Ventures cease to be authorised by FCA</b>	Should Esprit Capital and/or Encore Ventures cease to be authorised and regulated by the FCA as a full scope UK AIFM (in respect of Esprit Capital) or as a small authorised UK AIFM (in respect of Encore Ventures) then they would no longer be authorised to act as the investment manager of the Company or the Encore Funds respectively or as the UK AIFM to the Group.	The Group ensures that Esprit Capital and Encore Ventures fulfil their ongoing requirements under FCA rules.
12.	<b>UK future exit from the EU may impact on the Group</b>	The terms, timescale and likelihood of the UK's departure from the EU are currently unknown. It could result in a short-term UK recession and, particularly in a no deal scenario, a significant fall in GDP, which would affect investor confidence and access to capital for both the Group and its portfolio companies with a presence in the UK. Brexit may also affect the Group's ability to make investments into Europe, and expose the Group and its portfolio companies to currency risk (affecting valuations/revenues), recruitment and retention challenges, and regulatory changes.	The Board continues to monitor Brexit developments and consider their impact on the Group.  The Company is dual listed on AIM in London and Euronext Growth in Dublin, thereby providing flexibility to participate in European investments going forward.  During the period, the Group entered into a strategic partnership with Earlybird Digital West, part of the German-originated Earlybird VC firm, and made investments in certain Earlybird funds, further increasing the diversification of our investment portfolio and improving our access to investment opportunities in continental Europe.
13.	<b>Cyber security incidents may affect the operations and reputation of the Group</b>	A significant cyber security or information security breach could result in financial liabilities, reputational damage, severe business disruption and/or the loss of business-critical or commercially sensitive information.	We operate firewalls, anti-virus protection systems and backup procedures to minimise the risk of cyber security incidents and the impact on our operations should an incident occur.  We recently introduced Mimecast software to enhance our email risk management systems, with features including enhanced protection against advanced cyber security threats and regular phishing awareness tests to help maintain a security minded culture.  The Group will continue to review its cyber security and information security systems, policies and procedures with the support of our outsourced IT provider, and is seeking to recruit an in-house Head of IT during the coming year, which will improve our internal expertise in this area.

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

Karen Slatford  
Chairman

# Governance

## Board of Directors



**Karen Slatford**  
Non-Executive Chairman  
Age 62

Karen Slatford has significant experience of working in the global technology and business arenas. She spent the majority of her career working for Hewlett Packard, where she was Vice President of Worldwide Sales and Marketing.

In 2001, Karen began working with smaller technology businesses. She is currently a senior independent non-executive director at both Micro Focus International plc and accesso Technology Group PLC, and Chairman of MYCOM OSI.

Karen holds a BA honours degree in European Studies from Bath University and a Diploma in Marketing.



**Simon Christopher Cook**  
Chief Executive Officer  
Age 50

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 start-ups, 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 serves as a director or observer with Ledger, Perkbox, Pod Point, Revolut 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**  
Chief Operating Officer  
Age 49

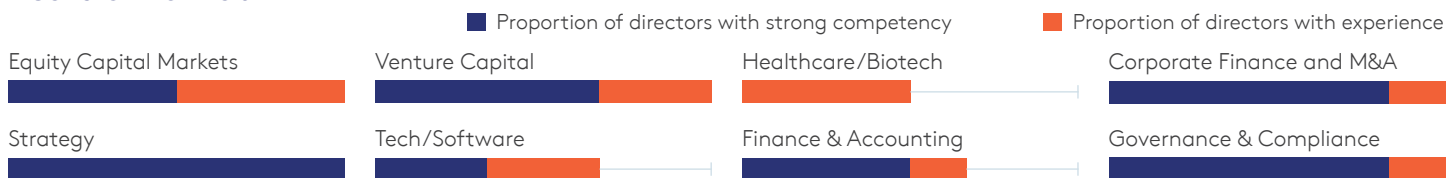
Prior to establishing the Group with Simon in 2006, Stuart was a Director of 3i Ventures in London. Having joined 3i in 1992, he has over 25 years' venture capital experience in Europe and the US.

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 or observer with Conversocial, Displaydata, Graphcore, Metalysis, Realeyes and Resolver.

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.



## Board skills matrix



**Grahame David Cook**  
Non-Executive Director  
Age 60

Grahame Cook is an experienced FTSE and AIM non-executive Director, 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 and ran a €100m technology fund.

Grahame is currently a Non-Executive Director of Horizon Discovery Plc, Morphogenesis Inc, and Minoan Group plc and has previously served on the board of West Private Equity (now Horizon Capital). Grahame holds a Double First Class honours degree from the University of Oxford.



**Richard Fowler Pelly OBE**  
Non-Executive Director  
Age 63

Richard is a non-executive director and advisor in the area of micro, small and medium-sized businesses. 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.



**Ben Wilkinson**  
Chief Financial Officer  
Age 38

Ben has been appointed to the Board with effect from 4 June 2019, having joined the Group as CFO in 2016. In addition to his responsibilities for the Group’s finance and investor relations functions, Ben serves as a member of the Investment Committee.

Ben is an experienced leader of public company finance teams having served for five years as CFO of AIM-listed President Energy PLC where he was responsible for all financial aspects of the group. During his time at President, Ben was a key part of the Board that undertook investments into Argentina and Paraguay and raised \$175 million across several equity issuances with shareholders such as IFC/World Bank and significant UK institutional investors.

Ben is a Chartered Accountant, FCA, with a background in M&A investment banking from ABN Amro/RBS where he was involved with multiple cross border transactions and corporate financings, both debt and equity. Ben is a graduate of Royal Holloway, University of London with a BSc in Economics.

# Chairman's Corporate Governance Overview



**“Recognising the increasing focus on environmental, social & governance (“ESG”) issues in the investment community, the Board considered and approved the Company’s ESG strategy during the year.”**

**Karen Slatford**  
Chairman

**As Chairman, I am responsible for leading the Board and upholding high standards of corporate governance throughout the Group, and particularly at Board level. I am therefore pleased to introduce our Corporate Governance Statement.**

My colleagues share the view that sound governance is fundamental to the successful growth of the business. We continue to apply the principles of the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance, an updated version of which was published in April 2018 (the “QCA Code”). This Corporate Governance Statement sets out how we apply the QCA Code principles, and summarises both how our Board and Committees operate, and their key activities during the year.

#### Compliance with the QCA Code

The Board believes that it applies the ten principles of the QCA Code, but recognises the need to continue to review and develop our governance practices and disclosures in order to ensure they support the growth and strategic progress of the business and the effective application of the principles going forwards. Our governance structure 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 QCA Code, the AIM Rules, the Euronext Growth Rules and other legal, regulatory and compliance requirements, which apply to us.

#### Deliver Growth

The Board has collective responsibility for setting the strategic aims and objectives of the Group. Our strategy is articulated in the Strategic Report on pages 14 to 15 and on our website. The fundraisings, portfolio investments and strategic partnership that we have undertaken during the year demonstrate how we have continued to execute against our strategy and deliver growth and scale in our portfolio, as well as our own business, which we believe will continue to drive long-term, sustainable returns for our shareholders. The Board has at least one dedicated strategy session each

year, and in determining strategy, and in the course of implementing our strategic aims, takes into account the expectations of the Company’s shareholder base and its wider stakeholder and social responsibilities.

The Board also has responsibility for the Group’s internal control and risk management systems. The Board regularly reviews the risks faced and ensures the mitigation strategies in place are effective and appropriate to the Group’s operations. More information on the principal risks faced by the Group is set out on pages 41 to 43.

#### Dynamic Management Framework

As Chairman, I consider the operation of the Board as a whole, and the performance of the Directors individually and regularly. During the year, we conducted a detailed Board performance evaluation process, as described in further detail on page 51. The results of the evaluation have highlighted a number of areas of focus for the coming year to improve the balance, composition and effectiveness of the Board. These included a recommendation to appoint the CFO as a member of the Board (which we have done, effective from 4 June 2019), a review of the frequency of Board meetings to ensure the most efficient use of our time spent together, and the development of a more robust approach to succession planning in line with the growth of the business.

The Company operates an open and inclusive culture and this is reflected in the way that the Board conducts itself. We believe this makes a valuable contribution to our ability to execute our strategy and deliver value for our shareholders and other stakeholders. The Non-Executive Directors and I regularly attend the Company’s offices and other Company events, and I frequently

attend the Company's weekly Investment Committee meeting. With a relatively small employee base, such interactions mean it is fairly straightforward for the Board to promote and assess the desired corporate culture. Our open and inclusive approach is important not just in the way we operate as an internal team, but also in the hands-on way in which our team supports the growth of our investee companies. The Board recognises the importance of retaining a proactive focus on culture as the Company grows, and in line with the outcomes of the Board evaluation detailed on page 51, will be continuing our focus on this area during the coming year.

### Build Trust

The Board recognises the importance of understanding the expectations of our shareholders, and a description of our activity in this area is set out on page 51. Investor relations is a standing item on the Board's agenda and we receive regular feedback from the Executive team on their discussions with shareholders and potential investors. Recognising the increasing focus on environmental, social and governance ("ESG") issues in the investment community, the Board considered and approved the Company's ESG strategy during the year. More detail is provided on page 51, with the first steps being to ensure the ESG credentials of our investee companies are assessed and monitored effectively.

The Board will continue to monitor its application of the QCA Code principles on an ongoing basis in future, and ensure that our corporate governance framework continues to evolve in line with the strategic development of the Group.

### Composition of the Board

Including the Chairman, the Board currently comprises six Directors, of whom three are Executive Directors and three are Non-Executive Directors. The Board has determined that each of the Non-Executive Directors are independent, and the Company therefore complies with the QCA Code with respect to the independence of

the Board. The skills and experience of the Board are set out in their biographies and the board skills matrix on pages 46 and 47.

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. The Directors believe that between them, the Board as a whole possesses the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of its shareholders over the medium to long-term.

The combined Remuneration and Nomination Committee has responsibility for succession planning at Board and Senior Executive level and, consistent with the outcomes of the Board evaluation detailed on page 51, the Committee intends to increase its focus on this area during the coming years as the Board and Senior Executive team matures.

The Board recognises the benefits of diversity, including as to gender, whilst ultimately seeking to appoint the best candidate for the role based on objective criteria when considering new Board and Senior Executive appointments. The Board currently consists of one female and five male Directors.

The Non-Executive Directors each attend external events and seminars to receive updates on matters such as financial reporting requirements and corporate governance. The Company Secretary also ensures that the Board is updated as to developments to corporate governance practice and forthcoming changes to legislation or regulation, which may impact the Company.

### 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, CFO and the Executive Management team.

### Board meetings

The Board met formally ten times during the year. Board meetings may also be convened on an ad-hoc basis from time to time in order to consider specific corporate activity, and in the financial year ended 31 March 2019 the Board met on two such occasions in connection with capital raising and acquisition opportunities.

The Directors are expected to attend all meetings of the Board and the Committees on which they sit. The Executive Directors are required to devote their full time and attention to the business of the Company 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

# Chairman's Corporate Governance Overview

## continued

each maintain open communication with the Executive Directors and the Executive Management team between the formal Board meetings.

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

Director	Board (out of 10 meetings)	Audit Committee (out of 3 meetings)	Remuneration and Nomination Committee (out of 4 meetings)
Karen Slatford	10	3	4
Simon Cook	10	N/A	N/A
Stuart Chapman	10	N/A	N/A
Grahame Cook	10	3	4
Richard Pelly	10	3	4

Following the annual Board performance evaluation, described in more detail below, it has been agreed that the number of formal scheduled Board meetings will reduce to six per year. The Board will continue to meet on an ad-hoc basis when necessary between the scheduled meetings.

### Board activity during the year

The Board has an agreed schedule of activity covering regular business updates and 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 their 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 in the respective reports of the Committees 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 continue to be reviewed on an annual basis going forward to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. The terms of reference are available on the Company's website: <https://draperesprit.com/investors/plc>.

### External advisers

The Board seeks advice and guidance on various matters from its Nomad (Numis Securities), Euronext Growth adviser (Goodbody Stockbrokers), and its lawyers Gowling WLG (UK law) and Maples and Calder (Irish law). The Board also uses the services of an external company secretarial provider, Prism Cosec and is advised on compliance matters by IQ-EQ.

### 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, Stuart Chapman, 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 40 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 conducted a formal performance evaluation process during the year, building on the previous Board evaluation, which took place in March 2018. The process was carried out by way of detailed questionnaires completed by each member of the Board, covering topics such as the composition of the Board, the quality and timeliness of information provided, relationships between the Board, shareholders, employees and other stakeholders, and succession planning. The responses were collated by the Chairman who presented a summary of the results to the Board for discussion at its meeting in February 2019.

As a result of that open follow-up discussion, the Board agreed a number of specific actions to take forward during 2019 in order to improve its efficiency and effectiveness. These included:

- Reducing the number of formal Board meetings to six per year with extended time so as to allow for more focused and detailed discussion at each meeting.
- Appointing the CFO as a member of the Board (which we have done, effective from 4 June 2019).
- Increasing the Remuneration and Nomination Committee's focus on succession planning at Board and Senior Executive level.
- Continuing to ensure that the Company's culture is properly articulated, understood and embedded across the business.

## Relations with shareholders and stakeholders

Regular communication with institutional shareholders is maintained through individual meetings with the Executive Directors, particularly following the publication of interim and full-year results. During the year, the Chairman also wrote to the Company's largest investors, and attended meetings with significant shareholders. The Board also encourages shareholders to attend and vote at the Company's General Meetings, at which the

Board is also in attendance and available for shareholder questions. Investor relations are 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. These initiatives help us to understand shareholders' views and to address their concerns.

Due to the Company's relatively small employee base, the Directors are able to engage directly with employees, and the Non-Executive Directors have an open invitation to attend the Company's weekly Investment Committee meetings.

The Company's other key stakeholders are our investee companies, with which we have regular contact, in particular where we have a seat as a director or Board observer of that company. We host an annual CEO day for our investee companies, to which our Directors, shareholders and key advisers are also invited. This forms part of a wider events programme targeted towards our investee companies and early stage companies. For our portfolio companies, we hold an annual CEO conference in Silicon Valley via the Draper Venture Network to connect them to corporates, partners and investors globally. We also frequently host networking events for the C-Suite, including a recent CFO dinner focusing on US expansion and CMO breakfast focusing on scaling marketing teams. For the wider community, we regularly hold thematic events across the regions and sectors we focus on. In addition to enabling our investee companies and wider partners to meet each other and gain valuable insight, these events also give us regular opportunities to engage with these communities and thereby strengthen our relationships with them.

## Environmental & Social Governance ("ESG")

During the year, the Board considered and approved the Group's ESG strategy, with the intention that the Board's oversight of ESG issues will increase over time. The initial objectives of the policy include the approval of a responsible investment policy to ensure that the ESG credentials of the companies in which we invest are assessed as part of our due diligence process, and to seek a commitment from investee companies to regularly consider ESG matters as part of their standing board agenda. We also signed up to the UN Principles of Responsible Investment post period end.

The Board also considered the Company's own ESG risks during the year, and more information relating to such risks is set out in the risks and uncertainties section on page 41.

## Annual General Meeting

The Annual General Meeting will take place at 11.00 a.m. on 24 July 2019 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. 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.

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

**Karen Slatford**  
Chairman

# Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 March 2019.

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 and Euronext Growth 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 (and on one occasion since the year-end) and going forward will continue to meet at least three times per year in future 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 or on the Company's website: <https://draperesprit.com/investors/plc>. 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:

- Running a process to tender the external audit contract.
- 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.
- Review of terms of reference.

## External Audit Tender

During the year, the Audit Committee agreed and led a process to tender the external audit contract. The tender process consisted of written submissions followed by tendering firms presenting to the Audit Committee Chair and CFO. Following this process, the Audit Committee approved the appointment of PricewaterhouseCoopers LLP ("PwC") as the Company's external auditor.

## Role of the external auditor

The Audit Committee is responsible for monitoring the relationship with the external auditor, PwC, 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 re-appoint PwC 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.

## Significant issues considered in relation to the Financial Statements

Significant issues and accounting judgements are identified by the finance team and the external audit process and then reviewed by the Audit Committee. The significant issues considered by the Audit Committee in respect of the year ended 31 March 2019 are set out below:

Significant issue/ accounting judgement identified	How it was addressed
Accounting treatment of acquisition of Esprit Capital Partners LLP in June 2016	During the year, PwC considered with the Audit Committee the underlying accounting treatment of the Company's acquisition of Esprit Capital Partners LLP in June 2016 in accordance with IFRS 3 Business Combinations. Under advice, the Audit Committee agreed that it was appropriate to reduce the goodwill recognised on the consolidated statement of financial position by £10.8 million to £9.7 million.
Accounting treatment of fair value of unlisted securities	The Audit Committee reviewed the fair value of unlisted securities established with reference to the International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines") by management. The Audit Committee agreed that management's approach was appropriate and was satisfied with the fair value recognised as at 31 March 2019 in respect of these unlisted securities.

## Risk management and internal controls

As described in the Corporate Governance Report on pages 48 to 51, 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 controls 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, as well as systems and controls to ensure compliance with those policies. 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 observe ethical behaviours and bring matters, which cause them concern to the attention of either the Executive or Non-Executive Directors.

### Grahame Cook

Chairman of the Audit Committee  
4 June 2019

# Remuneration and Nomination Committee Report

I am pleased to present our Remuneration and Nomination Committee Report, which summarises the work of the Remuneration and Nomination Committee, as well as the remuneration policy and remuneration, paid to Directors during the year. This report has been included in accordance with the QCA Code.

## 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 and Executive Directors 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 predominately focused on remuneration matters, including approving Executive Director allocations under the Carried Interest plan and awards of options under the Company Share Option Plan, approving bonus payments to the Executive Directors following the assessment of performance against agreed financial Key Performance Indicators, and approving

the performance measures for the 2019/20 annual bonus. The bonus amounts paid in respect of the year ended 31 March 2019 are set out in the table on page 56.

The Committee also approved a 25% salary increase for the CEO and COO. As a result of these changes, which are effective from 1 April 2019, the CEO's annual salary will be £348,000 and the COO's salary will be £289,000. These salary increases result from a thorough benchmarking exercise undertaken by an external consultant on the instructions of the Committee, which revealed that there had been a market shift in compensation and that we had fallen behind. It was determined that a significant increase was appropriate for the CEO and COO in order to ensure remuneration is in line with the market and recognise the Group's continued increase in value as demonstrated by the 106% increase in the Group's overall net assets during the year. It has been agreed that there will be no further review of Executive Director remuneration for another two years. In the coming year, the Committee intends to appoint an external consultant to advise on remuneration matters on an ongoing basis.

With respect to its nomination responsibilities, there have been no appointments to the Board during the year. Further to the results of the Board performance evaluation, Ben Wilkinson, who joined the Group as CFO in 2016, has been appointed to the Board with effect from 4 June 2019, and the Committee intends to increase its focus on succession planning in the coming years as the Board and Senior Executive team matures.

## 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 closely 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.

Following successful capital raisings in June 2018 and February 2019 (raising gross proceeds of £115 million and £100 million respectively), the Committee approved grants to the Executive Directors (including Ben Wilkinson) of options under the CSOP over a total of 534,300 ordinary shares on 30 July 2018 at an exercise price of 492 pence per share, and over a total of 535,302 ordinary shares on 12 February 2019 at an exercise price of 530 pence per share. The options have a performance condition of an 8% per annum share price hurdle and, subject to continued employment, are exercisable three years after, and within ten years of, the date of grant.

## 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 and Nomination Committee.

## Annual bonus

The 2019/20 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.

The remuneration policy for 2019/20 will operate as follows:

	Role	Basic salary/fee £'000s	Maximum bonus potential
<b>Executive</b>			
Simon Cook	Chief Executive Officer	348	60%
Stuart Chapman	Chief Operations Officer	289	60%
Ben Wilkinson	Chief Financial Officer	274	60%
<b>Non-Executive</b>			
Karen Slatford	Chairman	80	–
Grahame Cook	Chairman of Audit Committee	40	–
Richard Pelly	Chairman of Remuneration and Nomination Committee	40	–

# Remuneration and Nomination Committee Report continued

## Statutory information

The following information includes disclosures required by the AIM Rules and UK company law in respect of Directors who served during the year to 31 March 2019.

## Directors' remuneration (audited)

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 March 2019:

	Basic salary/fees £'000s	Pension contributions £'000s	Taxable benefits £'000s	Performance- related bonus £'000s	Year end 2018/19 Total £'000s	Period ended 2017/18 Total £'000s
<b>Executive Directors</b>						
Simon Cook	278	42	17	166	<b>503</b>	466
Stuart Chapman	231	35	11	138	<b>415</b>	347
<b>Non-Executive Directors</b>						
Karen Slatford	80	–	–	–	<b>80</b>	80
Grahame Cook	40	–	–	–	<b>40</b>	40
Richard Pelly	40	–	–	–	<b>40</b>	40
<b>Total</b>	<b>669</b>	<b>77</b>	<b>28</b>	<b>304</b>	<b>1,078</b>	<b>973</b>

## Share options (audited)

The individual interests of the Executive Directors who served during the year 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	<b>£3.55</b>
	28/11/17	–	234,835	28/11/20	<b>£3.87</b>
	30/07/18	–	178,100*	30/07/21	<b>£4.92</b>
	12/02/19	–	178,434*	12/02/22	<b>£5.30</b>
Stuart Chapman	28/11/16	8,450	226,385	28/11/19	<b>£3.55</b>
	28/11/17	–	234,835	28/11/20	<b>£3.87</b>
	30/07/18	–	178,100*	30/07/20	<b>£4.92</b>
	12/02/19	–	178,434*	12/02/21	<b>£5.30</b>

\* Options subject to a performance condition of an 8% per annum share price hurdle.

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

## Directors' share interests (audited)

The interests of the Directors who served in the year and who held an interest in the ordinary shares of the Company are as follows:

	Number of ordinary shares as at 31 March 2019	Number of ordinary shares as at 31 March 2018
Simon Cook	<b>1,619,306</b>	2,119,306
Stuart Chapman	<b>1,619,306</b>	2,119,306

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

### Richard Pelly

Chairman of the Remuneration and Nomination Committee 4 June 2019

# Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 March 2019.

## Results and dividends

The Group's profit for the year was £111.2 million (year ended 31 March 2018 (restated): £60.9 million). In accordance with our dividend policy as stated in our Admission document, 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 starting on page 2.

## Review of business

The Chairman's Introduction on page 3 and the Strategic Report, comprising the inside cover page to page 43, provide a review of the business, the Group's performance for the year ended 31 March 2019, 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 46 and 47.

## Directors' interests

A table showing the interests of the Directors in the share capital of Draper Esprit plc is set out in the Remuneration and Nomination Committee Report on page 56.

## 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 234 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 up to 31 March 2019.

## 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 2019, the Company's issued share capital was £1,179,254.70 (2018: £716,117.73) divided into 117,925,470 (2018: 71,611,773) 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.

## Substantial shareholdings

As at 31 March 2019, the Group had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following holdings of significant shareholders in the Company:

	Number of ordinary shares	% of total voting rights
Invesco Asset Management	26,788,486	22.72
National Treasury Management Agency	14,004,502	11.88
Merian Global Investors	10,725,050	9.09
British Business Bank	7,142,857	6.06
Canaccord Genuity Wealth Management	6,875,065	5.83
T Rowe Price Global Investments	6,722,000	5.70
Brunei Investment Agency	4,761,904	4.04
Baillie Gifford	4,462,879	3.78
Blackrock	3,878,343	3.29

# 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

PwC 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 at 11.00 a.m. on 24 July 2019 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. 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 continue 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 4 June 2019 and is signed on its behalf by:

**Stuart Chapman**  
Chief Operating Officer

4 June 2019

# Directors' Responsibilities Statement

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

Company Law requires the Directors to prepare financial statements for each financial year. Under that Law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

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 Group and Company 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 Group 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, comprising FRS 101, 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 Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are further responsible for ensuring that the Annual Report is made available on the Company's website and for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each Director in office at the date of approval of the Directors' Report confirms that:

- so far as they are aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to

establish that the Group and Company's auditors are aware of that information.

To the best of their knowledge, each Director in office at the date of approval of the Directors' Report further confirms that:

- 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.

The Directors' Responsibilities Statement was approved by the Board on 4 June 2019 and signed on its behalf by:

**Stuart Chapman**  
Chief Operating Officer

4 June 2019



# Financials

# Independent Auditors' Report to the Members of Draper Esprit plc

## Report on the Audit of the Financial Statements

### Opinion

#### In our opinion:

- Draper Esprit plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2019 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Draper Esprit plc Annual Report (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2019; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion


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

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our audit approach

#### Overview

	<ul style="list-style-type: none"> <li>• Overall Group materiality: £12,371,000 based on 2% of net assets.</li> <li>• Specific Group materiality applied to certain Consolidated Statement of Comprehensive Income line items: £1,126,000 based on 10% of Total operating costs.</li> <li>• Overall Company materiality: £11,765,000 based on 2% of net assets.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. The Group financial statements are prepared on a consolidated basis, and the audit team carries out an audit over the consolidated Group balances in support of the Group audit opinion.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Valuation of unquoted investments (Group and Company).</li> <li>• Carrying value of goodwill (Group).</li> </ul>
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### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.



### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of unquoted investments (Group and Company)</b> Refer to pages 77 and 78 (Significant accounting policies), pages 81 and 82 (Critical accounting estimates and judgments), pages 88, 95, and 103 (Notes) and page 53 (Audit Committee Report).</p> <p>The fair value of unquoted investments is £562m (Group) and £533m (Company) as at 31 March 2019. This is an area of focus due to the fact that unquoted investments ("investee entities" or "investment") do not have readily determinable prices. The valuation methodologies primarily used by the Group are the 'price of recent investment' and 'revenue multiple' approaches.</p> <p>The price of a recent investment approach, resulting from an orderly transaction in an investee entity, generally represents Fair Value as of the transaction date.</p> <p>The revenue multiple approach is a comparable analysis method that seeks to value similar companies using the same financial metrics to generate a fair value. Due to the stage of the investee entities a revenue based multiple metric is used, with a discount based on individual investee entities characteristics applied to the public comparatives.</p> <p>Whilst the underlying investments are held within funds or other investment entities such as Draper Esprit (Ireland) Limited, which are valued by the Group at Net Asset Value, management look through these vehicles to value the underlying investments.</p>	<p>We understood and evaluated the valuation methodologies applied, by reference to industry practice and applicable accounting standards, and tested the techniques used by management in determining the fair value of the investee entities. We performed the following:</p> <ul style="list-style-type: none"> <li>• Agreed the price of recent investments to supporting documentation such as purchase agreements, funding drawdown requests or bank statements;</li> <li>• Obtained management information and board reports to evaluate post transaction performance to assess that the investee entity had not significantly varied from budget or achieved milestones that indicate the methodology and fair value was inappropriate;</li> <li>• For the revenue multiple approach we held meetings with management to understand the estimates used in the valuations of their investments. These included but were not restricted to review of the comparative companies, discounts and budgeted earnings figures used; and</li> <li>• We evaluated the range of comparable companies used in the valuation and verified revenue multiples to independent sources.</li> <li>• Agreed inputs into the valuation model to financial information, board papers from the investee entities and publicly available information.</li> </ul> <p>Where the Group has invested capital into a separately managed fund ("a Fund"), the engagement team:</p> <ul style="list-style-type: none"> <li>• Confirmed the commitments and capital drawn down with the Fund;</li> <li>• Reviewed the latest investor reports of the Fund; and</li> <li>• Reviewed the look-through valuation performed by management on individually material investments to the Group held in the Fund.</li> </ul> <p>Furthermore, for a sample of investments, we confirmed the capital structure with the investee entity and reviewed the allocation of value between the capital structure to ensure the amount attributable to the Group entities was appropriate.</p> <p>Overall based on our procedures, we found that management's valuation of investments and the assumptions used were supported by the audit evidence obtained and appropriately disclosed in the financial statements.</p>

# Independent Auditors' Report to the Members of Draper Esprit plc continued

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value of goodwill (Group)</b></p> <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). It is also included on page 53 (Audit Committee Report).</p> <p>There is a risk that the carrying value of the goodwill that was recognised on formation of the Group has not been recognised appropriately in-line with IFRS 3 Business Combinations or adequately assessed for impairment in-line with IAS 36 Impairment of assets.</p> <p>The goodwill impairment calculation includes management's estimates, judgements and assumptions regarding the allocation of the initial consideration as well as the growth and discount rates used in the impairment review.</p> <p>We therefore identified the carrying value of goodwill as a key audit matter.</p>	<p>As at 31 March 2018 the Group had recognised £20.5m of goodwill on the Consolidated Statement of Financial Position as a result of the acquisition of Esprit Capital Partners LLP. As part of our opening balances and predecessor auditor work papers review, we noted that included in the Lock-in and Vesting Deed associated with the acquisition, is a clause around 'bad leaver' provisions, whereby when one of the sellers subsequently resigns or ceases to be an 'Eligible Person' this results in the repurchase of the shares issued for the purchase of the LLP for a notional value of £1. We considered this clause to represent a contingent payment to former members with the corresponding asset being amortised in line with the Lock-in period of 2.5 years rather than being accounted for as goodwill and for the price of the transaction to be allocated into its constituent parts of consideration and compensation.</p> <p>Management restated the Group financial statements to appropriately reflect the accounting for the transaction, adding a disclosure in the notes to the financial statements explaining this restatement. The resulting impact was to reduce goodwill to £9.7m, a balance below our materiality, and to recognise a share based payment charge over the separate vesting periods identified.</p> <p>We reviewed the restatement of the previously reported goodwill balance and the adjustments disclosed in the notes to the financial statements. Based on the procedures performed, we found that the carrying value of goodwill is prepared in accordance with the stated accounting policy and supported by the audit evidence obtained.</p>

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgment to determine the extent of testing required over each balance in the financial statements.

The financial statements are produced using a single consolidation spreadsheet that takes information from the general ledger. The Group audit team performed all audit procedures over the consolidation for the purposes of the Group audit.

This allowed us to adequately address the key audit matters for the audit and, together with procedures performed over the consolidation, gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	£12,371,000	£11,765,000
How we determined it	2% of net assets.	2% of net assets.
Rationale for benchmark applied	Net assets is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark for business such as the Group, which invests in other businesses for capital appreciation.	Net assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted auditing benchmark for business such as the Company, which invests in other businesses for capital appreciation.

In addition to overall Group materiality, a specific materiality was also applied to certain areas of the Consolidated Statement of Comprehensive Income. Our specific materiality is aligned with the metrics in the Consolidated Statement of Comprehensive Income that we believe are of particular interest to the members and we determined those metrics to be fee income, general administration expenses and share based payments. We applied a materiality level of 10% of Total operating costs, £1,126,000, in order to reflect their specific characteristics.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £618,000 (Group audit) and £588,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

# Independent Auditors' Report to the Members of Draper Esprit plc continued

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit Responsibilities of the Directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 59, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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 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 Company or to cease operations, or have no realistic alternative but to do so.

## **Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Other voluntary reporting**  
**Directors' remuneration**

The Company voluntarily prepares a Directors' Remuneration Report (called the Remuneration and Nomination Committee Report) in accordance with the provisions of the Companies Act 2006. The Directors requested that we audit the part of the Remuneration and Nomination Committee Report specified by the Companies Act 2006 to be audited as if the Company were a quoted Company, as defined by Companies Act 2006.

In our opinion, the part of the Remuneration and Nomination Committee Report to be audited has been properly prepared in accordance with the Companies Act 2006.

**Richard McGuire (Senior Statutory Auditor)**  
*for and on behalf of PricewaterhouseCoopers LLP*

Chartered Accountants and Statutory Auditors  
London

4 June 2019

## Consolidated Statement of Comprehensive Income

for the year ended 31 March 2019

	Note	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s Restated*	Year ended 31 Mar 2017 £'000s Restated*
Unrealised gains on investments held at fair value through the profit and loss	5	114,715	66,603	35,744
Fee income	6	6,101	7,163	1,673
<b>Total investment income</b>		<b>120,816</b>	<b>73,766</b>	<b>37,417</b>
<b>Operating expenses</b>				
General administrative expenses	7	(7,774)	(5,785)	(3,705)
Depreciation and amortisation	14, 17, 21	(163)	(160)	(127)
Share based payments – resulting from company share option scheme	9	(1,100)	(490)	(123)
Share based payments – resulting from acquisition of subsidiary	18	(1,989)	(4,406)	(4,428)
Investments and acquisition costs		(207)	(424)	–
Exceptional items		(34)	(229)	–
<b>Total operating costs</b>		<b>(11,267)</b>	<b>(11,494)</b>	<b>(8,383)</b>
<b>Profit from operations</b>		<b>109,549</b>	<b>62,272</b>	<b>29,034</b>
Net foreign exchange gain/(loss)	10	1,481	(1,530)	221
Finance income on cash and cash equivalents		120	112	–
<b>Operating profit before tax</b>		<b>111,150</b>	<b>60,854</b>	<b>29,255</b>
Income taxes	11, 21	11	43	(438)
<b>Profit for the year</b>		<b>111,161</b>	<b>60,897</b>	<b>28,817</b>
Other comprehensive income/(expense)		–	–	–
<b>Total comprehensive income for the year</b>		<b>111,161</b>	<b>60,897</b>	<b>28,817</b>
<b>Profit attributable to:</b>				
Owners of the parent		110,579	57,766	28,487
Non-controlling interest		582	3,131	330

### Earnings per share attributable to owners of the Parent:

Basic earnings per weighted average shares (pence)	12	115	89	88
Diluted earnings per weighted average shares (pence)	12	110	88	87

\*Certain amounts shown here do not correspond to the Annual Report for the year ended 31 March 2018 and 31 March 2017 and reflect adjustments made, refer to Note 3(a) and Note 18.

The Notes on pages 72 to 99 are an integral part of these consolidated financial statements.

## Consolidated Statement of Financial Position

As at 31 March 2019

	Note	31 Mar 2019 £'000s	31 Mar 2018 £'000s Restated*	31 Mar 2017 £'000s Restated*
<b>Non-current assets</b>				
<b>Non-current assets</b>				
Intangible assets	14	10,130	10,232	10,335
Investments in associates	15	258	258	258
Financial assets held at fair value through the profit or loss	16	562,061	231,910	105,971
Property, plant and equipment	17	209	229	152
<b>Total non-current assets</b>		<b>572,658</b>	242,629	116,716
<b>Current assets</b>				
Trade and other receivables	19	1,140	4,840	527
Cash and cash equivalents		50,358	56,641	24,892
<b>Total current assets</b>		<b>51,498</b>	61,481	25,419
<b>Current liabilities</b>				
Trade and other payables	20	(4,959)	(2,948)	(1,548)
<b>Total current liabilities</b>		<b>(4,959)</b>	(2,948)	(1,548)
<b>Non-current liabilities</b>				
Deferred tax	21	(631)	(651)	(716)
<b>Total non-current liabilities</b>		<b>(631)</b>	(651)	(716)
<b>Net assets</b>		<b>618,566</b>	300,511	139,871
<b>Equity</b>				
Share capital	22	1,179	716	407
Share premium account	22	395,783	188,229	93,248
Merger relief reserve	22	13,097	13,097	13,097
Share-based payments reserve – resulting from company share option scheme		1,713	613	123
Share-based payments reserve – resulting from acquisition of subsidiary		10,823	8,834	4,428
Retained earnings		195,737	86,230	28,464
<b>Equity attributable to owners of parent</b>		<b>618,332</b>	297,719	139,767
Non-controlling interests		234	2,792	104
<b>Total equity</b>		<b>618,566</b>	300,511	139,871
<b>Net assets per share (pence)</b>	12	<b>524</b>	416	343

\*Certain amounts shown here do not correspond to the Annual Report for the years ended 31 March 2018 and 31 March 2017 and reflect adjustments made, refer to Note 3(a) and Note 18.

The financial statements on pages 68 to 99 were approved by the Board of Directors on 4 June 2019 and signed on its behalf by

**S. M. Chapman**  
Chief Operating Officer

The Notes on pages 72 to 99 are an integral part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

for the year ended 31 March 2019

	Note	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s Restated*	Year ended 31 Mar 2017 £'000s Restated*
<b>Cash flows from operating activities</b>				
<b>Operating profit after tax</b>		<b>111,161</b>	60,897	28,817
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	(114,715)	(66,603)	(35,744)
Depreciation and amortisation		163	160	155
Share-based payments – resulting from company share option scheme		1,100	490	123
Share-based payments – resulting from acquisition of subsidiary		1,989	4,406	4,428
Bad debt provision		–	–	37
Exchange differences on cash and cash equivalents	10	(1,481)	1,530	(221)
Decrease/(increase) in trade and other receivables		189	(4,314)	681
Increase in trade and other payables		2,011	1,401	441
Purchase of investments	16	(226,432)	(74,674)	(20,602)
Proceeds from disposals in underlying investment vehicles	16	15,984	15,338	17,137
Net loans made to/returned from underlying investment vehicles	16	(4,679)	–	–
Purchase of initial portfolio		–	–	(40,000)
<b>Net cash (used in)/generated from operating activities</b>		<b>(214,710)</b>	(61,369)	(44,478)
Tax paid		(32)	(107)	–
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(214,742)</b>	(61,476)	(44,748)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(58)	(204)	(166)
Interest received		120	112	–
Cash acquired on purchase of subsidiary		–	–	495
<b>Net cash inflow/(outflow) from investing activities</b>		<b>62</b>	(92)	329
<b>Cash flows from financing activities</b>				
Cash paid to non-controlling interests		(638)	(443)	(246)
Proceeds from issue of share capital	22	215,035	100,000	72,060
Equity issuance costs	22	(7,481)	(4,710)	(2,724)
<b>Net cash inflow from financing activities</b>		<b>206,916</b>	94,847	69,090
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>		<b>(7,764)</b>	33,279	24,671
Cash and cash equivalents at beginning of year		56,641	24,892	–
Exchange differences on cash and cash equivalents	10	1,481	(1,530)	221
<b>Cash and cash equivalents at end of year</b>		<b>50,358</b>	56,641	24,892

\*Certain amounts shown here do not correspond to the Annual Report for the year ended 31 March 2018 and 31 March 2017 and reflect adjustments made, refer to Note 3(a) and Note 18.

The Notes on pages 72 to 99 are an integral part of these consolidated financial statements.



## Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

	Attributable to equity holders of the parent (£'000s)						(£'000s)	(£'000s)	
	Share capital	Share premium	Merger relief reserve	Share-based payments reserve resulting from: Company share option scheme	Acquisition of subsidiary	Retained earnings	Total	Attributable to non-controlling interests	Total equity
<b>Balance at 1 April 2016</b>	50	-	-	-	-	(3)	47	-	47
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	28,487	28,487	330	28,817
Acquired reserves due to non-controlling interest	-	-	-	-	-	(20)	(20)	20	-
Amounts withdrawn by non-controlling interest	-	-	-	-	-	-	-	(246)	(246)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	-	28,467	28,467	104	28,571
<b>Contributions by and distributions to the owners:</b>									
Issue of share capital (Note 22)	357	-	-	-	-	-	357	-	357
Share premium (Note 22)	-	93,248	-	-	-	-	93,248	-	93,248
Merger relief reserve (Note 22)	-	-	13,097	-	-	-	13,097	-	13,097
Share based payments – resulting from company share option scheme (Note 13)	-	-	-	123	-	-	123	-	123
Share based payments – resulting from acquisition of subsidiary (Note 18)	-	-	-	-	4,428	-	4,428	-	4,428
<b>Balance at 31 March 2017 (Restated*)</b>	<b>407</b>	<b>93,248</b>	<b>13,097</b>	<b>123</b>	<b>4,428</b>	<b>28,464</b>	<b>139,767</b>	<b>104</b>	<b>139,871</b>
<b>Comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	57,766	57,766	3,131	60,897
Amounts withdrawn by non-controlling interest	-	-	-	-	-	-	-	(443)	(443)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	57,766	57,766	2,688	60,454
<b>Contributions by and distributions to the owners:</b>									
Issue of share capital (Note 22)	309	-	-	-	-	-	309	-	309
Share premium (Note 22)	-	94,981	-	-	-	-	94,981	-	94,981
Share based payments – resulting from company share option scheme (Note 13)	-	-	-	490	-	-	490	-	490
Share based payments – resulting from acquisition of subsidiary (Note 18)	-	-	-	-	4,406	-	4,406	-	4,406
<b>Balance at 31 March 2018 (Restated*)</b>	<b>716</b>	<b>188,229</b>	<b>13,097</b>	<b>613</b>	<b>8,834</b>	<b>86,230</b>	<b>297,719</b>	<b>2,792</b>	<b>300,511</b>
<b>Comprehensive income for the year</b>									
Adjustments for transitioning to IFRS 15 (Note 2i)	-	-	-	-	-	(1,072)	(1,072)	(2,502)	(3,574)
Profit for the year	-	-	-	-	-	110,579	110,579	582	111,161
Amounts withdrawn by non-controlling interest	-	-	-	-	-	-	-	(638)	(638)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	109,507	109,507	(2,558)	106,949
<b>Contributions by and distributions to the owners:</b>									
Issue of share capital (Note 22)	463	-	-	-	-	-	463	-	463
Share premium (Note 22)	-	207,554	-	-	-	-	207,554	-	207,554
Share based payment (Note 13)	-	-	-	1,100	-	-	1,100	-	1,100
Share Based payment resulting from acquisition of Subsidiary (Note 18)	-	-	-	-	1,989	-	1,989	-	1,989
<b>Balance at 31 March 2019</b>	<b>1,179</b>	<b>395,783</b>	<b>13,097</b>	<b>1,713</b>	<b>10,823</b>	<b>195,737</b>	<b>618,332</b>	<b>234</b>	<b>618,566</b>

\*Certain amounts shown here do not correspond to the Annual Report for the year ended 31 March 2018 and 31 March 2017 and reflect adjustments made, refer to Note 3(a) and Note 18.

The Notes on pages 72 to 99 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 company limited by shares incorporated and domiciled in England and Wales. The Company is listed on the London Stock Exchange's AIM market and the Irish Stock Exchange's Euronext Dublin market.

The Company is the ultimate parent company into which the results of all subsidiaries are consolidated. The consolidated financial statements for the years ended 31 March 2019, 31 March 2018, and 31 March 2017 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(b). Information on other related party relationships of the Draper Esprit Group is provided in Note 29.

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

- i. **IFRS 15 Revenue from Contracts with Customers** is a 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 core principal of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration, which the entity expects to be entitled in exchange for those goods, or services.

The only material impact from the adoption of this standard relates to the recognition of performance fees, which under IFRS 15 will no longer be recognised following analysis in line with the Standard's higher threshold for recognition. The underlying status of the fees has not changed.

The impact on the consolidated statement of financial position and consolidated statement of changes in equity can be seen in the table below:

	Previously reported £000's	IFRS 15 reclassification £000's	PY reported under IFRS 15 £000's
<b>Performance fee revenue (recognised in year ending 31 March 2018)</b>	3,574	(3,574)	0
Performance fees attributable to the Group	1,072	(1,072)	0
Performance fees attributable to non-controlling interest	2,502	(2,502)	0
<b>Accrued Revenue</b>	3,574	(3,574)	0

The Group has elected not to restate comparative information from prior periods upon adoption of IFRS 15 and has applied the practical expedient under which contracts that began and were completed prior to 1 April 2018 are not restated. For ongoing contracts, any changes required are taken straight to the condensed consolidated interim statement of changes in equity.

- ii. In the current year, the Group has applied **IFRS 9 Financial Instruments** (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for the 1) classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. There is no material impact on the Group in relation of the implementation of IFRS 9. The Standard has been adopted from 1 April 2018 with no restatement of prior periods required.

## Notes to the Consolidated Financial Statements continued

### 1) Classification and measurement

On 1 April 2018, the Group has classified its financial instruments in the appropriate IFRS 9 categories; there were no changes.

### 2) Impairment of financial assets

The Group has one type of financial asset that is subject to IFRS 9's new expected credit loss model:

- Trade and other receivables (See Note 19)

On 1 April 2018, there was no material impact on the trade and receivables balance resulting from the expected credit loss model.

### 3) General Hedge Accounting

The Group does not use hedge accounting. Therefore, there is no impact on the financial statements from this change to IFRS 9.

### Standards not affecting the reported results or financial position

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

- IFRS 16 Leases applies to annual reporting periods beginning on or after 1 January 2019. 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 £1.6 million would be recognised on the balance sheet as a liability with an equivalent asset in fixed assets for the financial year commencing 1 April 2019. There will not be a material impact on the Consolidated Statement of Comprehensive Income. The impact on the Consolidated Statement of Comprehensive Income is expected to be to reclassify operating lease expenses to depreciation and interest expenses.

## 3. Significant accounting policies

### Basis of preparation

To note within the year are the adoption by the Group of IFRS 9 and IFRS 15, which is discussed in further detail above, as well as the restatement discussed in 3(a) below. The consolidated financial statements 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 and endorsed by the European Union ("EU") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. 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 financial statements. The financial statements are prepared on a going concern basis as disclosed in the Directors' Report.

The consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of financial assets and financial liabilities held at fair value.

A summary of the Group's principal accounting policies, which have been applied consistently across the Group, is set out below.

#### a) Prior period restatements

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the comparative periods presented in these financial statements have been restated in line with IFRS 3 Business Combinations to recognise the impact of terms in the Lock-in and Vesting Deed dated 10 June 2016 on the acquisition of Esprit Capital Partners LLP (See Note 18 for further details).

The impact on net assets in the consolidated statement of financial position as at 31 March 2017 and 31 March 2018 was £10.8 million. The impact on profit for the year ended 31 March 2018 in the consolidated statement of comprehensive income was £4.4 million (31 March 2017: £4.4 million). For further details of the restatements, see the primary statements and Note 18.

## Notes to the Consolidated Financial Statements continued

### b) 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 <sup>^</sup>	Investment Management	England	100%
Draper Esprit (Nominee) Limited <sup>^</sup>	Dormant	England	100%
Encore Ventures LLP <sup>^</sup>	Investment Management	England	71%
Esprit Capital I GP Limited <sup>^</sup>	General Partner	England	100%
Esprit Capital II GP Limited <sup>^^</sup>	General Partner	Cayman	100%
Esprit Capital III Founder GP Limited <sup>^^</sup>	General Partner	Scotland	100%
Esprit Capital III GP LP <sup>^^</sup>	General Partner	Scotland	100%
Encore I GP Limited <sup>^^</sup>	General Partner	Cayman	100%
Encore I Founder GP Limited <sup>^^</sup>	General Partner	Scotland	100%
Esprit Capital Management Limited <sup>^</sup>	Admin company	England	100%
Esprit Capital Holdings Limited <sup>^</sup>	Dormant	England	100%
Esprit Nominees Limited <sup>^</sup>	Dormant	England	100%
Esprit Capital I CIP Limited <sup>^</sup>	Dormant	England	100%
Esprit Capital III MLP LLP <sup>^</sup>	Dormant	England	100%
Esprit Capital III GP Limited <sup>^</sup>	Dormant	England	100%

### Registered addresses

<sup>^</sup>20 Garrick Street, London, England, WC2E 9BT

<sup>^^</sup>50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ

<sup>^^^</sup>Appleby Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands

### 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(c) 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, rather than 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.

### Associates

Associates are all entities over which the Group has significant influence, but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. The carrying amount of equity-accounted investments is tested for impairment where there are indications that the carrying value may no longer be recoverable. For further details, please see investment in associate Note 15.

## Notes to the Consolidated Financial Statements continued

### Investment Company

In accordance with the provisions of IFRS 10, Draper Esprit plc considers itself to be an investment entity and considers its wholly-owned subsidiary, Draper Esprit (Ireland) Limited, as well as the limited partnerships listed below to be investment companies, as their sole purpose is to hold investments on behalf of the Group. Consequently, Draper Esprit (Ireland) Limited and the limited partnerships listed below are not consolidated in accordance with IFRS10, instead they are recognised as investments held at fair value through 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	% ownership
Draper Esprit (Ireland) Limited <sup>^^</sup>	Investment company	Ireland	100%
Esprit Capital III LP <sup>^</sup>	Limited partnership	England	100%
Esprit Capital IV LP <sup>^</sup>	Limited partnership	England	100%
Esprit Investments (1) LP <sup>^</sup>	Limited partnership	England	100%
Esprit Investments (2) LP <sup>^</sup>	Limited partnership	England	100%
Esprit Investments (1) (B) LP <sup>^</sup>	Limited partnership	England	100%
Esprit Investments (2) (B) LP <sup>^</sup>	Limited partnership	England	100%

<sup>^</sup>20 Garrick Street, London, England, WC2E 9BT

<sup>^^</sup> 32 Molesworth Street, Dublin 2, Ireland, D02 Y512

### 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 <sup>^</sup>	General partner	Cayman
Esprit Capital II Founder LP <sup>^</sup>	Co-investment limited partnership	Cayman
Esprit Capital II Founder 2 LP <sup>^</sup>	Co-investment limited partnership	Cayman
Encore I Founder LP <sup>^</sup>	Co-investment limited partnership	Cayman
Encore I Founder 2014 LP <sup>^</sup>	Co-investment limited partnership	Cayman
Encore I Founder 2014-A LP <sup>^</sup>	Co-investment limited partnership	Cayman
Esprit Capital III Founder LP <sup>^^</sup>	Co-investment limited partnership	Scotland

<sup>^</sup>Appleby Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands

<sup>^^</sup>50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

The Group's management does not consider there to be a material exposure to these entities.

#### c) Operating Segment

The Group's management considers the Group's investment portfolio represents a coherent and diversified portfolio with similar economic characteristics and as a result these individual investments have been aggregated into a single operating segment. In the view of the Directors, there is accordingly one reportable segment under the provisions of IFRS 8.

#### d) 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.

## Notes to the Consolidated Financial Statements continued

Revenue from services comprises:

i. 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 by commitments or invested cost, depending on the stage of the fund being managed. Revenues are recognised as the related services are provided.

ii. 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. Revenues are recognised as services are provided.

iii. 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 highly probable funds will flow to the Group.

e) Deferred income

The Group's management fees are typically billed annually, 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.

f) 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.

g) 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 acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceed 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, typically the duration of the underlying contracts. The following useful economic lives are applied:

i. Customer contracts: eight years.

### h) 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 that is the higher of fair value less costs to sell and value-in-use. To determine value-in-use, management estimates expected future cash flows over 5 years from each cash-generating unit and determine a suitable discount rate in order to calculate the present value of those cash flows. 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.

### i) 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.

### j) 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 'amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## Notes to the Consolidated Financial Statements continued

### 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 IFRS 9 Financial Instruments 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, Esprit Capital II Founder LP, Esprit Capital IV LP, Esprit Investments(I) LP, Esprit Investments (1) (B) LP, Esprit Investments (2) LP, and Esprit Investments (2) (B) LP are appropriately designated as at FVTPL as they meet criteria (b) above.

### Amortised cost

A financial asset is held at amortised cost under IFRS 9 where it is held for the collection of cash flows representing solely payments of principal and interest. These assets are measured at amortised cost using the effective interest method, less any expected losses. Financial assets which were part of the category of 'loans and receivables' under IAS 39 Financial Instruments: Recognition and measurement are now categorised within this group.

The Group's financial assets held at amortised cost comprise trade and most other receivables, and cash and cash equivalents in the consolidated statement of financial position.

#### k) 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.

#### l) 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.

#### m) 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. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### n) 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.

#### o) 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



## Notes to the Consolidated Financial Statements continued

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.

### p) 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.

### q) Dividends

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

### r) 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.

### s) 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

## Notes to the Consolidated Financial Statements continued

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.

### t) Property, Plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised 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.

### u) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits at bank and highly liquid investments with a term of no more than 90 days that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. No cash equivalents are held as at 31 March 2019 (31 March 2018: nil).

### v) 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.

### w) Financial instruments

Financial assets and financial liabilities are recognised in 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.

### x) 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, 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.

### y) 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 on a time basis, with reference to the principal outstanding and at the effective interest rate applicable.

### z) Carried interest

The Group 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.

## Notes to the Consolidated Financial Statements continued

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 Group 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 and Nomination Committee.

The Group's interest in carried interest is measured at fair value through the profit and loss (FVTPL) with reference to the performance conditions described above, and is deducted from the valuation of investments measured at FVTPL.

### 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. Actual results may differ from estimates. The key estimates, (4)(a) and (4)(b), and judgements, (4)(c) and (4)(d), are discussed below. There have been no changes to the accounting estimates and judgements in the financial year ended 31 March 2019.

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

The Group invests into Limited Companies and Limited Partnerships which are considered to be investment companies that invest in unquoted equity for the benefit of the Group. These investment companies are measured at fair value through the profit or loss based on their NAV at the year end. The Group controls these entities and is responsible for preparing their NAV which is based on the valuation of their unquoted investments. The Group's valuation of investments measured at fair value through profit or loss is therefore dependent upon estimations of the valuation of the underlying portfolio companies.

The Group, through its controlled investment companies also invests in investment companies which primarily focus on German or seed investments. These investments are considered to be 'Fund of Fund investments' for the Group and are recognised at their NAV at the year-end date. These Fund of Fund investments are not controlled by the Group and some do not have coterminous year ends with the Group. To value these investments management obtain the latest audited financial statements of the investments and discuss further movements with the management of the companies. Where the Fund of Funds hold investments that are individually material to the Group, management perform further procedures to determine that the valuation of these investments has been prepared in accordance with the Group's valuation policies for portfolio companies outlined below and these valuations will be adjusted by the Group where necessary based on the Group valuation policy for valuing portfolio companies.

The estimates 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 estimates include whether to increase or decrease investment valuations or not and require the use of 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 ("IPEV Guidelines"). In line with the IPEV Guidelines, 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. An assessment will be made at each measurement date as to the most appropriate valuation methodology.

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, although not considered to be the default valuation technique, the appropriate approach to determine fair value may be 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

## Notes to the Consolidated Financial Statements continued

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.

If this methodology is used, 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 this basis remains appropriate each time valuations are reviewed.

If the "price of recent investment" methodology is not considered appropriate, the Group considers alternative methodologies in the IPEV 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 Notes 26 and 27 for information on unobservable inputs used and sensitivity analysis on investments held at fair value through the profit and loss.

### b) 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. An impairment review is performed on an annual basis unless there is a trigger event during the period. The recoverable amount is based on "value in use" calculations, which requires estimates of future cash flows 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 carrying amount of the restated goodwill as at the statement of financial position date was £9.7 million, which was recognised during the year ended 31 March 2017 in accordance with IFRS 3 Business Combinations. Other than the restatement during the period (See Notes 3(a) and 18 for further details), 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% does not reduce the carrying value of goodwill to less than its recoverable amount.

The CGU was determined to be the fund managers. This is a critical management judgement, as they are responsible for generating dealflow and working with investee companies creating value and maximising returns for the Group.

### c) Control assessment

The Group has a number of entities within its corporate structure and a judgement 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(b) for further details.

### 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 based on the judgement of Directors, it has been determined that this transaction is appropriately accounted for as an acquisition.

## Notes to the Consolidated Financial Statements continued

### 5. Unrealised gains on investments held at fair value through the profit and loss

	Year ended 31 Mar 2019 £'000s	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)	<b>114,715</b>	66,603	35,744

### 6. Fee income

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 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Management fees	<b>6,052</b>	3,546	1,632
Performance fees attributable to the Group (Note 2i)	–	1,072	–
Performance fees attributable to non-controlling interests (Note 2i)	–	2,502	–
Portfolio Directors' fees	<b>44</b>	43	41
Other Income	<b>5</b>	–	–
	<b>6,101</b>	7,163	1,673

### 7. General administrative expenses

Administrative expenses comprise:

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
General employee and employee related expenses (Note 9)	<b>4,401</b>	3,765	2,349
Operating lease rentals	<b>246</b>	246	115
Legal and professional	<b>1,241</b>	1,096	666
Irrecoverable VAT	<b>278</b>	85	130
Travel expenses	<b>333</b>	280	122
Marketing expenses	<b>472</b>	186	–
Other administrative costs	<b>803</b>	127	323
	<b>7,774</b>	5,785	3,705

### 8. Profit from operations

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

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Audit fees for the consolidated financial statements	<b>87</b>	47	47
Audit of the accounts of any related undertakings of the Company	<b>47</b>	41	32
Audit-related assurance services	<b>20</b>	22	22
Other assurance services	<b>16</b>	15	15
Taxation compliance services	–	78	58
Other taxation advisory services	–	27	3
Total fees payable to the Company's auditors	<b>170</b>	230	177
Bad debt provision	–	–	37

The fees payable to the Company's auditors in the years ended 31 March 2017 and 31 March 2018 were payable to Grant Thornton UK LLP.

## Notes to the Consolidated Financial Statements continued

### 9. Employee and employee related expenses

Employee benefit expenses (including Directors) comprise:

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Wages and salaries	3,447	2,884	1,858
Defined contribution pension costs	354	342	167
Benefits (Healthcare and Life Assurance)	74	111	16
Recruitment Costs	67	24	62
Social security contributions and similar taxes	459	404	246
<b>General employee and employee related expenses</b>	<b>4,401</b>	<b>3,765</b>	<b>2,349</b>
Share-based payment expense arising from company share option scheme	1,100	490	123
<b>Total employee benefit expenses</b>	<b>5,501</b>	<b>4,255</b>	<b>2,473</b>

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

	Year ended 31 Mar 2019 Number	Year ended 31 Mar 2018 Number	Year ended 31 Mar 2017 Number
Technology Investment	15	13	10
Corporate functions	13	7	7
	<b>28</b>	<b>20</b>	<b>17</b>

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, and are considered to be the Directors of the Company listed on page 46 and 47 (including the CFO who has been appointed to the Board post financial year-end).

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Wages and salaries	1,317	1,171	730
Short-term non-monetary benefits	10	12	39
Defined contribution pension costs	108	102	90
Share-based payment expense	631	196	63
Social security contributions and similar taxes	133	145	89
	<b>2,199</b>	<b>1,626</b>	<b>1,011</b>

The details of individual Directors' remuneration and pension benefits, as set out in the tables contained in the Remuneration and Nomination Committee Report on pages 54 to 56, form part of these consolidated financial statements.

### 10. Net foreign exchange gain/(loss)

The net foreign exchange gain/(loss) during the year ended 31 March 2019 of £1,481k (Year ended 31 March 2018: (£1,530k) /Year ended 31 March 2017: £221k) related to cash and cash equivalents.

## Notes to the Consolidated Financial Statements continued

### 11. Income taxes

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

	Year ended 31 Mar 2019 £'000s	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	–	–	–
<b>Total current tax</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Deferred tax expense</b>			
Arising on business combinations (Note 21)	(11)	(64)	578
Reversal of amounts previously recognised	–	21	(140)
<b>Total deferred tax</b>	<b>(11)</b>	<b>(43)</b>	<b>438</b>

The UK standard rate of corporation tax is 19% (2018: 19%, 2017: 20%). There is no current tax charge in the year (2018: £nil, 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:

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Profit/(loss) for the year before tax	111,150	60,854	29,255
<b>Profit/(loss) on ordinary activities of Group companies before tax</b>			
Tax using the Company's domestic tax rate of 19% (2018: 19%, 2017: 20%)	21,119	11,562	5,851
Expenses not deductible for tax purposes	–	–	–
Unrealised gains on investments	(21,796)	(12,654)	(6,791)
Other timing differences	666	1,049	1,378
<b>Total tax (credit)/charge for the year</b>	<b>(11)</b>	<b>(43)</b>	<b>438</b>

### 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 weighted average number of 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.

	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
<b>Basic earnings per ordinary share</b>			
<b>31 March 2019</b>	<b>110,579</b>	<b>96,051</b>	<b>115</b>
31 March 2018 *Restated (Notes 3a & 18)	57,766	65,011	89
31 March 2017 *Restated (Notes 3a & 18)	28,487	32,230	88

	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
<b>Diluted earnings per ordinary share</b>			
<b>31 March 2019</b>	<b>110,579</b>	<b>100,506</b>	<b>110</b>
31 March 2018 *Restated (Notes 3a & 18)	57,766	65,512	88
31 March 2017 *Restated (Notes 3a & 18)	28,487	32,740	87

## Notes to the Consolidated Financial Statements continued

Net asset value ("NAV") per share is based on the net asset attributable to shareholders and the number of shares as at the balance sheet date. When calculating the diluted earnings per share, the number of shares in issue at balance sheet date is adjusted for the effect of all dilutive share options and awards.

Net asset value per ordinary share	Net assets £'000s	No. of shares at balance sheet date '000	Pence per share
<b>31 March 2019</b>	<b>618,332</b>	<b>117,925</b>	<b>524</b>
31 March 2018 *Restated (Notes 3a & 18)	297,719	71,612	416
31 March 2017 *Restated (Notes 3a & 18)	139,767	40,748	343

Diluted net asset value per ordinary share	Net assets £'000s	No. of shares at balance sheet date '000	Pence per share
<b>31 March 2019</b>	<b>618,332</b>	<b>123,325</b>	<b>501</b>
31 March 2018 *Restated (Notes 3a & 18)	297,719	74,636	399
31 March 2017 *Restated (Notes 3a & 18)	139,767	42,261	331

**Dividends:** There were no Dividends paid out in the year to 31 March 2019 (2018: nil)

### 13. Share-based payments

31 March 2019	Date of Grant	Number of CSOP Options 1 Apr 2018	Number of Options (lapsed)/granted in the period	Number of CSOP Options 31 March 2019	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	1,384,132	(23,099)	1,361,033	101,400	3 Years	355	64.1
	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	(11,549)	1,180,364	48,926	3 Years	387	70.9
	28-Nov-17	116,016	-	116,016	-	5 Years	387	97.9
	30-July-18	-	1,205,000	1,205,000	-	3 Years	492	152.9
	30-Jul-18	-	102,750	102,750	-	5 years	492	186.4
	20-Feb-19	-	876,868	876,868	-	3 Years	530	67.8
	20-Feb-19	-	75,000	75,000	-	5 Years	530	95.2

On 20 February 2019, 876,868 and 75,000 shares under option were granted to employees of the Group, Directors and Trustees. The share price at grant dates was 530 pence.

During the period, 34,648 options lapsed which had an exercise price of 355 pence and 387 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 0.75% and 0.84% and was taken from zero coupon United Kingdom government bonds on a term consistent with the vesting period. Following successful capital raisings in June 2018 and February 2019 (raising gross proceeds of £115.0 million and £100.0 million respectively), the Remuneration and Nomination Committee approved grants to the Executive Directors (including Ben Wilkinson) of options under the CSOP over a total of 534,300 ordinary shares on 30 July 2018 at an exercise price of 492 pence per share, and over a total of 535,302 ordinary shares on 12 February 2019 at an exercise price of 530 pence per share. The options have a performance condition of an 8% per annum share price hurdle and, subject to continued employment, are exercisable three years after, and within ten years of, the date of grant. There are no performance conditions attached to other share options. The share-based payment charge for the year is £1.1 million (year ended 31 March 2018: £0.5 million).



## Notes to the Consolidated Financial Statements continued

### 14. Intangible assets

	Goodwill <sup>1</sup> £'000s	Customer contracts <sup>2</sup> £'000s	Total £'000s
<b>31 March 2019</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2018	9,653	818	10,471
Additions during the year	–	–	–
<b>Cost as at 31 March 2018</b>	<b>9,653</b>	<b>818</b>	<b>10,471</b>
<b>Accumulated amortisation</b>			
Amortisation carried forward as at 1 April 2018	–	(239)	(239)
Charge for the year	–	(102)	(102)
<b>Accumulated amortisation as at 31 March 2019</b>	<b>–</b>	<b>(341)</b>	<b>(341)</b>
<b>Net book value:</b>			
<b>As at 31 March 2019</b>	<b>9,653</b>	<b>477</b>	<b>10,130</b>
As at 31 March 2018	9,653	579	10,232
<b>31 March 2018</b>			
<b>*Restated (Notes 3a &amp; 18)</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2017	9,653	818	10,471
Additions during the year	–	–	–
<b>Cost as at 31 March 2018</b>	<b>9,653</b>	<b>818</b>	<b>10,471</b>
<b>Accumulated amortisation</b>			
Amortisation carried forward as at 1 April 2017	–	(136)	(136)
Charge for the year	–	(103)	(103)
<b>Accumulated amortisation as at 31 March 2018</b>	<b>–</b>	<b>(239)</b>	<b>(239)</b>
<b>Net book value:</b>			
<b>As at 31 March 2018</b>	<b>9,653</b>	<b>579</b>	<b>10,232</b>
As at 31 March 2017	9,653	682	10,335
<b>31 March 2017</b>			
<b>*Restated (Notes 3a &amp; 18)</b>			
<b>Cost</b>			
Cost carried forward as at 15 June 2016	–	–	–
Additions during the year	–	–	–
Acquired through business combinations (Note 18)	9,653	818	10,471
<b>Cost as at 31 March 2017</b>	<b>9,653</b>	<b>818</b>	<b>10,471</b>
<b>Accumulated amortisation</b>			
Amortisation carried forward as at 15 June 2016	–	–	–
Charge for the year	–	(136)	(136)
<b>Accumulated amortisation as at 31 March 2017</b>	<b>–</b>	<b>(136)</b>	<b>(136)</b>
<b>Net book value:</b>			
<b>As at 31 March 2017</b>	<b>9,653</b>	<b>682</b>	<b>10,335</b>

1 Goodwill of £9.7 million (restated – see Notes 3(a) and 18) 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 dealflow and working closely with investee companies to create 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 fee income from management fees over the next 5 years with reference to the most recent financial budget and forecasts. A five-year cash flow 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.

## Notes to the Consolidated Financial Statements continued

### 15. Investments in associates and related undertakings

#### Investments in associates

On 24 November 2016, Draper Esprit acquired a 30.77% stake in Draper Esprit VCT (formerly Elderstreet Holdings Limited) (registered office: 20 Garrick Street, London, United Kingdom, WC2E 9BT), the holding company of Draper Esprit VCT with an option to acquire the balance of the Draper Esprit VCT 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 Group's share of profits in the year was not material and there were no indications of impairment at balance sheet date.

#### Related undertakings

Please see below details of investments held by the Group's investment companies, where the ownership percentage or partnership interest exceeds 20%:

Name	Address	Type of share holding	Interest FD category* at reporting date / partnership interest
SportPursuit Limited	Unit 1.18 Canterbury Court Kennington Park, 1-3 Brixton Road, London, England, SW9 6DE	Ordinary shares Preference shares	E
Bright Computing Holding B.V.	Kingsfordweg 151, 1043 GR Amsterdam, the Netherlands	Ordinary shares Preference shares	E
RavenPack Holding AG	Churerstrasse 135, CH-8808 Pfäffikon Switzerland	Ordinary shares Preference shares	D
Earlybird IV	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Partnership interest	27%
Earlybird VI	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Partnership interest	56.5%

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

### 16. Financial assets held at fair value through profit and loss

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 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
<b>As at 1 April</b>	<b>231,910</b>	105,971	–
Initial portfolio acquired on 15 June 2016 <sup>1</sup>	–	–	63,940
Carry and Co-invest acquired on 15 June 2016	–	–	2,822
Investments made in the year <sup>2/3</sup>	<b>226,432</b>	74,674	20,602
Investments settled in shares <sup>3</sup>	<b>309</b>	–	–
Loans repaid from underlying investment vehicles	<b>(15,984)</b>	(15,338)	(17,137)
Loans made to underlying investment vehicles	<b>4,679</b>	–	–
Unrealised gains on the revaluation of investments	<b>114,715</b>	66,603	35,744
<b>As at 31 March</b>	<b>562,061</b>	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.

3 Investments made in the period include non-cash consideration of £0.3 million. See separate line.

## Notes to the Consolidated Financial Statements continued

### 17. Property, plant and equipment

	Leasehold Improvements £'000s	Computer Equipment £'000s	Total £'000s
<b>31 March 2019</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2018	285	41	326
Additions during the year	42	16	58
<b>Cost as at 31 March 2019</b>	<b>327</b>	<b>57</b>	<b>384</b>
<b>Accumulated depreciation</b>			
Depreciation carried forward as at 1 April 2018	(80)	(17)	(97)
Charge for the year	(67)	(11)	(78)
<b>Accumulated depreciation as at 31 March 2019</b>	<b>(147)</b>	<b>(28)</b>	<b>(175)</b>
<b>Net book value:</b>			
<b>As at 31 March 2019</b>	<b>180</b>	<b>29</b>	<b>209</b>
As at 31 March 2018	205	24	229
<b>31 March 2018</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2017	138	33	171
Additions during the year	147	8	155
<b>Cost as at 31 March 2018</b>	<b>285</b>	<b>41</b>	<b>326</b>
<b>Accumulated depreciation</b>			
Depreciation carried forward as at 1 April 2017	(13)	(6)	(19)
Charge for the year	(67)	(11)	(78)
<b>Accumulated depreciation as at 31 March 2018</b>	<b>(80)</b>	<b>(17)</b>	<b>(97)</b>
<b>Net book value:</b>			
<b>As at 31 March 2018</b>	<b>205</b>	<b>24</b>	<b>229</b>
As at 31 March 2017	125	27	152
<b>31 March 2017</b>			
<b>Cost</b>			
Cost carried forward as at 15 June 2016	–	–	–
Additions during the year	138	28	166
Acquired through business combinations (Note 18)	–	5	5
<b>Cost as at 31 March 2017</b>	<b>138</b>	<b>33</b>	<b>171</b>
<b>Accumulated depreciation</b>			
Depreciation carried forward as at 15 June 2016	–	–	–
Charge for the year	(13)	(6)	(19)
<b>Accumulated depreciation as at 31 March 2017</b>	<b>(13)</b>	<b>(6)</b>	<b>(19)</b>
<b>Net book value:</b>			
<b>As at 31 March 2017</b>	<b>125</b>	<b>27</b>	<b>152</b>

## 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 entity and its subsidiaries would have been £1.2 million and £32.9 million had the entity been acquired at the beginning of the accounting period being 15 June 2016. Details of the business combination are as follows:

	As reported previously £'000s	Adjustment	Restated
Fair value of equity shares issued	24,000	(10,823)	13,177
<b>Total</b>	<b>24,000</b>	<b>(10,823)</b>	<b>13,177</b>
Recognised amounts of identifiable net assets:			
Property, plant and equipment	5	–	5
Intangible assets	818	–	818
Investments	2,675	–	2,675
Trade and other receivables	1,165	–	1,165
Cash and cash equivalents	495	–	495
Deferred tax liabilities	(310)	–	(310)
Trade and other payables	(1,324)	–	(1,324)
<b>Net identifiable assets and liabilities</b>	<b>3,524</b>	<b>–</b>	<b>3,524</b>
<b>Goodwill</b>	<b>20,476</b>	<b>(10,823)</b>	<b>9,653</b>

### 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 Esprit Capital Acquisition Agreement on 15 June 2016 and agreed to immediately each sell 681,156 ordinary shares. In the year, a change in the underlying accounting treatment of the Company's acquisition of Esprit Capital Partners LLP ("ECP") in June 2016 has led to a reduction in the goodwill carried on the balance sheet of £10.8 million. In accordance with IFRS 3, Business Combinations, £10.8 million (3,607,668 shares at £3.00 each) was reclassified to the consolidated statement of changes in equity as a contingent payment to the members of Esprit Capital Partners LLP and charged to the consolidated statement of comprehensive income over 2.5 years in accordance with the Lock-in And Vesting Deed dated 10 June 2016 and subsequent Waiver Agreement. This is not indicative of an impairment to the goodwill or the inherent value of ECP but a change to present approximately half of the original consideration (8 million shares at 300p per share) as a contingent payment.

The reduction in the goodwill is matched by a reduction in the merger reserve on the balance sheet of £10.8 million and the income statement reflects an equivalent charge over the current and restated reporting periods.

The comparative periods' consolidated statements of financial position and consolidated statements of comprehensive income presented in these consolidated financial statements have been restated to reflect this reclassification from the period commencing 1 April 2016 through to 31 March 2018. There are no ongoing charges related to this accounting change.

## Notes to the Consolidated Financial Statements continued

Please see below a table reflecting the movements during prior periods and during the year ended 31 March 2019 resulting from this restatement:

Account	Date	Balance Sheet		Equity		P&L*	
		Dr	Cr	Dr	Cr	Dr	Cr
Merger Reserve	15/06/2016	£10,823,004	-	-	-	-	-
Goodwill	15/06/2016	-	£10,823,004	-	-	-	-
Retained earnings – b/f	Year ended 31 March 2017	-	-	£4,427,855	-	-	-
Share-based payment reserve -arising from acquisition of subsidiary	Year ended 31 March 2017	-	£4,427,855	-	-	-	-
Retained earnings – b/f	Year ended 31 March 2018	-	-	£4,405,506	-	-	-
Share-based payment reserve -arising from acquisition of subsidiary	Year ended 31 March 2018	-	£4,405,506	-	-	-	-
Share-based payment charge -arising from acquisition of subsidiary	Period ended 30 September 2018	-	-	-	-	£1,989,643	-
Share-based payment reserve -arising from acquisition of subsidiary	Period ended 30 September 2018	-	£1,989,643	-	-	-	-
		<b>£10,823,004</b>	<b>£21,646,008</b>	<b>£8,833,361</b>	<b>-</b>	<b>£1,989,643</b>	<b>-</b>

\* Consolidated Statement of Comprehensive Income

### 19. Trade and other receivables

	31 Mar 2019 £'000s	31 Mar 2018 £'000s	31 Mar 2017 £'000s
Trade receivables	424	324	272
Bad debt provision	-	-	(37)
Accrued performance fees	-	3,574	-
Other receivables and prepayments	716	942	292
	<b>1,140</b>	<b>4,840</b>	<b>527</b>

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

	31 Mar 2019 £'000s	31 Mar 2018 £'000s	31 Mar 2017 £'000s
Not past due	268	78	59
Past due 1-30 days	5	92	43
Past due 31-60 days	9	-	97
More than 60 days	142	154	73
	<b>424</b>	<b>324</b>	<b>272</b>

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.

## Notes to the Consolidated Financial Statements continued

### 20. Trade and other payables

	31 Mar 2019 £'000s	31 Mar 2018 £'000s	31 Mar 2017 £'000s
Trade payables	(239)	(292)	(36)
Other taxation and social security	(290)	(619)	(208)
Other payables	(481)	(93)	(82)
Accruals and deferred income <sup>^</sup>	(3,949)	(1,944)	(1,222)
	<b>(4,959)</b>	<b>(2,948)</b>	<b>(1,548)</b>

All trade and other payables are short-term.

<sup>^</sup>Deferred income increases relating to deferred management fees.

### 21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2018: 19%, 2017:19%). The movement on the deferred tax account is shown below:

	31 Mar 2019 £'000s	31 Mar 2018 £'000s	31 Mar 2017 £'000s
Arising on business combination	(89)	(100)	(164)
Arising on co-invest and carried interest	(599)	(578)	(578)
Other timing differences	57	27	26
<b>At 31 March</b>	<b>(631)</b>	<b>(651)</b>	<b>(716)</b>

Deferred tax arising on business combination is subject to amortisation within the consolidated statement of comprehensive income.

### 22. Share capital and share premium

#### Ordinary share capital

31 March 2019 - Allotted and fully paid	Number	Pence	£'000s
At the beginning of the year	71,611,773	1	716
Issue of share capital during the year for cash <sup>1/2</sup>	46,248,877	1	462
Issue of share capital during the year as consideration for investment purchase <sup>3</sup>	64,820	1	1
<b>At the end of the year</b>	<b>117,925,470</b>	<b>1</b>	<b>1,179</b>

1 On 14 June 2018, the Company raised gross proceeds of approximately £115.0 million at an issue price of 420 pence per share by way of the conditional placing of 20,238,095 new ordinary shares and a subscription of 7,142,857 new ordinary shares.

2 On 8 February 2019, the Company raised gross proceeds of approximately £100.0 million at an issue price of 530 pence per share by way of the conditional placing of 18,867,925 new ordinary shares.

3 On 4 July 2018, the Company raised gross proceeds of £0.3 million at an issue price of 478 pence per share by way of the placing of 64,820 new ordinary shares.

31 March 2018 - Allotted and fully paid	Number	Pence	£'000s
At the beginning of the year	40,747,576	1	407
Issue of share capital during the year	30,864,197	1	309
<b>At the end of the year</b>	<b>71,611,773</b>	<b>1</b>	<b>716</b>

## Notes to the Consolidated Financial Statements continued

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 4 August 2017.

31 March 2017 - Allotted and fully paid	Number	Pence	£'000s
At the beginning of the year	50,000	100	50
Redeemed during the year <sup>1</sup>	(50,000)	100	(50)
Issue of share capital during the year	40,747,576	1	407
<b>At the end of the year</b>	<b>40,747,576</b>	<b>1</b>	<b>407</b>

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

On 15 June 2016, 40,673,909 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:

- i. 23,829,017 shares (£69.3 million) were issued to investors for cash proceeds, net of issuance costs;
- ii. 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 (net of insurance costs);
- iii. 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

Allotted and fully paid	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
At the beginning of the year	188,229	93,248	–
Premium arising on the issue of ordinary shares <sup>^</sup>	215,035	100,000	95,972
Equity issuance costs	(7,481)	(5,019)	(2,724)
At the end of the year	395,783	188,229	93,248

<sup>^</sup> The premium on ordinary shares in the year arises from the issue of 27,380,952 new ordinary shares of 1 pence each on 14 June 2018, the issue of 64,820 new ordinary shares of 1 pence each on 4 July 2018, and the issue of 18,867,925 of 1 pence each on 8 February 2019.

### Merger relief reserve

In accordance with the Companies Act 2006, a Merger Relief Reserve of £13.1 million (restated) (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.

## Notes to the Consolidated Financial Statements continued

### 23. Leases

#### Operating leases – lessee

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

	31 Mar 2019 £'000s	31 Mar 2018 £'000s	31 Mar 2017 £'000s
Not later than one year	333	333	333
Later than one year but not later than five years	1,277	1,332	1,332
Later than five years	–	278	611
	<b>1,610</b>	<b>1,943</b>	<b>2,276</b>

### 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
<b>31 March 2019</b>			
<b>Financial assets</b>	562,061	–	562,061
<b>Long-term financial assets</b>	<b>562,061</b>	<b>–</b>	<b>562,061</b>
Trade and other receivables	–	1,140	1,140
Cash and cash equivalents	–	50,358	50,358
<b>Short-term financial assets</b>	<b>–</b>	<b>51,498</b>	<b>51,498</b>
<b>Total financial assets</b>	<b>562,061</b>	<b>51,498</b>	<b>613,559</b>
<b>Financial Liabilities</b>			
Trade and other payables	–	(4,959)	(4,959)
<b>Total financial liabilities</b>	<b>–</b>	<b>(4,959)</b>	<b>(4,959)</b>

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
<b>31 March 2018</b>			
<b>Financial assets</b>			
<b>Long-term financial assets</b>	<b>231,910</b>	<b>–</b>	<b>231,910</b>
Trade and other receivables	–	4,840	4,840
Cash and cash equivalents	–	56,641	56,641
<b>Short-term financial assets</b>	<b>–</b>	<b>61,481</b>	<b>61,481</b>
<b>Total financial assets</b>	<b>231,910</b>	<b>61,481</b>	<b>293,391</b>
<b>Financial Liabilities</b>			
Trade and other payables	–	(2,948)	(2,948)
<b>Total financial liabilities</b>	<b>–</b>	<b>(2,948)</b>	<b>(2,948)</b>



## Notes to the Consolidated Financial Statements continued

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
<b>31 March 2017</b>			
<b>Financial assets</b>			
<b>Long-term financial assets</b>	<b>105,971</b>	–	<b>105,971</b>
Trade and other receivables	–	527	527
Cash and cash equivalents	–	24,892	24,892
<b>Short-term financial assets</b>	–	25,419	25,419
<b>Total financial assets</b>	<b>105,971</b>	<b>25,419</b>	<b>131,390</b>
<b>Financial Liabilities</b>			
Trade and other payables	–	(1,548)	(1,548)
<b>Total financial liabilities</b>	–	<b>(1,548)</b>	<b>(1,548)</b>

### 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:

- (a) Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) 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
- (c) 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. Consequently, 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. See Note 4(a) where valuation policies are discussed in more detail.

Financial instruments, measured at fair value, categorised as Level 3 within the fair value hierarchy can be split into two main valuation techniques. Valuation techniques can be categorised as based on last round price or revenue-multiple. As at 31 March 2019, financial instruments measured using last round price valuation methodology £405.9 million (year ended 31 March 2018: £114.7 million). As at 31 March 2019, financial instruments measured using revenue-multiple valuation methodology £186.1 million (year ended 31 March 2018: £117.2 million).

Each portfolio company will be subject to individual assessment. Where the Group invests in fund of fund investments, the value of the portfolio will be reported by the fund to the Group. The Group will ensure that the valuations comply with the Group policy.

The valuation multiple is the main assumption applied to valuation based on a revenue-multiple methodology. The multiple is derived from comparable listed companies or relevant market transaction multiples. Companies in the same industry and geography, and, where possible, with a similar business model and profile are selected and then adjusted for factors including liquidity risk, growth potential and relative performance. They are also adjusted to represent our longer-term view of performance through the cycle or our existing assumption. The portfolio we have is diversified across sectors and geographies and the companies within our core portfolio holdings which have valuations based on revenue-multiples have an average multiple of 3x.

If the multiple used to value each unquoted investment valued on a revenue-multiples basis as at 31 March 2019 was to decrease by 10%, the investment portfolio would decrease by £15.2 million (31 March 2018: £10.8 million). If the multiple increases by 10% then the investment portfolio would increase by £15.2 million (31 March 2018: £10.8 million).

## Notes to the Consolidated Financial Statements continued

### 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 2019 £'000s	31 March 2018 £'000s	31 March 2017 £'000s
Investments	<b>412,146</b>	109,887	105,971
10% decrease in GBP*	<b>456,632</b>	122,097	110,573
10% increase in GBP**	<b>375,948</b>	99,983	101,369

\* £305.0 million (2018: £97.0 million) denominated in USD and £151.0 million (2018: £25.0 million) denominated in EUR.

\*\* £250.0 million (2018: £79.0 million) denominated in USD and £126.0 million (2018: £21.0 million) denominated in EUR.

Certain cash deposits held by the Group are denominated in Euros and US Dollars. 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 2019 £'000s	31 March 2018 £'000s	31 March 2017 £'000s
Cash denominated in EUR	<b>10,522</b>	9,355	3,081
10% decrease in EUR:GBP	<b>9,470</b>	8,419	2,773
10% increase in EUR:GBP	<b>11,574</b>	10,290	3,389
Cash denominated in USD	<b>9,746</b>	9,116	3,225
10% decrease in USD:GBP	<b>8,771</b>	8,205	2,902
10% increase in USD:GBP	<b>10,721</b>	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 2019 £'000s	31 March 2018 £'000s Restated	31 March 2017 £'000s Restated
Shareholders' Equity	<b>618,332</b>	297,719	139,767
10% decrease in EUR:GBP/USD:GBP	<b>556,499</b>	267,947	125,790
10% increase in EUR:GBP/USD:GBP	<b>680,166</b>	327,491	153,744

#### 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 25). 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.

The Group seeks to manage this risk by routinely monitoring the performance of these investments, employing stringent investment appraisal processes.

## Notes to the Consolidated Financial Statements continued

### 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 2019 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 and placing deposits. 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 trade receivables and cash at bank and in hand at 31 March, as summarised below;

Classes of financial assets, carrying amounts	31 March 2019 £'000s	31 March 2018 £'000s	31 March 2017 £'000s
Trade receivables	424	324	272
Cash at bank and in hand	50,358	56,641	24,892
	<b>50,782</b>	<b>56,965</b>	<b>25,164</b>

The Directors consider that all the above financial assets, which are not impaired 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. The majority of cash is held with institution with an A rating at year ended 31 March 2019.

### 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 the 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. Alternative Performance Measures ("APM")

The Group has included the APMs listed below in this Annual Report as they highlight key value drivers for the Group and, as such, have been deemed by the Group's management to provide useful additional information to readers of the Annual Report. These measures are not defined by IFRS and should be considered in addition to IFRS measures.

#### Gross Portfolio Value

The Gross Portfolio Value is the gross fair value of the Group's investment holdings before deductions for the fair value of carry liabilities and any deferred tax. The Gross Portfolio Value is subject to deductions for the fair value of carry liabilities and deferred tax to generate the net investment value, which is reflected on the consolidated statement of financial position as financial assets held at fair value through profit or loss. Please see page 39 for a reconciliation to the net investment balance.

## Notes to the Consolidated Financial Statements continued

### 29. Related party transactions

Draper Esprit plc may require that one of its members be 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 £26,957 (2018: £9,527, 2017: £29,825) have been included in the turnover for the year. At year end, there was a balance of £16,357 outstanding (2018: £8,307). 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 Esprit Capital Fund III(i) LP to the Group. The fair value of the Esprit Capital Fund 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 Esprit Capital III FP LP for £nil consideration. The fair value of the Esprit Capital III FP LP interest assigned, calculated in accordance with the policies applied with the Group's financial statements, was £444,000. All amounts had been settled by the 31 March 2018. The payments made to Directors during the year ended 31 March 2019 only include salaries and other forms of compensation disclosed in Remuneration and Nomination Committee Report starting on page 54.

During the year, £840,000 (2018: £208,800) was received from Encore Ventures LLP for overheads, at year-end there was a balance of £70,000 (2018: £17,400) remained outstanding.

During the year £53,737 (2018: £59,287) was received from Draper Esprit VCT for overheads, at year-end a balance of £39,154 (2018: £4,858) remained outstanding.

### Unconsolidated structured entities

The Group has exposure to a number of unconsolidated structured entities as a result of its venture capital investment activities.

The Group invests funds via a number of limited partnerships. These are controlled by the Group and not consolidated, but they are held as investments at fair value through the profit and loss on the consolidated balance sheet in line with IFRS 10 (See Note 3b for further details). The list of these investment companies and limited partnerships can also be seen in Note 3b. Within these limited partnerships, there are commitments made to fund of funds investments that are disclosed in Note 30 below. The material assets and liabilities within these investment companies are the investments, which are held at FVTPL in the consolidated accounts.

A Strategic Partnership Agreement was entered into during the financial year with Earlybird. Total exposure to the Group is £144.6 million of NAV and further commitments of £44.8 million.

The Group also co-invests or historically co-invested with a number of limited partnerships (See Note 3b for further details). The exposure to these entities is immaterial.

### 30. Capital commitments

At 31 March 2019, the Group was committed to £33.9 million in relation to investments in fund of funds vehicles. In the summer of 2018, the Company entered into a Strategic Partnership Agreement with Earlybird to share dealflow and resources to co-invest in high growth technology companies across Europe. The first stage of this partnership included a 50% commitment in EB VI of £76.0 million to 2022, of which £31.2 million has been deployed to date.

### 31. Ultimate controlling party

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

### 32. Post balance sheet events

The Group has made further investments of:

## Notes to the Consolidated Financial Statements continued

- £2.2 million invested in Realeyes;
- £0.5 million invested in Pushdoctor;
- £2.5 million invested in Verve; and
- £0.4 million invested in Kaptivo.

The Group has realised £15.3 million gross proceeds from the partial sale of TransferWise.

Post year-end the Company entered into a £50.0 million Revolving Credit Facility with Silicon Valley Bank and Investec. The facility is for a 3 year term and carries an interest rate at the Bank of England base rate + 6.75% (min 7.5%). The facility provides additional funding flexibility to fund the future growth plans of portfolio companies.

## Company Statement of Financial Position

as at 31 March 2019

Assets	Note	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s Restated*	Year ended 31 Mar 2017 £'000s Restated*
<b>Non-current assets</b>				
Financial assets held at fair value through the profit and loss	6	<b>532,897</b>	213,625	93,877
Investments in subsidiary undertaking	7	<b>13,177</b>	13,177	13,177
Investments in associates	7	<b>258</b>	258	258
Property, plant and equipment	8	<b>209</b>	227	146
<b>Total non-current assets</b>		<b>546,541</b>	227,287	107,458
<b>Current assets</b>				
Trade and other receivables	9	<b>993</b>	1,064	227
Cash and cash equivalents		<b>48,568</b>	53,587	24,122
<b>Total current assets</b>		<b>49,561</b>	54,651	24,349
<b>Current liabilities</b>				
Trade and other payables	10	<b>(7,851)</b>	(2,007)	(932)
<b>Total current liabilities</b>		<b>(7,851)</b>	(2,007)	(932)
<b>Total liabilities</b>		<b>(7,851)</b>	(2,007)	(932)
<b>Net assets</b>		<b>588,251</b>	279,931	130,875
<b>Equity</b>				
Share capital	11	<b>1,179</b>	716	407
Share premium account	11	<b>395,783</b>	188,229	93,248
Merger relief reserve	11	<b>13,097</b>	13,097	13,097
Share-based payments reserve arising from company options scheme	12	<b>1,713</b>	613	123
Share-based payments reserve arising from acquisition of subsidiary		<b>10,823</b>	8,834	4,428
Retained earnings		<b>165,656</b>	68,442	19,572
<b>Total equity</b>		<b>588,251</b>	279,931	130,875

\*Certain amounts shown here do not correspond to the Annual Report for the years ended 31 March 2018 and 31 March 2017 and reflect adjustments made (Refer to Notes 3(a) and 18 of the consolidated financial statements for further details on the adjustments made).

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 profit for the year ended 31 March 2019 was £97.2 million (year ended 31 March 2018: £48.9 million / year ended 31 March 2017: £19.6 million).

These financial statements on pages 100 to 108 were approved by the Board of Directors on 4 June 2019 and signed on its behalf by

**S. M. Chapman**  
Chief Operating Officer

Company registration number: 09799594

## Company Statement of Changes in Equity

for the year ended 31 March 2019

	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve resulting from company share option scheme £'000s	Share-based payments resulting from acquisition of subsidiary (£'000s)	Retained earnings £'000s	Total equity £'000s
<b>Balance at 31 March 2016</b>	50	-	-	-	-	(3)	47
<b>Comprehensive Income for the year</b>							
Profit for the year	-	-	-	-	-	19,575	19,575
Share-based payments	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	19,575	19,575
<b>Contributions by and distributions to the owners:</b>							
Issue of share capital (Note 11)	357	-	-	-	-	-	357
Share premium (Note 11)	-	93,248	-	-	-	-	93,248
Merger relief reserve (Note 11)	-	-	13,097	-	-	-	13,097
Share-based payment arising from acquisition of subsidiary	-	-	-	-	4,428	-	4,428
Share-based payment (Note 12)	-	-	-	123	-	-	123
<b>Balance at 31 March 2017 (Restated*)</b>	<b>407</b>	<b>93,248</b>	<b>13,097</b>	<b>123</b>	<b>4,428</b>	<b>19,572</b>	<b>130,875</b>
<b>Comprehensive Income for the year</b>							
Profit for the year	-	-	-	-	-	48,870	48,870
<b>Total comprehensive income for the year</b>							
<b>Contributions by and distributions to the owners:</b>							
Issue of share capital (Note 11)	309	-	-	-	-	-	309
Share premium (Note 11)	-	94,981	-	-	-	-	94,981
Share-based payment arising from acquisition of subsidiary	-	-	-	-	4,406	-	4,406
Share-based payment (Note 12)	-	-	-	490	-	-	490
<b>Balance at 31 March 2018 (Restated*)</b>	<b>716</b>	<b>188,229</b>	<b>13,097</b>	<b>613</b>	<b>8,834</b>	<b>68,442</b>	<b>279,931</b>
<b>Comprehensive Income for the year</b>							
Profit for the year	-	-	-	-	-	97,214	97,214
<b>Total comprehensive income for the year</b>							
<b>Contributions by and distributions to the owners:</b>							
Issue of share capital (Note 11)	463	-	-	-	-	-	463
Share premium (Note 11)	-	207,554	-	-	-	-	207,554
Share-based payment arising from acquisition of subsidiary	-	-	-	-	1,989	-	1,989
Share-based payment (Note 12)	-	-	-	1,100	-	-	1,100
<b>Balance at 31 March 2019</b>	<b>1,179</b>	<b>395,783</b>	<b>13,097</b>	<b>1,713</b>	<b>10,823</b>	<b>165,656</b>	<b>588,251</b>

\*Certain amounts shown here do not correspond to the Annual Report for the years ended 31 March 2018 and 31 March 2017 and reflect adjustments made (Refer to Notes 3(a) and 18 of the consolidated financial statements for further details on the adjustments made).

# Notes to the Company Financial Statements

for the year ended 31 March 2019

## 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 modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss. 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 and 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).

### a) Prior period restatements

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the comparative periods presented in these financial statements have been restated in line with IFRS 3 Business Combinations to recognise the impact of terms in the Lock-in and Vesting Deed dated 10 June 2016 on the acquisition of Esprit Capital Partners LLP (See Note 18 of the consolidated financial statements for further details).

The impact on net assets in the statement of financial position as at 31 March 2017 and 31 March 2018 was £10.8 million. The impact on profit for the year ended 31 March 2018 in the consolidated statement of comprehensive income was £4.4 million (31 March 2017: £4.4 million).

Whilst, in the consolidated financial statements, the adjustment is made to goodwill, the restatement in the Company financial statements is reflected in the investment in Esprit Capital Partners LLP as subsidiary.

	As reported previously	Adjustment	Restated
	£'000s	£'000s	£'000s
Fair value of equity shares issued	24,000	(10,823)	13,177

The reduction in the goodwill is matched by a reduction in the merger reserve on the balance sheet of £10.8 million and the income statement reflects an equivalent charge over the current and restated reporting periods.

For further details of the restatements, see the primary statements and Note 18 of the consolidated financial statements.

## 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. No cash equivalents are held in the current or prior years.



## Notes to the Company Financial Statements continued

### 4. Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised 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.

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

Name of subsidiary undertaking	Registered office	Activity	Holding	Country	31 March	31 March	31 March
					2019	2018	2017
					Fair value	Fair value	Fair value
					£'000	£'000	£'000
Draper Esprit (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland.	Investment company	100%	Ireland	<b>451,556</b>	194,399	93,877
Esprit Investments (1) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	<b>37,699</b>	19,226	–
Esprit Investments (2) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	<b>43,642</b>	–	–
<b>Totals</b>					<b>532,897</b>	213,625	93,877

	£'000s	£'000s	£'000s
As at 1 April	<b>213,625</b>	93,877	–
Initial investment in Draper Esprit (Ireland) Limited on 15 June 2016 <sup>1</sup>	–	–	63,940
Investments made in the year <sup>2/3</sup>	<b>226,432</b>	74,674	20,602
Investments settled in shares <sup>3</sup>	<b>309</b>	–	–
Loans repaid from underlying investment vehicles	<b>(11,305)</b>	(15,338)	(16,273)
Unrealised gains on the revaluation of investments	<b>103,836</b>	60,412	25,608
<b>As at 31 March</b>	<b>532,897</b>	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 (£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.

3 Investments made in the period include non-cash consideration of £0.3 million. See separate line above for "Investments settled in shares".

See Notes 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 (restated)

On 15 June 2016, the Company acquired the entire capital interests of Esprit Capital Partners LLP for £13.2 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 Draper Esprit VCT 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

## Notes to the Company Financial Statements continued

	Leasehold improvements £'000s	Computer equipment £'000s	Total £'000s
<b>31 March 2019</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2018	285	31	316
Additions during the year	42	18	60
<b>Cost as at 31 March 2019</b>	<b>327</b>	<b>49</b>	<b>376</b>
<b>Accumulated depreciation</b>			
Depreciation carried forward as at 1 April 2018	(80)	(9)	(89)
Charge for the year	(67)	(11)	(78)
<b>Accumulated depreciation as at 31 March 2019</b>	<b>(147)</b>	<b>(20)</b>	<b>(167)</b>
<b>Net book value</b>			
<b>As at 31 March 2019</b>	<b>180</b>	<b>29</b>	<b>209</b>
As at 31 March 2018	205	22	227
<b>31 March 2018</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2017	138	24	162
Additions during the year	147	7	154
<b>Cost as at 31 March 2018</b>	<b>285</b>	<b>31</b>	<b>316</b>
<b>Accumulated depreciation</b>			
Depreciation carried forward as at 1 April 2017	(13)	(3)	(16)
Charge for the year	(67)	(6)	(73)
<b>Accumulated depreciation as at 31 March 2018</b>	<b>(80)</b>	<b>(9)</b>	<b>(89)</b>
<b>Net book value</b>			
<b>As at 31 March 2018</b>	<b>205</b>	<b>22</b>	<b>227</b>
As at 31 March 2017	125	21	146
<b>31 March 2017</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2016	–	–	–
Additions during the year	138	24	162
<b>Cost as at 31 March 2017</b>	<b>138</b>	<b>24</b>	<b>162</b>
<b>Accumulated depreciation</b>			
Depreciation carried forward as at 1 April 2016	–	–	–
Charge for the year	(13)	(3)	(16)
<b>Accumulated depreciation as at 31 March 2017</b>	<b>(13)</b>	<b>(3)</b>	<b>(16)</b>
<b>Net book value</b>			
<b>As at 31 March 2016</b>	<b>–</b>	<b>–</b>	<b>–</b>
As at 31 March 2017	125	21	146

No 'fixtures and equipment' are held by the Company.

## Notes to the Company Financial Statements continued

### 9. Trade and other receivables due within one year

	31 Mar 2019 £'000s	31 Mar 2018 £'000s	31 Mar 2017 £'000s
Trade receivables	175	93	227
Other debtors	702	661	–
Intercompany debtors	116	310	–
<b>Total</b>	<b>993</b>	<b>1,064</b>	<b>227</b>

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

### 10. Trade and other payables due within one year

	31 Mar 2019 £'000s	31 Mar 2018 £'000s	31 Mar 2017 £'000s
Accruals and trade creditors	(7,851)	(2,007)	(932)
<b>Total</b>	<b>(7,851)</b>	<b>(2,007)</b>	<b>(932)</b>

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 2019 – Allotted and fully paid	Number	Pence
At the beginning of the year	71,611,773	1
Issue of share capital during the year for cash <sup>1/2</sup>	46,248,877	1
Issue of share capital during the year as consideration for investment purchase <sup>3</sup>	64,820	1
<b>At the end of the year</b>	<b>117,925,470</b>	<b>1</b>

1 On 14 June 2018, the Company raised gross proceeds of approximately £115.0 million at an issue price of 420 pence per share by way of the conditional placing of 20,238,095 new ordinary shares and a subscription of 7,142,857 new ordinary shares.

2 On 8 February 2019, the Company raised gross proceeds of approximately £100.0 million at an issue price of 530 pence per share by way of the conditional placing of 18,867,925 new ordinary shares.

3 On 4 July 2018, the Company raised gross proceeds of £0.3 million at an issue price of 478 pence per share by way of the placing of 64,820 new ordinary.

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
<b>At the end of the year</b>	<b>71,611,773</b>	<b>1</b>

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 4 August 2017.

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

1 During the year ended 31 March 2017, 50,000 management shares were redeemed by the Company at par for 100 pence each.

Movements in share capital and other reserves are explained in Note 22 of the consolidated financial statements.

## Notes to the Company Financial Statements continued

### 12. Share-based payments

The Company operates a share option scheme that is explained in Note 13 of the consolidated financial statements. The Company operates the share option scheme within the Group, therefore the details provided in Note 13 are also applicable to the Company.

### 13. Directors' emoluments and employee information

Employee benefit expenses (including Directors) comprise:

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Wages and salaries	3,447	2,884	1,858
Defined contribution pension costs	354	342	167
Benefits (Healthcare and Life Assurance)	74	111	16
Recruitment costs	67	24	63
Social security contributions and similar taxes	459	404	246
<b>General employee and employee related expenses</b>	<b>4,401</b>	<b>3,765</b>	<b>2,350</b>
Share-based payment expense arising from company share option scheme	1,100	490	123
<b>Total employee benefit expenses</b>	<b>5,501</b>	<b>4,255</b>	<b>2,473</b>

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

	Year ended 31 Mar 2019 Number	Year ended 31 Mar 2018 Number	Year ended 31 Mar 2017 Number
Technology Investment	15	13	10
Corporate functions	13	7	7
	<b>28</b>	<b>20</b>	<b>17</b>

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, and are considered to be the Directors of the Company listed on page 46 and 47 (including the CFO who has been appointed to the Board post financial year-end).

	Year ended 31 Mar 2019 £'000s	Year ended 31 Mar 2018 £'000s	Year ended 31 Mar 2017 £'000s
Wages and salaries	1,317	1,171	730
Short-term non-monetary benefits	10	12	39
Defined contribution pension costs	108	102	90
Share-based payment expense	631	196	63
Social security contributions and similar taxes	133	145	89
	<b>2,199</b>	<b>1,626</b>	<b>1,011</b>

The details of individual Directors' remuneration and pension benefits, as set out in the tables contained in the Remuneration and Nomination Committee Report on pages 54 to 56, form part of these financial statements.

## Notes to the Company Financial Statements continued

### 14. 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 <sup>^</sup>	Limited partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 6)
Esprit Investments (2) (B) LP <sup>^</sup>	Limited partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 6)
Draper Esprit (Nominee) Limited <sup>1</sup>	Dormant	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	

<sup>1</sup> Draper Esprit Nominee Limited is held at cost £nil (2018: £nil, 2017: £nil) on the Company's balance sheet

<sup>^</sup> Esprit Investments (1) (B) LP and Esprit Investments (2) (B) LP were registered UK limited partnerships on 17 September 2017 and 29 March 2018 respectively.

Refer to Group Note 3 for a full list of the Company's related undertaking.

### 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. The Directors have concluded that the judgements and estimates in the Company financial statements are consistent with those applied in the consolidated financial statements, further details of which can be found in Note 4.

### 16. Financial assets and liabilities

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

31 March 2019	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
<b>Financial Assets</b>			
Investments	532,897	–	532,897
<b>Long-term financial assets</b>	532,897	–	532,897
Trade and other receivables	–	993	993
Cash and cash equivalents	–	48,568	48,568
<b>Short-term financial assets</b>	–	49,561	49,561
<b>Total financial assets</b>	532,897	49,561	582,458
<b>Financial Liabilities</b>	–	(7,851)	(7,851)
<b>Total financial liabilities</b>	–	(7,851)	(7,851)

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

## Notes to the Company Financial Statements continued

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

### 19. Post balance sheet events

The Group has made further investments of:

- £2.2 million invested in Realeyes;
- £0.5 million invested in Pushdoctor;
- £2.5 million invested in Verve; and
- £0.4 million invested in Kaptivo.

The Group has realised £15.3 million gross proceeds from the partial sale of TransferWise.

Post year-end the Company entered into a £50.0 million Revolving Credit Facility with Silicon Valley Bank and Investec. The facility is for a 3 year term and carries an interest rate at the Bank of England base rate + 6.75% (min 7.5%). The facility provides additional funding flexibility to fund the future growth plans of portfolio companies.

### 20. Related party transactions

During the year the Company recharged Encore Ventures LLP £840,000 (2018: £208,800) administrative costs of which £70,000 (2018: £17,400) remains unpaid at balance sheet date.

Please refer to note 29 to the consolidated financial statements for further details.

## 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)  
Ben Wilkinson (Chief Financial Officer) – appointed on 4 June 2019

### Registered office

20 Garrick Street, London, England, WC2E 9BT

### Website

[www.draperesprit.com](http://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

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT  
United Kingdom

### Public relations adviser

Powerscourt Limited  
1 Tudor Street  
London,  
EC48 0AH  
United Kingdom

### Principal Bankers

Barclays Bank Plc,  
9-11 St Andrews St,  
Cambridge, CB2 3AA  
United Kingdom

### Registrar

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

### Company Secretary

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

## Notice of Annual General Meeting

### Draper Esprit plc

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

Notice is hereby given that the annual general meeting ("**AGM**") of Draper Esprit plc (the "**Company**") will be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU on Wednesday 24 July 2019 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 10 as ordinary resolutions and resolutions 11 to 13 as special resolutions):

### Ordinary business

#### ORDINARY RESOLUTIONS

- 1 To receive and adopt the Annual Report and Accounts of the Company for the financial year ended 31 March 2019 together with the Directors' Report and Auditors' Report thereon.
- 2 To approve the Remuneration and Nomination Committee Report for the financial year ended 31 March 2019, which, inter alia, sets out the remuneration policy and remuneration paid to Directors during the year.
- 3 That Simon Cook be re-elected as a Director of the Company with effect from the end of the AGM.
- 4 That Stuart Chapman be re-elected as a Director of the Company with effect from the end of the AGM.
- 5 That Karen Slatford be re-elected as a Director of the Company with effect from the end of the AGM.
- 6 That Grahame Cook be re-elected as a Director of the Company with effect from the end of the AGM.
- 7 That Richard Pelly be re-elected as a Director of the Company with effect from the end of the AGM.
- 8 That Ben Wilkinson be elected as a Director of the Company with effect from the end of the AGM.
- 9 To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting of the Company at which the Company's accounts are laid and to authorise the Audit Committee to determine the amount of the auditors' remuneration.

### Special business

#### ORDINARY RESOLUTION

- 10 That the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate maximum nominal amount of £389,154.05, provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2020 save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired. The authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to section 551 of the Act.

#### SPECIAL RESOLUTIONS

- 11 That, subject to the passing of resolution no. 10, the Directors be and are hereby empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash either pursuant to the authority conferred by resolution no. 10 above or by way of sale of treasury shares as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment and/or sale of equity securities up to an aggregate nominal amount of £58,962.73 and provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2020 save that the Company shall be entitled to make, prior to the expiry of such authority, offers or arrangements which would or might require equity securities to be allotted and/or sold after such



## Notice of Annual General Meeting continued

expiry, and the Directors may allot and/or sell equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The authority granted by this resolution shall replace all existing authorities previously granted to the Directors to allot equity securities for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply.

- 12 That, subject to the passing of resolution no. 10, the Directors be and are hereby empowered, in addition to any authority granted under resolution no. 11, pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash either pursuant to the authority conferred by resolution no. 10 above or by way of sale of treasury shares as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment and/or transfer of equity securities up to an aggregate nominal amount of £58,962.73, provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2020 save that the Company shall be entitled to make, prior to the expiry of such authority, offers or arrangements which would or might require equity securities to be allotted and/or transferred after such expiry, and the Directors may allot and/or transfer equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The authority granted by this resolution shall replace all existing authorities previously granted to the Directors to allot equity securities for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply.
- 13 That the Company be authorised generally and unconditionally, in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:
- (a) the maximum number of Ordinary Shares that may be purchased is 11,792,547;
  - (b) the minimum price which may be paid for an Ordinary Share is one penny; and
  - (c) the maximum price which may be paid for an Ordinary Share is the higher of: (i) five per cent. above the average of the mid-market value of the Ordinary Shares for the five business days before the purchase is made; and (ii) the higher of the last independent trade and the highest current independent bid for any number of Ordinary Shares on the trading venue where the purchase is carried out.

The authority conferred by this resolution will expire on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2020 save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

By order of the Board of Directors

**Prism Cosec Limited**  
**Company Secretary of Draper Esprit plc**

4 June 2019

Registered Office: 20 Garrick Street, London WC2E 9BT

## Notice of Annual General Meeting continued

### Notes:

#### Proxies

- 1 A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend, speak and vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member. To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each form together with the number of shares that such proxy is appointed in respect of (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- 2 A form of proxy is enclosed with this notice. Forms of proxy may also be obtained on request from the Company's registered office. In order to be valid any proxy form or other instrument appointing a proxy must be returned duly completed by one of the following methods no later than 48 hours before the time of the AGM (excluding non-working days), in hard copy form by post, by courier, or by hand to the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Submission of a proxy appointment will not preclude a member from attending and voting at the AGM should they wish to do so. To direct your proxy on how to vote on the resolutions, mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.
- 3 Any power of attorney or other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be returned to the Company's registrar with your proxy form.

#### Thresholds and entitlement to vote

- 4 To be passed, ordinary resolutions require a majority in favour of the votes cast and special resolutions require a majority of not less than 75 per cent. of members who vote in person or by proxy at the meeting. On a show of hands every shareholder who is present in person (or, being a company, is present by a representative not himself a shareholder) and who is allowed to vote at a general meeting shall have one vote. Upon a poll every member holding Ordinary Shares who is present in person or by proxy (or being a company is represented) shall have one vote for every Ordinary Share of which he is the registered holder.
- 5 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the register of members of the Company at 6.30 p.m. on 22 July 2019 (or if the AGM is adjourned, members entered on the register of members of the Company no later than 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend, speak and vote at the AGM in respect of the number of Ordinary Shares registered in his or her name at that time. Changes to entries on the register of members of the Company after 6.30 p.m. on 22 July 2019 shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.
- 6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
- 7 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- 8 As at 3 June 2019, being the latest practicable date before the publication of this notice of AGM (the "**Latest Practicable Date**"), the Company's issued share capital consisted of 117,925,470 Ordinary Shares, each carrying one vote. Therefore, the total voting rights in the Company as at the Latest Practicable Date is 117,925,470.

#### Miscellaneous

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

- 10 Members who have general queries about the AGM should write to the Company Secretary at the Company's Registered Office; 20 Garrick Street, London WC2E 9BT.

### Explanation of the resolutions

- 1 *Resolution 1 – annual accounts* – the Directors are required to present the Accounts, Directors' Report and Auditors' Report to the AGM. These are contained in the Company's Annual Report and Financial Statements 2019.
- 2 *Resolution 2 – Remuneration and Nomination Committee Report* – the Directors' are required to approve the Remuneration and Nomination Committee Report, which sets out the remuneration policy and remuneration paid to Directors for the financial year.
- 3 *Resolutions 3 to 8 – re-appointed and appointment of Directors* – in accordance with good corporate governance, each Director shall retire and submit themselves for re-election by shareholders at each AGM. The Board, led by the Chairman, has considered each of the Directors and has concluded that each of them makes positive and effective contributions to the meetings of the Board and the committees on which they sit, and that they demonstrate commitment to their roles. The Board is satisfied that each independent non-executive director offering themselves for re-appointment is independent in character and there are no relationships or circumstances likely to affect their character or judgement. Biographies of each of the directors are provided on pages 46 and 47 of the Annual Report and Financial Statements 2019 and are also available from the Company's website: <https://draperesprit.com/investors/plc/leadership>. The Board unanimously recommends the re-appointment of each of the Directors.
- 4 *Resolution 9 – auditor re-appointment and remuneration* – at each meeting at which the Company's accounts are presented to its shareholders, the Company is required to appoint an auditor to serve until the next such meeting and seek shareholder consent for the Directors to set the remuneration of the auditors.
- 5 *Resolution 10 – general authority to allot* – this resolution, to be proposed as an ordinary resolution, relates to the grant to the Directors of authority to allot unissued Ordinary Shares until the earlier of the conclusion of the annual general meeting to be held in 2020 and 30 September 2020 (being six months after the financial year end of the Company), unless the authority is renewed or revoked prior to such time. This authority is limited to a maximum nominal amount of £389,154.05 (representing approximately one-third of the issued Ordinary Share capital of the Company as at the Latest Practicable Date). This percentage is in line with corporate governance guidelines.
- 6 *Resolutions 11 and 12 – disapplication of statutory pre-emption rights* – the passing of these resolutions, which are to be proposed as special resolutions, would allow Directors to allot Ordinary Shares (or sell any Ordinary Shares which the Company may purchase and hold in treasury) without first offering them to existing holders in proportion to their existing holdings. The authority set out in resolution 11 is limited to up to an aggregate nominal amount of £58,962.73 (representing 5,896,273 Ordinary Shares), being five per cent. of the issued ordinary share capital of the Company (excluding treasury shares) as at the Latest Practicable Date. The authority set out in resolution 12 is limited to allotments or sales of up to an aggregate nominal amount of £58,962.73 (representing 5,896,273 Ordinary Shares), being five per cent. of the issued ordinary share capital of the Company (excluding treasury shares) as at the Latest Practicable Date. This authority will expire at the conclusion of the next AGM of the Company or, if earlier, at the close of business on 30 September 2020.
- 7 *Resolution 13 – market purchases* – the Directors are requesting authority by way of special resolution for the Company to make market purchases of Ordinary Shares up to a maximum of 11,792,547 Ordinary Shares (representing ten per cent. of the issued Ordinary Share capital of the Company as at the Latest Practicable Date). There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Directors (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Directors, and not at the option of shareholders. Subject to shareholder authority for the proposed repurchases, general purchases of the Ordinary Shares in issue will only be made through the market. Such purchases may only be made provided the price to be paid is not more than the higher of: (i) five per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

## Glossary

In this document, where the context permits, the terms and expressions set out below shall have the meanings assigned thereto:

<b>“Admission” or “IPO”</b>	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.
<b>“Act”</b>	the UK Companies Act 2006.
<b>“AIM”</b>	AIM, the market of that name operated by the London Stock Exchange.
<b>“Audit Committee”</b>	the Audit Committee of the Board.
<b>“Company” or “Draper Esprit” or “plc”</b>	Draper Esprit plc, a company incorporated in England and Wales with registration number 09799594 and having its registered office at 20 Garrick Street, London, England, WC2E 9BT.
<b>“Core Portfolio Companies”</b>	Top 15 portfolio companies by value.
<b>“DEF” / “Digital East Fund”</b>	Digital East Fund 2013 SCA SICAR
<b>“Directors” or “Board”</b>	the Directors of the Company whose names, as at the date of this document, appear on page 46 and 47 of this document.
<b>“Draper Esprit Funds”</b>	the Esprit Funds and the Encore Funds.
<b>“Draper Venture Network”</b>	the self-governed network of ten independent growth and venture funds, of which Esprit Capital is a member.
<b>“EB IV” / “Earlybird Fund IV”</b>	Earlybird GmbH & Co. Beteiligungs-KG IV
<b>“EB VI” / “Earlybird Fund VI”</b>	Earlybird DWES Fund VI GmbH & Co. KG
<b>“EIS”</b>	The EIS funds managed by Encore Ventures LLP. EIS funds being Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007.
<b>“Encore Funds”</b>	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”.
<b>“Encore Ventures”</b>	Encore Ventures LLP, a limited liability partnership incorporated in England and Wales under the registration number OC347590 with its registered office at 20 Garrick Street, London, WC2E 9BT.
<b>“ESM”</b>	the Enterprise Securities Market operated and regulated by the Irish Stock Exchange.
<b>“Esprit Capital”</b>	Esprit Capital Partners LLP (previously Draper Esprit LLP), a limited liability partnership incorporated in England and Wales under the registration number OC318087 with its registered office at 20 Garrick Street, London, WC2E 9BT, the holding vehicle of the Group immediately prior to Admission.
<b>“Esprit Ireland”</b>	Draper Esprit (Ireland) Limited, a wholly owned subsidiary of the Company incorporated in Ireland under the registration number 572006 with its registered office at 32 Molesworth Street, Dublin 2, Ireland.
<b>“FCA”</b>	the UK Financial Conduct Authority.
<b>“FOF” or “FoF”</b>	Fund of Funds.
<b>“Gross Portfolio Value”</b>	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.
<b>“HMRC”</b>	HM Revenue & Customs.

<b>“IFRS” or “IFRSs”</b>	International Financial Reporting Standards, as adopted for use in the European Union.
<b>“Irish Stock Exchange”</b>	Irish Stock Exchange Plc.
<b>“IPO”</b>	The Company’s listing on the London Stock Exchange’s AIM market and the Irish Stock Exchange’s Euronext Dublin market on 15 June 2016.
<b>“IRR”</b>	the internal rate of return.
<b>“NAV”</b>	Net asset value.
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 pence each in the capital of the Company.
<b>“PwC”</b>	Pricewaterhousecoopers LLP, a limited liability partnership registered in England and Wales under the registration number OC303525 with its registered office at 1 Embankment Place, London, England, WC2N 6RH.
<b>“International Private Equity and Venture Capital Valuation Guidelines”</b>	the International Private Equity and Venture Capital Valuation Guidelines, as amended from time to time.
<b>“VC”</b>	venture capital.
<b>“VCT”</b>	The VCT funds managed by Draper Esprit VCT. VCT (venture capital trust) funds being UK closed-ended collective investment schemes.

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## Notes

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