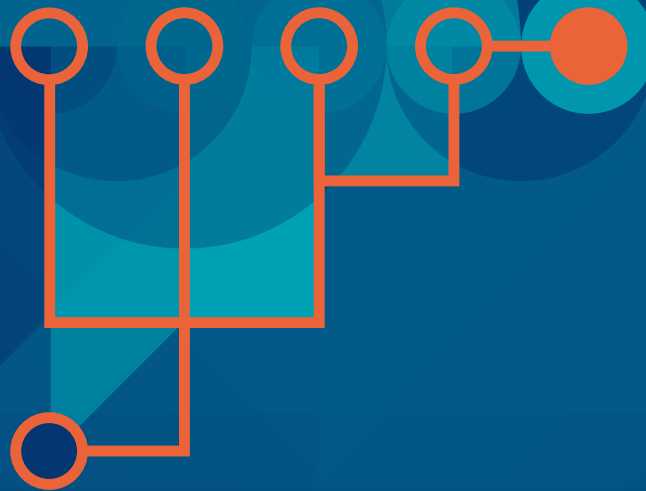


# Venture Capital Reinvented.

Draper Esprit plc Annual Report 2020

Year ended 31 March 2020





## The future. Built by entrepreneurs.

**We back Europe's best entrepreneurs.** As one of the most active venture capital firms in Europe, Draper Esprit invests in high growth technology companies with global ambitions. We fuel their growth with long-term capital, access to international networks, decades of experience building businesses and the knowledge that a better future requires new thinking.

**We reinvented venture capital.** We don't just invest in entrepreneurs, we are entrepreneurs. Our public listing and multifund model allow us to provide entrepreneurs with a more flexible approach to funding, to back the best teams for longer, and give investors access to a new asset class.

**We are global.** The best entrepreneurs will take their companies beyond Europe. To help them, we are part of the Draper Venture Network, a global community of 24 independent funds. We have collectively backed businesses such as Baidu, Tesla, Cambridge Silicon Radio, Graphcore and Revolut.



## In This Report

02	Performance Highlights 2020
03	Chair's Introduction
04	CEO's Statement
07	Case Study: Experience Matters

---

## Strategic Report

10	Market Context
12	The Investment Opportunity
13	Our Investment Strategy
14	Supporting Companies for Growth
15	Case Study: Pod Point
16	Our Investment Criteria
17	Seed Funds Update
18	Our People
20	Our Pools of Capital
21	Our Portfolio
22	What's in a Share?
23	Our Partnership with Earlybird
24	Activity in the Year
26	Case Studies: Fintech
29	Portfolio Review
33	Core Company Updates
41	Financial Review
44	Key Performance Indicators
45	Sustainability
48	Section 172 Statement
52	Principle Risks

---

## Governance

58	Board of Directors
61	Chair's Corporate Governance Report
65	Audit, Risk and Valuations Committee Report
67	Remuneration and Nomination Committee Report
72	Directors' Report
74	Directors' Responsibility Statement

---

## Financials

78	Independent Auditors' Report
84	Consolidated Statement of Comprehensive Income
85	Consolidated Statement of Financial Position
86	Consolidated Statement of Cash Flows
87	Consolidated Statement of Changes in Equity
88	Notes to the Consolidated Financial Statements
117	Company Statements of Financial Position
118	Company Statement of Changes in Equity
119	Notes to the Company Financial Statements
126	Directors, Secretary and Advisers
127	Notice of Annual General Meeting
131	Glossary

The Strategic Report comprising the inside cover to page 55 has been approved by the Board and signed on its behalf by

**B.D. Wilkinson**

26 June 2020

**“Now more than ever, technology plays an integral role in all our lives and has enabled us to adapt to rapidly changing circumstances and challenges.”**

**Karen Slatford**  
Non-Executive Chair

## Performance Highlights 2020

### 555p

NAV per share increase by 6% to 555 pence (year to 31 March 2019: 524 pence).

### £703m

Gross Portfolio Value increased by 18% to £703m (31 March 2019: £594m).

### £90m

£90m invested by the Group (year to 31 March 2019: £226m including £106m via Earlybird), and a further £38m was invested by EIS/VCT (year to 31 March 2019: £35m).

### £660m

Net Assets of £660m (31 March 2019: £619m).

### £40m

Profit after tax of £40m (year to 31 March 2019: £111m).

### £40m

Cash realisations of £40m (year to 31 March 2019: £16m), with further exits amounting to approx. £80m announced post year-end.

### 10%

Gross Portfolio Fair Value increase of 10% with a £59m fair value movement in the year (31 March 2019: £140m, 58%).

### US\$1.8bn <1%

US\$1.8bn raised by the core portfolio in the year (year ending 31 March 2019: US\$1.6bn).

Operating costs (net of fee income) continue to be less than the targeted 1% of year-end NAV.

### £34m

£34m available cash resources at year-end and undrawn debt facilities of £5m, further complemented by c.£50m from EIS and VCT funds (31 March 2019: £150m+).

### Operational highlights

- The value of the core portfolio companies has increased to £471m from £415m as at 31 March 2019.
- Invested in 9 new companies (including 4 via Earlybird VI\*) and 19 existing portfolio companies (including 4 via Earlybird VI\*) during the year.
- Committed to 4 new seed funds, bringing the total seed fund of funds portfolio to 20 with total commitments of £39m. £13m drawn down at year-end, of which £7m was drawn during FY2020.
- Acquired the remaining interest in Encore Ventures LLP, the partnership which manages Draper Esprit's EIS funds.
- Appointment of Martin Davis as Chief Executive Officer in November 2019.
- A focus on scaling our investment capability and building out the infrastructure to support the next stage of our journey.
- Reacted quickly to the COVID-19 pandemic to safeguard employees, our investments and monitor the liquidity of the Company.

### Post period-end

- Extended the term of the revolving credit facility with Silicon Valley Bank and Investec by 1 year to 2023 and increased its size by £10m to £60m in line with Draper Esprit's growing portfolio.
- Zynga Inc. announced their agreement to acquire Peak Games for \$1.8bn, which will, subject to closing, indicate a fair value holding for Draper Esprit of approximately £80m, representing a fair value uplift of £26m in the year ending 31 March 2020 and a further approx. £12m anticipated post year-end (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement with respect to the stock component).
- Simon Cook will be stepping down from the Board from 1 July 2020. Simon will remain with the Company as founding partner and focus on generating new deals and will continue as a board member for a number of portfolio companies.
- Actively appraising dealflow opportunities and making selective investments in high quality companies in markets that benefit from the accelerated transition to digital such as Cazoo (online car retailer).
- Portfolio companies continue to raise financing rounds (some after the COVID-19 pandemic had impacted the economy), such as Aircall and others as yet unannounced.

Some of the above measures are Alternative Performance Measures ("APMs") - see note 30 to the consolidated financial statements for further details.

\*Reporting threshold - companies with a NAV of £1 million or more.



## Chair's Introduction



**Karen Slatford**  
Non-Executive Chair

Following another strong year of financial and operational performance, I am delighted with the progress that Draper Esprit has made to invest and support Europe's highest growth technology businesses especially as we face the impact of the COVID-19 crisis.

Now more than ever, technology plays an integral role in all our lives and has enabled us to adapt to rapidly changing circumstances and challenges.

Draper Esprit has always been focused on investing in the technology of the future and this will be even more critical to help kickstart the global economy.

During the year, we have continued to make investments in four key sectors of: (i) consumer technology; (ii) enterprise technology; (iii) digital health & wellness; and (iv) hardware & deeptech. The majority of the portfolio is well positioned to benefit from historic trends, some of which have been accelerated by the impact of COVID-19. Companies focused on secure cloud, automation, online financial services, gaming/entertainment, and digitalisation are continuing to trade well with minimal disruption and there are indications of strong market growth for high quality companies operating in these areas.

In parallel with our continued focused portfolio approach and our vision to democratise venture capital we have also made some investments in our own business to build the infrastructure that will enable us to broaden our appeal to a wider pool of investors who would not usually have access to private high growth technology companies.

Martin Davis joined us in the latter part of 2019 as Chief Executive Officer. Martin brings with him experience of working in both technology businesses and in senior roles in financial services. Simon Cook remains with the firm and will focus on what he loves best, working with entrepreneurs in our existing portfolio and identifying new exciting investments as Founding Partner of Draper Esprit. Stuart Chapman continues to bring his experience as a critical member of the Board and senior Executive team. As well as these changes to our senior leadership team, we expanded our HR, IT and legal functions and welcomed new members to the Partnership team, including two internal Partner promotions, one new Investment Director hire, and a new Senior Partner appointment post year-end.

We believe the combination of Martin's experience with Simon and Stuart's deep sector commitment and long standing expertise in working with start-up and scale-up businesses, combined with a team of talented investment professionals position us well to compete for and invest in Europe's most exciting technology companies.

To reinforce our commitment to entrepreneurs we also acquired the remaining interest in Encore Ventures LLP in March 2020, the partnership which manages Draper Esprit's EIS funds. During the year we supported our

existing portfolio with follow-on capital while also backing new firms, including making investments in an exciting fintech business and a pioneering IoT start up through to a digital analytics firm and a graphene technology company.

The end of this financial year saw an increasingly challenging environment resulting from the COVID-19 pandemic. We took early steps to implement measures to safeguard employees, in our business, and to ensure increased dialogue with our portfolio companies by providing advice and support throughout this difficult time.

Although a small number of our portfolio companies operate in industries which are more directly affected, such as travel, leisure and hospitality, the vast majority of our portfolio remains optimistic and are preparing for a faster transition to digital and stronger growth when the economic environment starts to improve. We remain one of a small number of companies with the resources to provide growth and support to businesses which will benefit from the key trends which are likely to accelerate as part of the post COVID-19 recovery. We are continuing to see a strong pipeline of exciting opportunities and look forward to maintaining our outstanding investment track record.

Once again, I would like to thank the team at Draper Esprit for their enthusiasm and flexibility during this difficult period and for their continued commitment to our portfolio companies. We look forward to the future with confidence with a more experienced operational team, an exciting portfolio of existing companies and a pipeline of ambitious potential investments.

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

# CEO's Statement



**Martin Davis**  
CEO

**I have been deeply impressed with the quality of our team and our investment expertise, the strength of our existing portfolio and the depth of our pipeline.**

## Overview

Having joined the business in November 2019, I have been deeply impressed with the quality of our team and our investment expertise, the strength of our existing portfolio and the depth of our pipeline.

The Group has had an active year of investing and further building the portfolio. We have remained focused on providing European entrepreneurs with the capital they need to become global leaders while continuing on our mission to democratise venture capital and provide our investors with access to high growth, privately owned technology companies.

At the end of our financial year, the COVID-19 virus led to a global pandemic, the impact of which is clearly profound, both from the perspective of public health and the economic outlook. The necessary

**£40m**

Cash realisations in plc

**£90m**

Cash invested in next generation companies

**£660m**

Net Assets

restrictions imposed by Governments on businesses and employees in order to contain the spread of the virus significantly curtailed the operations of many businesses across the wider economy, however our portfolio remains overall very well positioned, in particular given the expected acceleration in the transition to digital.

Over the medium to long term, we believe the recovery from the pandemic will sharply accelerate the trends which Draper Esprit's portfolio businesses focus on. Transformations such as secure cloud infrastructure, remote financial services, online gaming and entertainment, and digital health all stand to benefit from the societal shifts which the crisis has engendered. These dynamic businesses are weathering the current environment well and we are confident they will emerge stronger when economic activity normalises.

Prior to the pandemic, the Group was on track to achieve its targeted annual 20% portfolio growth through the cycle and, despite the current market backdrop, has still delivered strong growth across the business. During the year, our Gross Portfolio Value grew from £594.0 million to £702.9 million with a gross fair value movement of £58.5 million (year to 31 March 2019: £140.1 million), a 10% Gross Portfolio fair value increase in the year.

Our focus now is to build on this strong financial performance by continuing to hire the best deal-making talent in the sector and, as our deal team grows, to ensure that the infrastructure is in place to support it. We are committed to building best-in-class processes and capabilities that will enable us to maintain the integrity and agility of our investment process as we support high quality and exciting businesses successfully navigate this challenging time.

Draper Esprit's position as one of Europe's most active VCs, and our long and deep understanding of the needs of this community, put us in an excellent position to play a leading role in helping European technology entrepreneurs build the future.

## Operating review

Our structure as a publicly listed company investing alongside co-investment funds differentiates us from our competitors and helps us in our aim of providing European entrepreneurs with the capital they need to become global leaders. Being publicly listed means that we have the flexibility, and access to different sources of capital, to provide teams with the backing they need at the time they need it most.

We also believe that the high standards of governance, oversight, and transparency to which we are held as a result of our listing is fundamental to our success at a time when the companies we invest in are increasingly mindful of who they choose to partner with.

Over the last decade we have witnessed a historic shift in the capital markets from public to private with companies staying private for longer, raising more capital and reaching greater levels of maturity before exit. This has led to a rapid expansion of both new VC funds and the total level of fundraising. We have also witnessed Europe starting to realise its potential as a technology powerhouse. Given the flexibility in our structure and the experience and expertise within our team, Draper Esprit is in an excellent position to benefit from opportunities that these trends provide.

Leveraging our co-investment model provides improved access to the best deals, as well as managing third-party funds. On 10 March 2020, we acquired the remaining interest in Encore Ventures LLP, the partnership which manages Draper Esprit's



EIS funds, better aligning our group structure to support the continued scale-up of our business whilst simultaneously increasing our fee revenue. The Group also holds a 30.77% stake in leading VCT manager Elderstreet Holdings Limited, which manages Draper Esprit VCT plc (LSE:EDV), with an option to acquire the remaining interest.

Our disciplined approach to investment remains central to our overarching strategy; while we continue to review thousands of potential portfolio companies, we only invest in those with strong technology and capital-efficient business models, visionary management teams and robust gross margins. As we scale our business, we will maintain this discipline, which is particularly relevant in the current downturn.

We continue to invest at strong rates, investing £89.9 million in new and existing portfolio companies (year to 31 March 2019: £226.4 million), which included our continued investing through our partnership with Earlybird in Germany and seed funds strategy, to give us more breadth and scale.

The £89.9 million included funding to 19 scale-up companies from our existing portfolio as well as to 9 new portfolio companies (including 4 follow-on and 4 new investments via our partnership with Earlybird\*). During the year, we generated £39.5 million of cash through exits including amounts held in escrow. The value of our gross portfolio grew by 18%.

### Successful exits

During the year, we announced the sale of our full stake in Pod Point, the UK's largest independent provider of electric vehicle charging, to EDF Energy, representing a return of 2.3x, with an IRR of 39% over 3 years.

Having backed Pod Point through a critical stage in the company's development and supported it through its journey, their new partnership with EDF is an exciting development for the business and a prime example of how Draper Esprit is able to help portfolio companies secure important backing from strategic partners.

We also received proceeds from the partial sales of our stakes in Transferwise, UiPath, and Codility, and the sale of our full stake in Finnish DevOps company, Bitbar, alongside proceeds from amounts previously held in escrow relating to past disposals.

Post year-end, Zynga Inc. announced their agreement to acquire Peak for \$1.8 billion,

which will, subject to closing, indicate a fair value holding for Draper Esprit of approximately £80.0 million via Earlybird IV (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement with respect to the stock component).

Since IPO, as at year-end we have exited 22 companies, realising over £105.0 million in cash, with further proceeds expected subject to closing, as referenced above, from the sale of Peak of approximately £80.0 million post year-end. An advantage of our model is that we have the ability to build a portfolio with assets of varying maturity, for example through secondary deals, providing us with a strong cycle of realisations across the breadth of the portfolio.

### Investments

Our unique structure enables us to offer funding options to entrepreneurs at all stages of their growth. We have the flexibility to back companies through the lifecycle, from seed via our seed funds strategy to scale-up, through to IPO or acquisition.

### New portfolio company investments

We partnered with a range of high growth, ambitious technology start-ups during the period through our investments in new portfolio companies: Thought Machine, Sweepr, Decibel, Freetrade, and Paragraf. We have also invested in new portfolio companies via our partnership with Earlybird, including GetSafe, Instamotion, Aiven, and Isar Aerospace.

### Seed fund strategy

Our seed fund strategy continues to give us access to the best early stage deals across the markets where we operate, while also ensuring that early stage opportunities across Europe are well funded with capital.

Building a community of seed funds gives us access to high quality deal flow and allows us to work alongside a network of funds from across Europe to fuel the next generation of visionaries, the best of whom we help when they need later stage funding to grow.

In the year, we have committed a further £5.3 million to 4 new funds, FRST Ventures, Change Ventures, 7 Percent Ventures, and LDV Capital.

To 31 March 2020, the Group has made a total commitment of £39.1 million to 20 funds, with £13.3 million invested at the year-end, of which £7.2 million occurred

during the financial year. The remaining commitments will be drawn down over approximately a 5-year period.

### Follow on investments

During the year, we continued to support our portfolio companies by participating in later funding rounds, as well as by providing hands-on support to help them scale in their respective markets. Our portfolio companies continued to capitalise on their position as global companies able to compete on the international stage in their respective markets. The core alone raised US\$1.8 billion capital in the year.

### Sustainability

Building on our existing business culture, committed to positive change and sustainability, we continued to enhance our Environmental, Social and Governance ("ESG") practices during this financial year, both in our own business and within our investment process. The Board is committed to the importance of ESG, including through our investment practices as signatory to the UN Principles of Responsible Investment. During the year we have established an ESG committee, which is mandated to implement a 12-month roadmap to progress our ESG journey, with actions including the adoption of an evolved responsible investment policy, enhancements to our investment checklists, a portfolio benchmarking exercise, and the development of monitoring tools for internal and external deployment. More details of our notable achievements during the year and plans for the future can be found on pages 45 to 47.

### Summary

The priority over the coming weeks and months is for us, as an industry, to support businesses in this difficult period and to identify those with strong business models, who will continue to succeed and indeed in some cases play an important role in the recovery of the world from this crisis.

We will continue to focus on being active board members and building stakes over the long term through primary and secondary investments to generate strong cash realisations on exit with a long-term aim to be self-financing. We will continue to evolve our model, recognising the opportunity of bringing in third party investors and reducing the net cost base of our operations with fee income, as is demonstrated through our acquisition of the remaining interest in Encore Ventures LLP during the year, as well as the option to acquire the remaining interest in Elderstreet Holdings Limited.

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

At the start of the new financial year, we further enhanced our investment and platform team and we will continue to build the infrastructure to support the long-term growth of the business, whilst maintaining the integrity of our investment process.

We remain passionate about democratising entrepreneurship and creating jobs across the UK and Europe and, whilst we are mindful of the continued impact on the global economy following the COVID-19 pandemic, ongoing uncertainty caused by Brexit, and the broader political climate, we believe our dual listing in London and Dublin, as well as strong cash reserves and access to a broad suite of funding sources including our existing revolving debt facility (extended and increased post year-end), will enable us to continue to access the best deals across the UK and Europe.

We continue to see a strong pipeline of deal flow and will continue to leverage our networks, including from our seed funds strategy, to source the best companies through the stages. Recent portfolio funding rounds, for example cloud-based voice platform, Aircall's, Series C post year-end, demonstrates the strength of the portfolio and highlights the focus on sectors which will benefit from an accelerated transition to digital.

### Outlook

We have entered the new financial year with a well-positioned portfolio and in a strong position to capitalise on our growing reputation as one of Europe's leading venture capital business. At the same time, we must be cognisant of the wider market uncertainty and increased pressures on the global economy, which have the potential

to impact our portfolio companies and, by extension, our own business.

Our growth target for the coming financial year is 15%, with an expectation of returning to 20% through the cycle whilst recognising the volatile environment in which we are currently operating.

Our mission to empower Europe to invent the future remains central to our ongoing strategy and this, alongside our progress in building the infrastructure required to scale the Group, means that we are well placed to drive long-term, sustainable returns for all of our stakeholders.

## COVID-19

The ongoing spread of the COVID-19 virus continues to be, first and foremost, a public health crisis, but the impact on the economy and businesses is clearly also very significant. We took early steps and have continued to put in place measures to safeguard our employees, manage our business and support our portfolio companies.

### Keeping our team safe

We quickly put in place robust measures to protect staff via travel and face to face meeting restrictions, flexible working plans and remote working, alongside regular virtual communication within teams and across all staff. Given the nature of the business and our role in the technology sector, we were well placed to mitigate the impact of social distancing on our team's day to day operations. Our broader team includes the management of the portfolio companies who also acted swiftly to protect their people.

### Supporting our portfolio companies

We have maintained high levels of dialogue with our portfolio companies throughout the crisis, many of them receiving operational support and advice. Our team has worked to guide our portfolio companies and assist them to access various elements of the

Government's financial assistance packages as these have developed. Our investments are guided by a strong syndicate of investors and we remain well financed with cash resources to provide support where necessary.

### Strong balance sheet

The Group has implemented bi-weekly Audit, Risk and Valuations Committee meetings with an enhanced focus on liquidity, both of our business and of the portfolio companies, including an ongoing assessment of their funding requirements. The Group reports net assets of £659.6 million, with available cash resources at year-end of £34.1 million (including restricted cash) and £5.0 million of undrawn debt, complemented by £50.9 million from EIS/VCT. This was enhanced post year-end as we extended the term and increased the size of our revolving credit facility by £10.0 million in June 2020. In addition, post year-end Zynga Inc. announced their agreement to acquire Peak Games for \$1.8 billion, which will, subject to closing, indicate a fair value holding for us of approximately £80.0 million (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement with respect to the stock component).

### Valuations

An appraisal of valuation metrics has been adopted to reflect the rapid shift in the economic environment, and lower growth forecasts for 2020 and 2021 have been assumed for companies whose business sector or model have been directly impacted by COVID-19. The Group consistently applies multiples lower than those prevailing for comparable quoted companies to mitigate stock market volatility. The long-term potential of the portfolio remains positive and we expect the value of the portfolio to grow post COVID-19 particularly in light of the accelerated transition to digital, however we are mindful of the uncertainties surrounding the pace of the anticipated recovery of the broader economies.





## Case Study: Experience Matters



**Written by Stuart Chapman**  
Chief Portfolio Officer

Venture capital investing relies on the potential of combining youthful energy and ideas with wisdom and experience. There's no set rule as to whether it is the entrepreneur or the investor who possesses these qualities. But if it is the investor who brings experience to the equation, precisely what type of experience can make a big difference. In a buoyant market, experience can take a back seat to energy and ideas. But when storms arise, having experienced previous cycles as an investor can make all the difference. It is this experience that is key to surviving difficult periods positioning a company to grow as the economy recovers.

### Living the Cycle

The venture capital industry in Europe has come a very long way in the last decade, with ever greater amounts of money raised and new funds being created. This has been a boon for entrepreneurs looking to raise capital but it brings with it problems in investor experience. The long boom since the trough of 2008-09 means that most VC funds today lack experience of completed cycles, even from their most senior investors. Also, the move towards investors having a background as entrepreneurs means that those who have some experience of recessions, but in a down cycle, having experience of your own company is different to managing a portfolio of companies. Perspective matters.

### What Are We Facing Here?

Most investors in our industry today have only been doing so for the last 5-10 years. If you've been in the tech industry for at least 15 years, your frame of reference for economic challenge will be the financial crisis of 2008. Superficially this is appealing – a recession that affected the wider economy at a very deep level. However, to get a better understanding of the impact on the tech industry, you need to go back almost 20 years to the dotcom bust. The characteristic impact of the dotcom bust was a sharp demand shock – unlike 2008, liquidity is available, but portfolio companies are rapidly forced to respond to new circumstances.

### Where Experience Counts

When facing these circumstances, having experienced investors is vital. Some investment funds respond to these challenges simply by allocating funds to less risky areas. But venture capital is based upon having a working knowledge of how to knuckle down and work constructively with portfolio companies as they rework business plans under tight deadlines and substantial pressure. Experienced investors become the sounding board for entrepreneurs and can prove the difference between businesses surviving, thriving or failing. To be a venture capitalist in a crisis is more than just about wise capital allocation, it is a specific combination of experience, energy, pragmatism and empathy.

### The Draper Esprit Advantage

This perspective, and younger experience, is alive within Draper Esprit, and younger investors can tap this experience. It is the difference between what we at Draper Esprit offer versus our competitors, whether listed asset managers or private VC fund managers. Today, as with every day, we work closely with our portfolio companies to deliver their visions and achieve outsized growth, whatever the cycle brings. We do this because we know that benefitting from an economic recovery requires patience and Draper Esprit plc is a fund structure that provides the flexibility to wait out the bad and deliver in the good.

**“Draper Esprit has always been focused on investing in the technology of the future and this will be even more critical to help kickstart the global economy.”**

**Karen Slatford**  
Non-Executive Chair

# Strategic Report

# Market Context

The decade to 2020 witnessed a historic shift impacting the venture capital markets, and despite (or perhaps because of) the range of political uncertainties that have challenged the UK – Europe’s largest market for technology and venture capital – it has continued to show the direction of travel across the region. The following are trends we have observed shaping the technology investment environment:

### Public to Private

Part of a wider global trend, the last decade and especially the last 5 years have witnessed a shift in capital markets from public to private. This has in turn seen a ramping of VC fundraising in major markets such as the US and Europe, as well as a concurrent shift in asset allocation and increase in private market allocation by crossover investors. We see, with increasing frequency, these investors making direct private investments.

### Staying Private Longer

The shift from public to private is deeply entwined with the trend for companies to stay private longer, raising more capital and reaching greater levels of maturity. The growing ubiquity of “Unicorn” technology companies is one such outcome of this trend.

### More Funds, More Funding, Winners at the Top

This increase in private capital has led to a rapid expansion of both new VC funds and the total level of fundraising. But it is the top end of the market that has shifted most. In 2010, a single fund of US\$1 billion or more was rare; today, such funds are increasingly common. Two consequences of this trend are of great interest to Draper Esprit: firstly, the opportunity to make secondary investments into technology companies as they outgrow the capabilities of their early private investors. Secondly, the potential value of raising specific

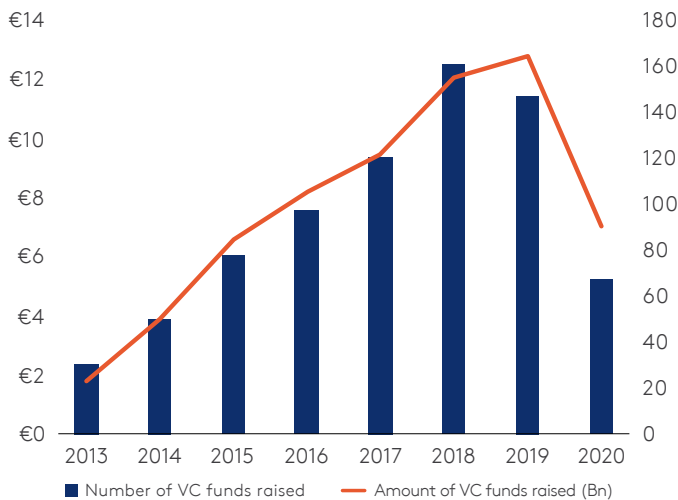
growth funds which follow the growth of companies through their lifecycles. The flexibility of the Draper Esprit model combining a listed evergreen fund with other funding structures allows shareholders to benefit from participation in these historic shifts.

### Europe’s Growing Influence

In the last decade, Europe found its technological feet. Historically underweighted at a global level, Europe has begun to realise its potential as a technology powerhouse, with a rapidly growing market share of technology investment deals compared to the US. In sectors such as Artificial Intelligence (AI), European companies are considered a match for US competitors; in sectors like fintech, they are widely considered as superior. European companies are considered more capital-efficient than US competitors, which goes some way to explaining why Europe still underperforms the US in value of technology deals. However, the growing number of inbound deals from the US into Europe has made Europe an increasingly competitive market opportunity.

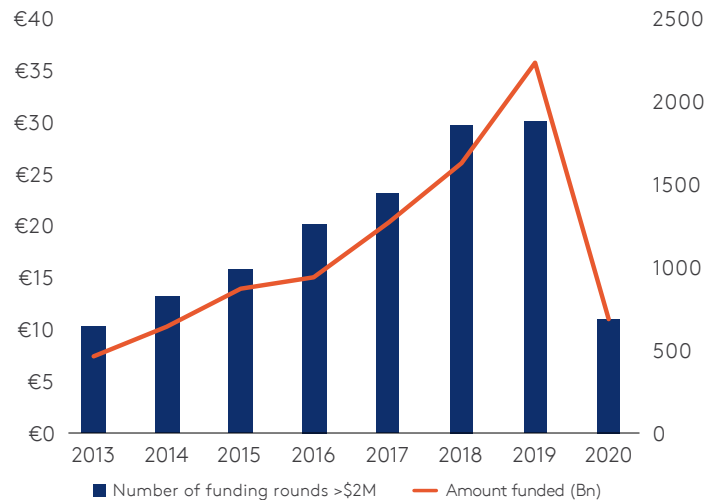
### European VC Funds Raised

Data source: Dealroom



### VC Investment into EU Tech

Data source: Dealroom



**“The flexibility of the Draper Esprit model combining a listed evergreen fund with other funding structures allows shareholders to benefit from participation in these historic shifts.”**

**COVID-19 Impacts**

After an initial shock caused to the business environment by COVID-19, the technology industry is rapidly moving towards a new mode of operation with mixed, medium term implications for historic trends. On 20 April 2020, Numis published a detailed snapshot of European technology investor opinions\*, noting:

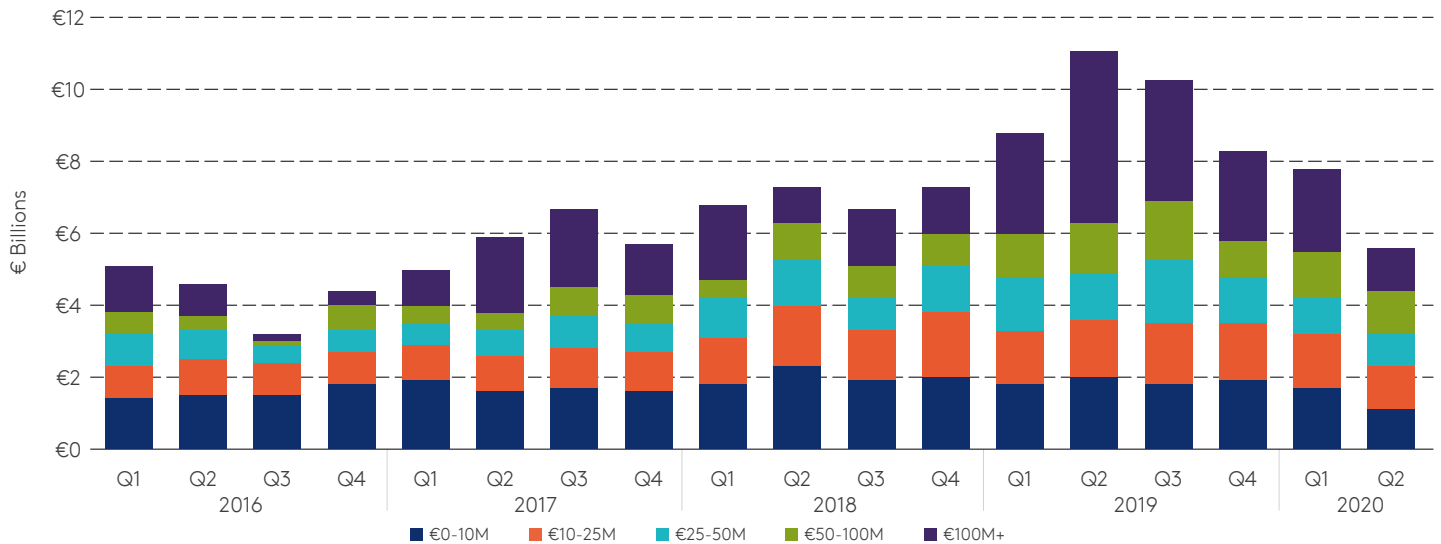
- Investors are becoming more selective
- Greater emphasis on follow-on investments
- Historically buoyant valuation will compress, but greater competition for quality deals
- Focus on revenue generating businesses in sectors such as fintech and SaaS

The report looks to experience of past shocks – 2001 dotcom crash and 2008 global financial crisis – demonstrating advantages provided to investors with deep experience of technology investment across multiple cycles.

\*Source: [speakerdeck.com/dkelnar/whats-next-for-private-markets](https://speakerdeck.com/dkelnar/whats-next-for-private-markets)

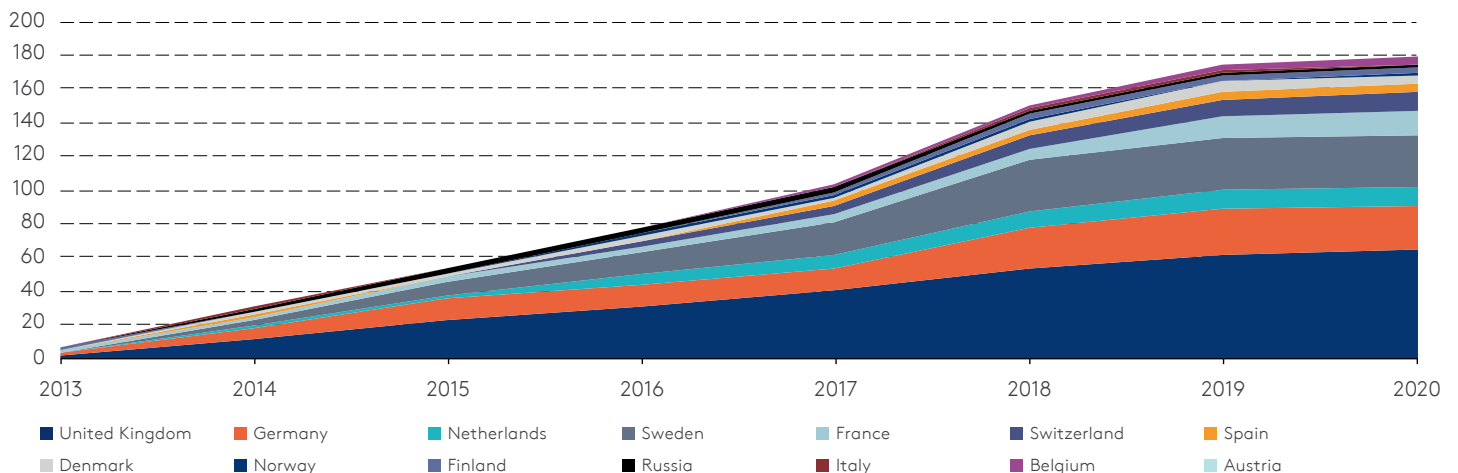
**Investments in Europe by round size**

Data source: Dealroom



**Number of EU Unicorns (Cumulative)**

Data source: Dealroom





**“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 15-30 a year, including follow-on. Our brand, access to the Draper Venture Network (see page 14), and seed fund strategy (see page 17), mean we have a large pipeline of deals in the ecosystem to ensure we can take a market-wide view before investing. In order to identify, attract and originate the most exciting technology prospects in Europe, the Group has worked to establish an internal dual-platform investment process that facilitates early targeted engagement whilst retaining a focus on price discipline.

Within the dual-platform process, the Partnership team focuses on deals, our portfolio companies and their founders while the Platform team focuses on supporting deal flow and collaborating with the entrepreneur community, other investors and the wider ecosystem.

### 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 are held at conservative valuations based on growth projections and captive market size.

### Experience drives our success

Our team is highly experienced: we have been investing in technology for over 20 years. We typically 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 best advice.

As a Group we have a track record of delivering 20% growth through the cycle, driven by the revenue growth of the underlying portfolio companies. To date, we have exceeded this target with strategic acquisitions of portfolio companies and by increasing our stakes in our core holdings. Prior to the pandemic, the Group was on track to achieve its targeted portfolio growth and, despite the current market backdrop, has still delivered strong growth of a 10% Gross Portfolio fair value increase in the year.



“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 the majority of our capital in the Series B+ part of the funding cycle. With the maturing of the European venture capital ecosystem we are seeing companies raising larger rounds to capture markets and fuel growth, which is enabling companies to remain private for longer. We are increasingly leading and investing in later stage 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.



### Fund of funds

While we do not make direct seed investments, we support companies from their inception and by partnering with funds from across Europe investing in earlier stage businesses. Through these partnerships we can identify the most promising opportunities and can support their business through our broader plc and co-investment strategy as they scale.

# Supporting Companies for Growth



## Global firepower

As the European arm of the Draper Venture Network (DVN), 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.

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, the DVN hosts its annual CEO Day, 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. This year, in light of COVID-19, the annual CEO day is taking place virtually.



## Long term capital

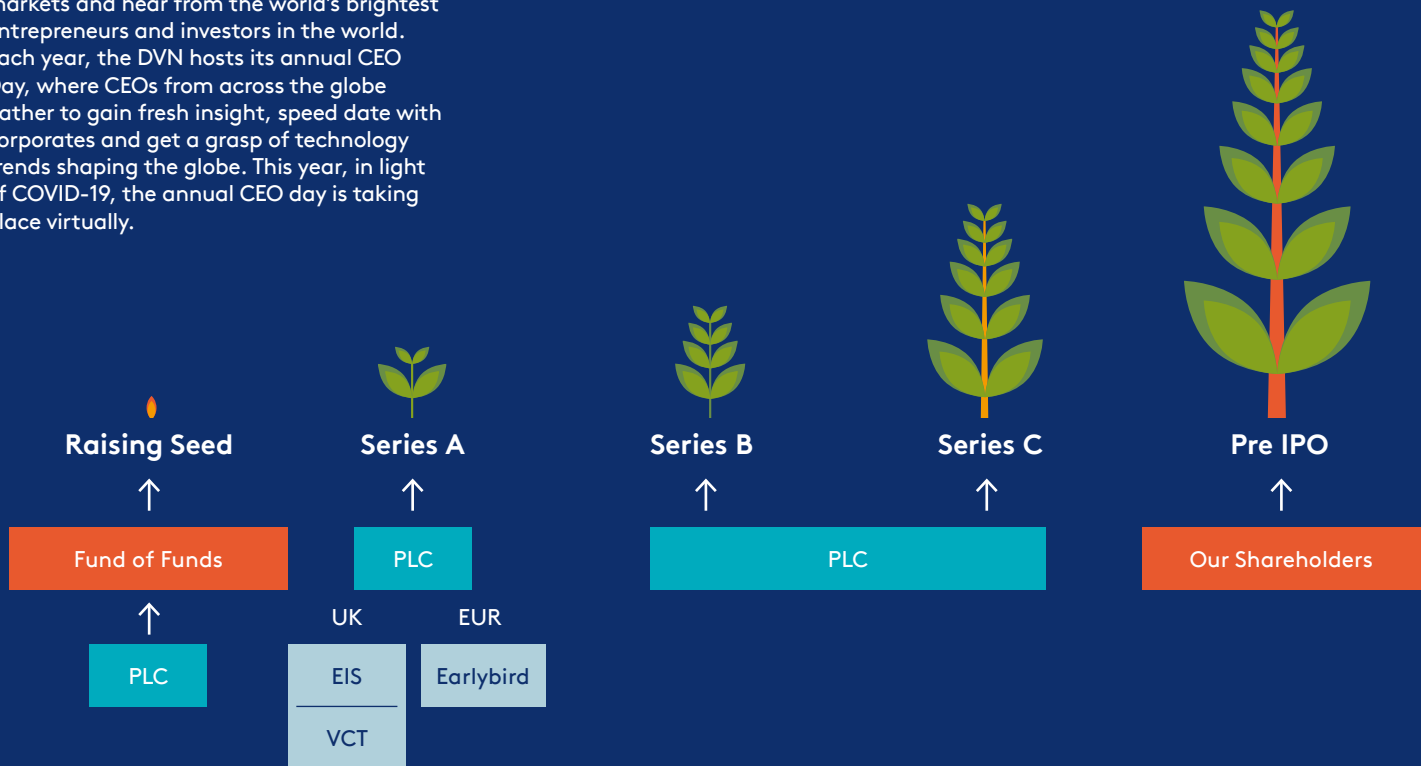
Our structure as a growth-focused technology venture capital firm dual-listed on the London and Euronext Dublin stock markets means we are not tied to a specific time period of investment; we have the flexibility to find the best opportunities for entrepreneurs – and to back companies from scale-up all the way to IPO or acquisition. With a public balance sheet, we can take a longer view, allowing shareholders to capture value as companies reach their full potential.



## Hands-on support

When we invest, we offer a lot more than money. We typically 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.



"We're incredibly proud of the progress Pod Point has made in building the most advanced intelligent charging network in the UK and we look forward to watching their continued momentum as part of EDF Energy."

Martin Davis  
CEO

## Case Study Pod Point

**£5.4m**  
Total invested

**£12.4m**  
Total proceeds\*



Pod Point was founded in 2009 in the aftermath of the financial crisis by Erik Fairbairn who saw electric cars as the next major mode of transportation. The UK's largest independent provider of electric vehicle charging, Pod Point has manufactured and sold over 69,000 charging points across the UK and Norway. Aside from establishing an extensive public charging network connecting EV drivers with 3,000+ charging bays at locations including Tesco, Lidl, and Center Parcs, they also install home smart charging ports for customers of major automotive brands; Audi, Nissan, Volkswagen, and Hyundai. Pod Point has already powered over 158 million miles of electric driving.

After 3 years of working closely with Erik and his team, helping them navigate through critical development points in their business, we sold our shares in Pod Point to EDF Energy. Draper Esprit received a return of 2.3x with an IRR of 39% over 3 years. EDF, which is part of the EDF group, the world's biggest electricity generator, acquired majority shares in Pod Point and a joint venture with Legal & General Capital. We believe that EDF is the best partner to support Pod Point as they roll out more charging points and become leaders in their space.

\*Including the maximum £0.3m of amounts held in escrow.



Draper Esprit invests £3.4 million in Pod Point.	<b>2017</b>	Sold over 27,000 charging points.
Draper Esprit invests £2.0 million in Pod Point from PLC.	<b>2018</b>	Sold over 50,000 charging points.
Total of £5.4 million invested overall in Pod Point to date.	<b>2019</b>	44 million miles of electric driving.
Draper Esprit sells shares in Pod Point to EDF Energy.	<b>2020</b>	Sold over 69,000 charging points, 158 million miles of electric driving.

# Our Investment Criteria

## The investment process

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



### We invest in high-growth technology companies

We look for high-growth companies with strong technology products and business models with 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 remaining private for longer and therefore 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, compared to 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. By investing at the high-growth phase of a company’s lifecycle, before companies consider an exit strategy via acquisition or IPO, we give our shareholders access to the value this phase generates.

# Seed Funds Update

In October 2017, we launched our seed fund of funds programme. Since then, we have invested in 20 seed funds from across Europe, committing £39.1 million, which will be invested over approximately 5-10 years. Those funds already have over 300 portfolio companies and have raised £1.1 billion in total. To 31 March 2020, £13.3 million of commitments have been drawn down, of which £7.2 million was in the current financial year.

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

2.5 years after launch, our seed fund programme has committed over £39.1 million to 20 early stage funds, with a further 4 approved by the Investment Committee. These funds have invested in over 300 companies and have raised an aggregate amount of capital of £1.1 billion. The programme has a healthy pipeline of opportunities and by 2022 we expect to invest in a total of 40-45 funds getting exposure to 1,200-1,500 companies.

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





# Our People

## Partnership team

Our Partnership team is made up of experienced investors - founders, CEOs, start-up advisors, private equity and investment bankers, and even a doctor, in their past lives. The point is we recruit the very best to work at Draper Esprit, and to us, the best come with years of knowledge and real-life experience. They know how to support start-ups because they have been through it themselves. They're here to bring hands-on support and advice to every team we back, helping them to grow and scale.

Our mission is to empower Europe to invent the future. Success depends on genuine collaboration, so when we meet teams that share our way of thinking, we back them all the way. As a group, we've been doing this for over 20 years - experienced investors bringing global firepower and a long-term view. We believe in Europe's potential to grow the companies that will shape the future. We're here to help make that happen, by growing our community of extraordinary teams - a team of teams. And by reinventing European venture capital - long-sighted, flexible and global.

Our companies use new technology to create better ways of doing things. We focus on 4 sectors; enterprise technology, digital health & wellness, hardware & deeptech, and consumer technology. We also look at areas where these sectors overlap like fintech, which operates between consumer technology and enterprise technology.

We're constantly imagining better ways we can build up and support our portfolio companies and to do that we need to have a strong infrastructure. To strengthen that infrastructure, we've recently added a new senior partner to our investment team. In the period, we internally promoted two members of the investment team, Nicola McClafferty and Vinoth Jayakumar, to join the partnership group. The promotions of Nicola and Vinoth significantly strengthen Draper Esprit's leadership team and enhance the investment committee. Draper Esprit recognises that the most important investment is in people and these appointments support the company's continued leadership expansion and growth across Europe, while Nicola's experience in Consumer Tech and Vinoth's deep knowledge of Fintech further deepen our sector focus.

Our Partnership team works hard to make sure we find and offer the best opportunities to the founders of tomorrow as well as support the companies already in our portfolio. With the support of the Platform team, they're here to engage, support, and invest in the entrepreneurs of the future.



**Simon Cook**  
Founding Partner

I focus on the team and the problem they are trying to solve. Ambition matters. The wildest, craziest, biggest ideas usually turn into the best companies, as our partner Tim Draper has shown us many times.



**Stuart Chapman**  
Chief Portfolio Officer

AI and machine learning will force dramatic step-changes in technology. Not just in terms of the early applications we see now, but the pressures on infrastructure and hardware. We haven't seen even a fraction of the uses yet - and that's an exciting vortex to be in.



**Jonathan Silbia**  
Partner,  
Fund of Funds

I need to share your passion, not your sector. I'm thesis-driven, looking for entrepreneurs with a bold vision, ambition to challenge a market, and the potential to create big, sustainable businesses. That's the beauty of our model: we can support you all the way, to create long-term category market leaders.



**Will Turner**  
Senior Partner

I'm passionate about Growth and enabling the best entrepreneurs to scale their companies to become global winners.



**Richard Marsh**  
Partner, EIS & VCT,  
Enterprise & SaaS

I'm an entrepreneur turned VC, with the first 10 years of my career spent building companies hands-on. I've been a founder and CEO and created Datanomic which we sold to Oracle.



**Nicola McClafferty**  
Partner,  
Consumer

The rules are changing. From consumer behaviour to workforce expectations and the impact of automation on our lives, retail brands face a huge challenge, and an even bigger opportunity in the next decades.



**Vinoth Jayakumar**  
Partner,  
Fintech

I'm excited for the future of finance. Insurance. Fintech. PropTech. Cybersecurity. I'm interested in it all - but especially in companies that see ways to challenge a whole stack of financial products and services, not just the easy pickings.



**Vishal Gulati**  
Venture Partner,  
Digital Health

Training as a doctor was my comfort zone. I stepped out of it. Venture capital gives me a way to help people make real advances in healthtech - and support companies that will shape the future for us all. When I invest, I look for founders who are just as excited about their teams as they are about their idea.



**Christoph Hornung** Investment Director, Deep Tech

The best entrepreneurs are persistent, analytical and great leaders. Having been a founder and start-up advisor myself, I lived through the highs and lows of our industry. Following a thesis-based investment approach and identifying teams with the right skill set are essential to create big success stories.



# “By having a closely integrated team, we’ve become better at identifying prospective companies and initiating conversations.”

## Platform team

Making smart investments is key to succeeding in venture capital and so is an investing firm’s ability to engage, support and collaborate with the entrepreneur community, other investors and the wider ecosystem.

This starts from early seed stage while companies are developing their propositions, through to when companies are seeking and preparing for the most optimal route to exit. Our Platform team has been established and developed to enable Draper Esprit to take the lead across each of these functions.



Over the last year we have grown and developed our marketing capability, including a new Marketing Director and the establishment of a new role of Community Manager. This expertise has allowed us to take a flexible and broad-ranging approach to marketing in the UK and Europe. In an industry which typically relies on conferences and events, during the COVID-19 period Draper Esprit has adapted towards online projects, content development and media engagement to improve our connections with entrepreneurs and communities that best align with our strategic interests today and tomorrow. By having a closely integrated team, we’ve become better at identifying prospective companies to partner with and initiating conversations at the correct stage in their journey in order to offer them our relevant experience and guidance.

Also key is our support programme for core portfolio companies – we directly engage with their marketing leadership to ensure the highest standards are shared and maintained across the portfolio. We produce content and host events that are designed around specific C-suite functions, for example finance, marketing and business development, to ensure that the events are relevant and highly targeted to our portfolio and wider community. We have also been utilising our new and improved office space and digital properties to host events for support and social networking, providing entrepreneurs with a forum of peers to help deal with the challenges they face in scaling their businesses.



# Our Pools of Capital

## A multiplatform strategy

In the past 4 years, we have scaled our platform to enable our investors to access the best deal flow 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 third-party 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, in which we recognise the opportunity to build external third-party assets. 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 30 September 2019 half-year report, it had AUM of £45.9 million. Since then it has received further subscriptions of £11.3 million. The funds co-invest with the plc in UK deals.

### Draper Esprit EIS

On 10 March 2020, the Group acquired the interest it did not already own in Encore Ventures LLP, an FCA-regulated management vehicle and the partnership which manages Draper Esprit's EIS funds. Following the acquisition, the Group now owns 100% of Encore Ventures. With 6 co-investment funds, it has raised over £146.5 million to 31 March 2020.

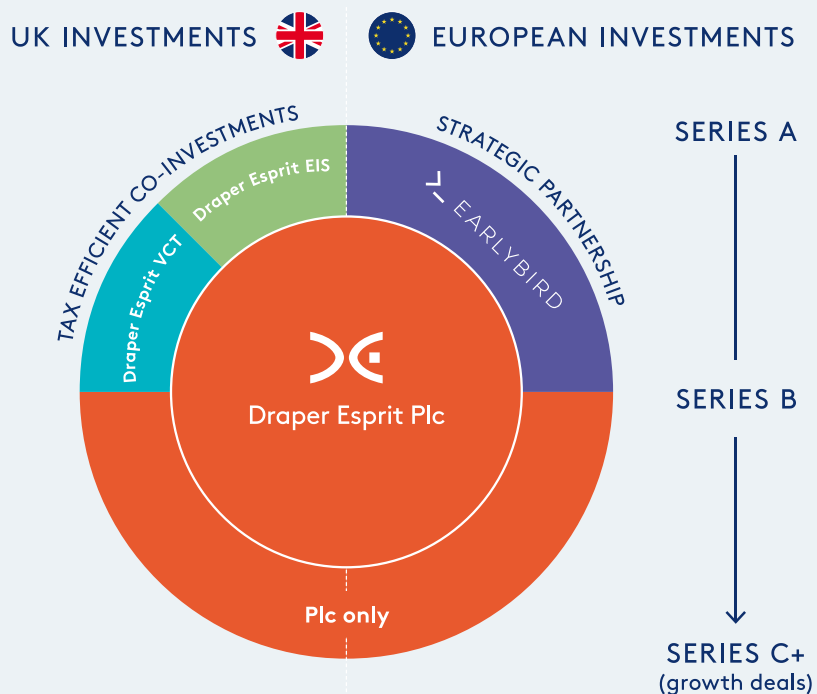
The Encore Funds have been independently reviewed for 6 years in a row as the highest ranked growth EIS fund. They scored 89/100 in the Tax Efficient Review, the highest ranked growth EIS fund as of April 2020. Since 2019, they are the top rated EIS provider in the Allenbridge review. The funds co-invest with the plc in UK deals.

### Earlybird Digital West

In July 2018, Draper Esprit announced a strategic partnership with Earlybird Digital West to share deal flow 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 a 50% stake in Earlybird's Digital West Early Stage Fund VI ("Earlybird Fund VI"), commitment of €87.5 million of which €60.0 million has been invested.

For more information on the partnership with Earlybird, please see page 23.

## Plc co-investment structure



# Our Portfolio

We invest across 4 sectors in high growth European technology companies\*:



## Consumer technology

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



## Enterprise technology

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



## Hardware & deeptech

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



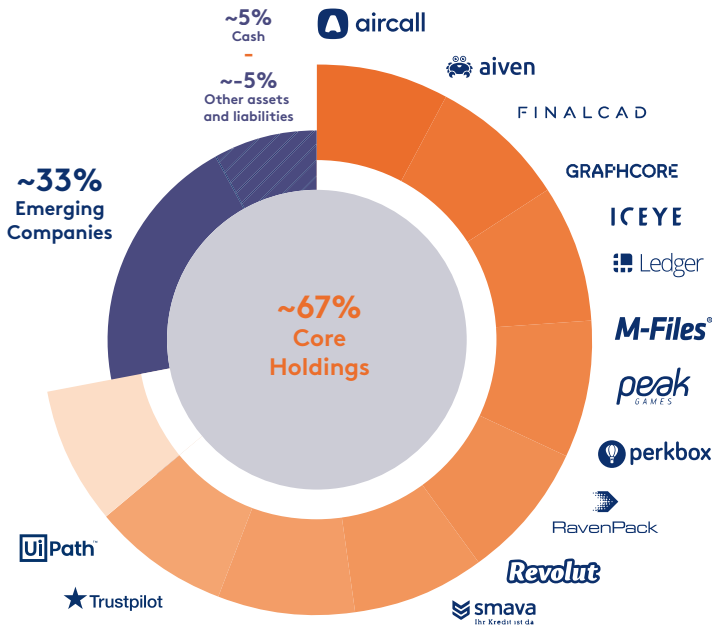
## Digital health & wellness

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



\*Reporting threshold – companies with a NAV of £1 million or more.

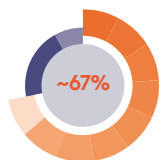
# What's in a Share?



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

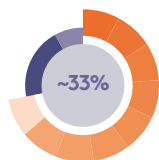
As our companies grow, we provide follow-on capital to build our stake. 67% of Gross Portfolio Value and 67% of our Net Asset Value is distributed in the top 16 companies, representing our core holdings. By doubling down on the winners in our portfolio, we manage the risk exposure of the portfolio and generate improved upside.

Equally, our 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.



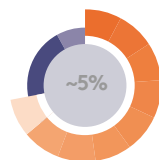
**Core holdings**

The companies in the portfolio representing 67% of Gross Portfolio Value, which is 67% 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.



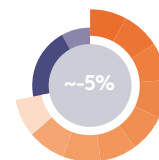
**Emerging companies**

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.



**Other assets and liabilities**

Other assets and liabilities of the Group.

**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.



The last few years have seen a number of start-up hubs emerge or mature across Europe. Entrepreneurs don't need to move to Silicon Valley to access capital and build their businesses; unicorns are popping up in London, Berlin, Paris and Stockholm. Since 2001, the UK alone has recognised 18 unicorns.

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.

#### Our partnership with Earlybird

In July 2018, Draper Esprit signed a strategic partnership with Earlybird Digital West to share deal flow, 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.

The partnership with Earlybird not only gives Draper Esprit a platform of further scale, 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 £131.4 million into Earlybird, valued at £187.3 million.

#### Secondaries

By investing in opportunities like EB IV Fund we are able to further diversify our investment strategy, investing in secondaries which allow us to blend the maturity of our assets. Secondaries typically span across a smaller period of time or about 2-3 a year, at which point in time they mature and become a realisable asset. The capital provided from those investments following maturity can then be reinvested and used to accelerate our broader investment activities. We're all about investing smarter not harder.

Investing in secondaries like Earlybird or through our fund of funds strategy gives us access to the best early stage companies and allows us to develop a deeper knowledge of early stage companies. When we partner with funds like Earlybird that have deep geographical links we effectively increase the range of our investment teams, to drive efficiencies and expand our exposure to a broader range of geographies.



#### Peak Games

In January 2019, Draper Esprit announced that it had furthered its strategic partnership with Earlybird Digital West ("Earlybird"), a German Venture Capital firm with a focus on early stage investments in Europe. We strengthened our relationship with Earlybird by acquiring a 27% interest in Earlybird's EB IV fund for approximately €63 million (approximately £55 million).

As a result of our investment in the EB IV fund, Draper Esprit acquired underlying holdings in nine high growth technology companies including Istanbul-headquartered Peak Games.

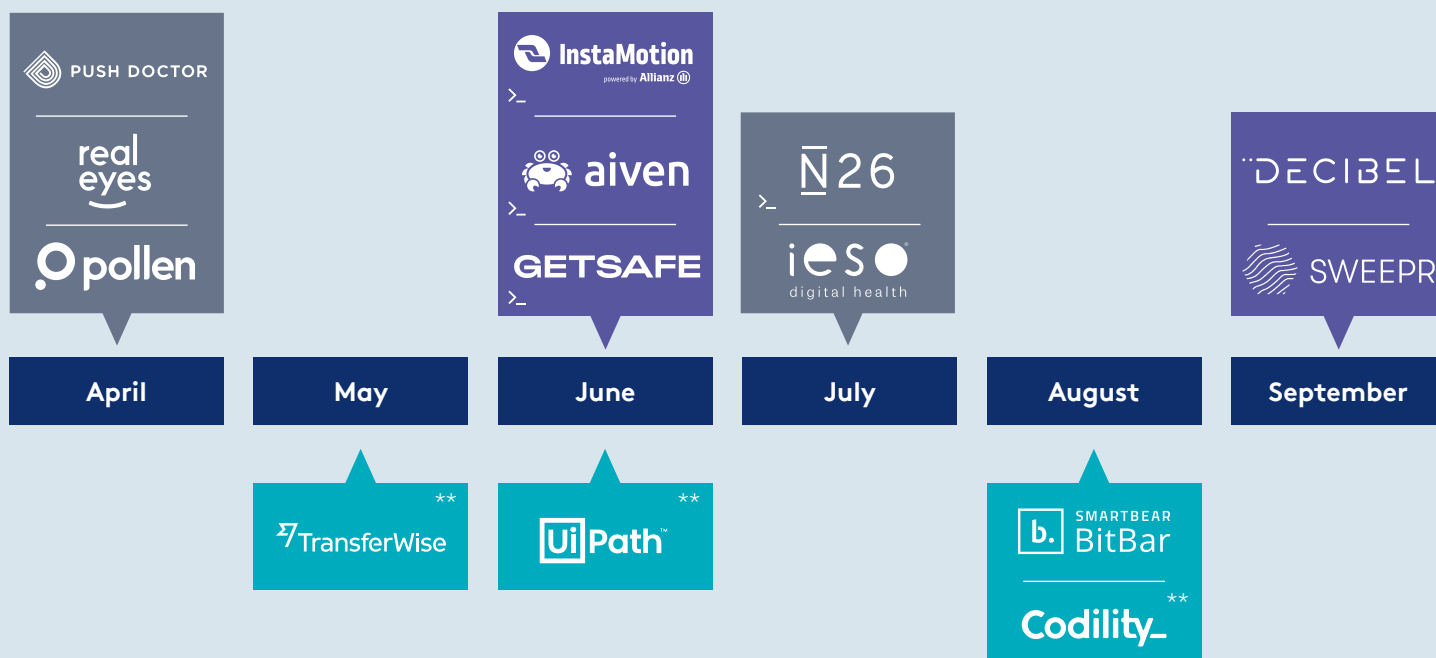
Peak Games has successfully built a global user base for its community-based, multiplayer board and card games as well as its innovative casual puzzle games. Over 275 million users around the world have now installed at least one of the company's products with the US, UK and Japan representing almost three quarters of the Group's total revenue. Its most popular game to date is Toy Blast, a matching puzzle.

**"We believe there will be many new successes yet and the European video games industry will continue to attract the smartest entrepreneurs in the world, and we look forward to meeting them and backing them with the right amount of capital for the long term, in any kind of transaction as necessary."**

**Simon Cook**, Founding Partner

Post year end it was announced that Peak entered into a sale agreement with Zynga Inc for \$1.8 billion, comprised of approx. \$900 million cash and \$900 million of Zynga common stock. Upon completion the acquisition would represent a fair value holding for Draper Esprit in Peak of approx. £80 million (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement in respect of the stock component), which is approx. an anticipated further £12 million increase on the fair value holding of Peak at 31 March 2020. The acquisition is subject to customary closing condition and is expected to close in the third quarter of 2020.

# Activity in the Year\*

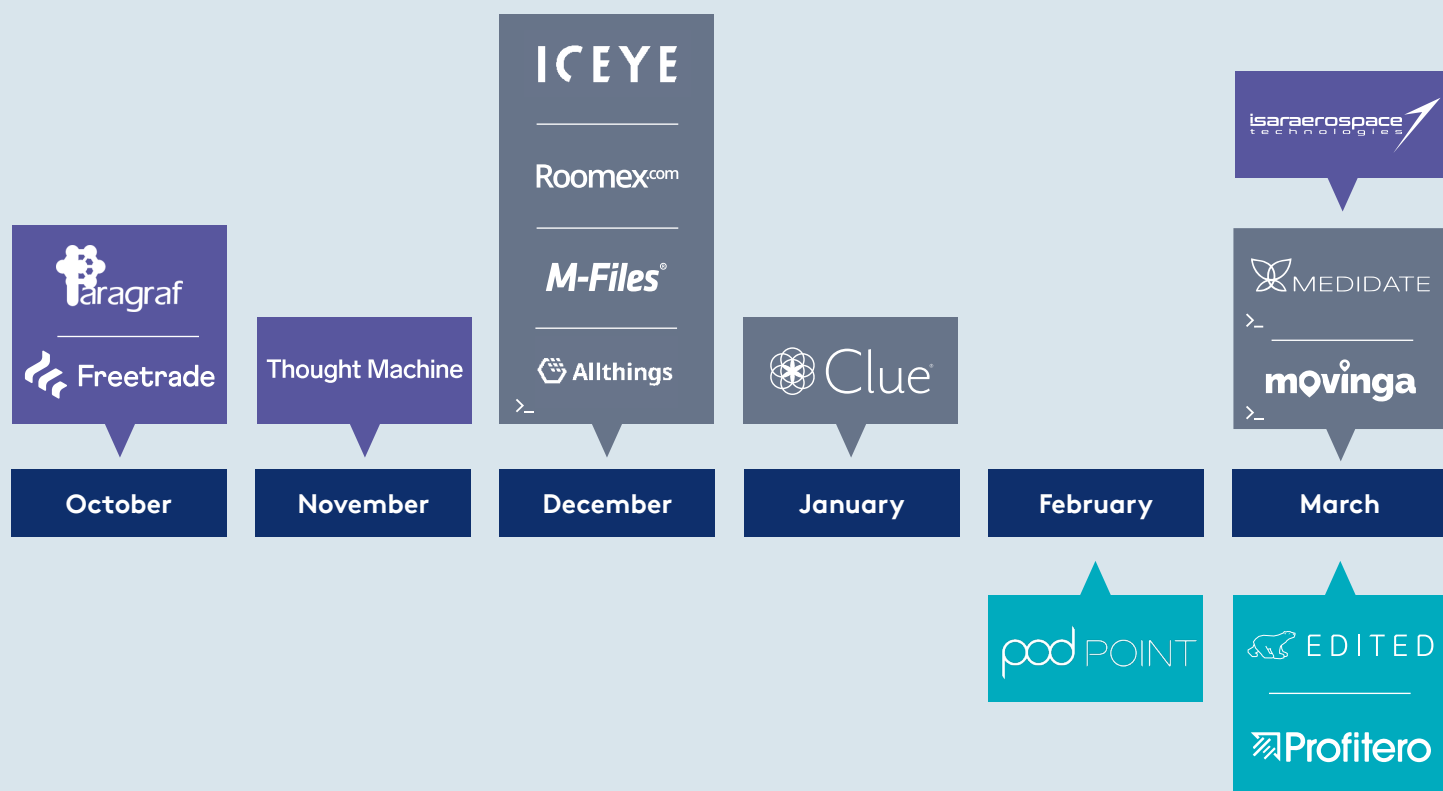


## Deal Sourcing Strategy

- Initial investments
- Follow-on investments
- Exits
- > Via Earlybird



## £89.9 million investment in new and existing companies from 1 April 2019 to 31 March 2020



\* All companies listed represent investments of over £1.0 million.

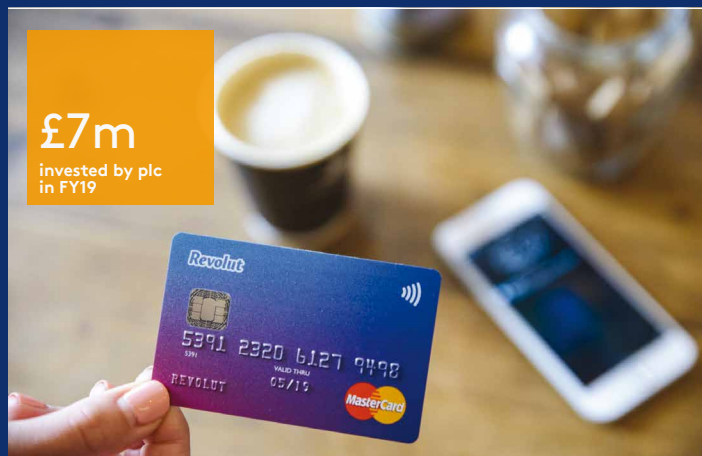
\*\* Partial sale of shares, remains a holding.

# Case Studies: Fintech

At Draper Esprit we have been building a thesis on the future of financial services. This has been broadly split into B2C and B2B propositions.

Working through the thesis of how fintechs can create value for consumers by sitting in the flow of funds; in either capturing income or capturing spend and building on the future of the user experience designed around best-in-class products. This has typically happened with a card-based or an app-based interface.

The first wave of companies built on the thesis of “unbundling” a bank; innovating on one specific vertical or product, with a better, faster and cheaper alternative. This was quickly followed by a second wave of “rebundling” a bank; adding on further products and services that replicate a full alternative banking offer.



## Revolut

Launched in July 2015, the app-based bank allows users to create an account in 60 seconds, spend abroad in over 150 currencies with no fees, hold and exchange 25 currencies in-app and send free domestic and international money transfers at the real exchange rate.

Building on top of their FX product, Revolut has “rebundled” parts of a bank and developed various other products to add onto its platform including insurance, commission free stock trading, and cryptocurrencies. The platform is live in 36 countries globally, including in Europe, Asia, and the US, and with 12 million users they continue to expand internationally.

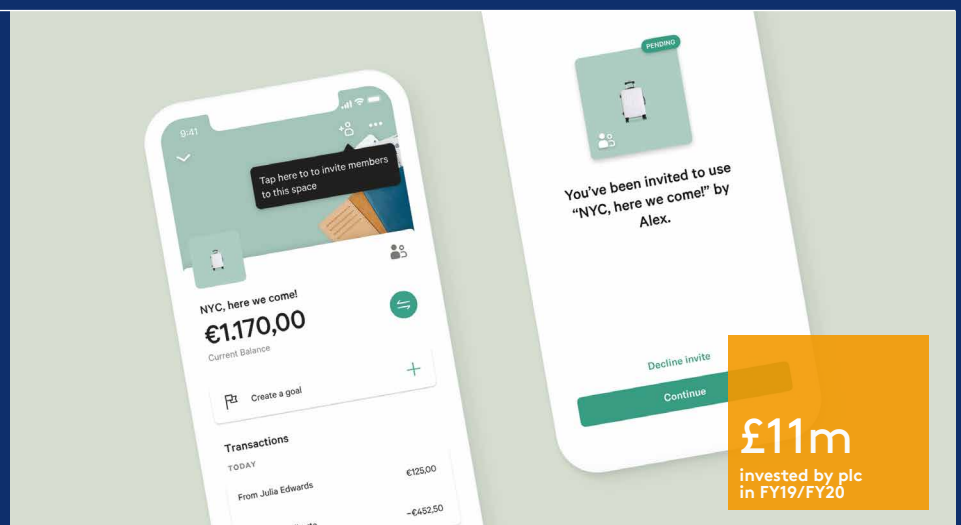
Draper Esprit invested in the Series C in 2018 at a company valuation of \$1.7bn. Revolut subsequently raised a \$500m round at a valuation of \$5.5bn in February 2020.

We believe that the neo-bank markets are not ‘winner takes all’ and are large enough for multiple ventures to succeed. N26 is another break-out player in the space.

## N26 (backed via Earlybird)

Mobile banking app, N26 helps users simplify and manage their savings in real time and provides benefits like fee-free atm withdrawals, payments in foreign currencies, and travel insurance coverage.

Today N26 has more than 5 million customers in 25 countries across Europe and the US (250k customers).



Following Draper Esprit's own IPO, democratising access to the venture capital asset class, we have invested in companies like Freetrade and CrowdCube who are on a similar mission.

**Freetrade**

With over 150,000 customers Freetrade is on a mission to open up stock market investing to all segments of the population with a commission-free product that enables people to buy shares in UK and US companies as well as access ETFs in a variety of segments.

Their product pipeline includes products such as fractional shares, which would make Freetrade the first stockbroker in the world to offer this in connection with UK and EU shares.

FCA-regulated, FSCS scheme protected and a member of the London Stock Exchange (LSE), Freetrade is changing the way investing has always been done by democratizing the process and bringing access and control to users through their mobile devices.

In 2020 post period-end, Freetrade fund raised £7m via community fundraising platform CrowdCube from more than 8,000 investors in just a few short days. Now with over 150,000 customers, Freetrade's community is at the heart of its success. Freetrade now has nearly 8,000 shareholders following six crowdfunding campaigns with CrowdCube.



**Crowdcube**

Fundraising over £800 million and funding 3 UK born unicorns (Revolut, Monzo, and Brewdog) since 2011, leading crowdfunding company Crowdcube has also undertaken some record-breaking fundraisers like Freetrade (fastest ever to reach £1m, in 77 seconds), Curve (fastest ever to reach £4m, in 42 mins) and Monzo (£20 million in two days).

In the past, technology has been a private affair, with companies taking longer than ever to go public, crowdfunding (using a portfolio approach) opens up an asset class to everyone, so that investors can benefit from exposure to high growth tech companies. It's why we went public ourselves – we wanted to open up VC and provide entrepreneurs with long term patient capital.

# Fintech: Recent Investments

As we increasingly delve deeper into B2C propositions, Draper Esprit has also been exploring the technology stack that will enable the financial services products of the future. These 'backbone' technologies have historically been seen and utilised as systems of record but are seeing a paradigm shift towards systems of intelligence. Three key areas of interest have been in fraud, payments and core banking systems.

Draper Esprit has a long history of investing into banking technology, backing companies like Red Kite (acquired by NASDAQ traded NICE Systems) and Neteconomy (acquired by Fiserv). Recent investments in this space include Form3 and Thought Machine.

## Form3

Form3 provides real-time cloud-native end-to-end payments-as-a-service to combat the ever-evolving regulated payments sector, by making payments faster, easier and more cost effective for banks, fintechs, financial institutions. By removing the need to manage and focus solely on the complexities of the evolving payments infrastructure, Form3 enables banks and fintechs to focus on building better customer propositions and growing their businesses. The company's infrastructure significantly reduces downtime and allows for system upgrades to be achieved more seamlessly. Working with companies like N26, Ebury, and Prepay Solutions, Form3 is helping to improve efficiency, issuing customers real bank account numbers for their clients, and decreasing the amount of time needed to complete and manage real time payments.



## Thought Machine

Thought Machine enables banks from Tier 1 to challengers to revolutionise themselves by providing access to their cloud-native, next generation, core banking engine technology – Vault. Incumbent banks have historically seen Cost/Income ratios that are typically in the 60-70% range, which makes it incredibly difficult and unprofitable to launch new propositions as they are built on legacy technology.

Cloud-native, modern core banking systems will enable banks such as Lloyds Banking Group to re-platform legacy brands such as Intelligent Finance in order to build propositions that can compete with emerging challenger banks. The adoption of cloud-based core banking software will also lead to a significant reduction in technology costs – in the case of Lloyds, it is expected to save in excess of £100m.

Cloud-native core banking is becoming the most common and desired target architecture for the world's banks, Thought Machine's technology is at the forefront of this revolution, enabling innovation for incumbent banks and fintechs alike.

Draper Esprit led Thought Machine's recent Series B funding round where they raised £63.8 million to drive expansion into Asia and North America and to continue investing in their core engine.

# Portfolio Review

## Overview

As we build the infrastructure required to scale our operations, we continue to back new and existing portfolio companies whilst maintaining the integrity of our investment and valuations process.

At the end of the financial year, we were all faced with an evolving environment as a result of the COVID-19 pandemic. We have reviewed the current impact and modelled the potential future impact of COVID-19 on our portfolio. While we anticipate a period of trading slowdown, we also remain very positive about the long term areas of growth in the markets that our companies address such as artificial intelligence, cloud computing for remote working and digital health. Many of our portfolio companies generate recurring revenues and the geographic diversity of our portfolio, combined with the broad cross section of areas in which they operate, means that we are not overly exposed to any individual market or sector.

## Portfolio

Our portfolio is balanced across four sectors; (i) consumer technology; (ii) enterprise technology; (iii) digital health & wellness; and (iv) hardware & deeptech.

We have continued our focus on finding the most exciting new technology companies and have invested in 9 new companies during the year (including 4 via Earlybird). Thanks to our evergreen strategy, we have been able to increase our stakes in our existing portfolio companies and have invested in 19 existing portfolio companies during the year (including 4 via Earlybird). Realisations in the year have increased from £16.0 million in the year ending 31 March 2019 to £39.5 million from partial and full disposals, including amounts which were held in escrow.

There are 16 core portfolio companies accounting for c.70% of the Gross Portfolio Value. They comprise Graphcore, Trustpilot, Peak Games (acquisition agreement announced post year-end), Transferwise, Smava, Perkbox, M-files, Ledger, Ravenpack, UiPath, Revolut (included in FY2020 interims), Aircall, Thought Machine (new entrant), ICEYE (new entrant), FinalCad, and Aiven (new entrant). Pollen,

SportPursuit, N26 and Lyst are constituents of the emerging portfolio. Pod Point was part of the core in the year ending 31 March 2019 and was fully realised in the year ending 31 March 2020.

## Investments

During the year ending 31 March 2020, £89.9 million (31 March 2019: £226.4 million) was deployed from the plc, with a further £38.1 million (31 March 2019: £35.1 million) deployed from EIS/VCT.

## New investments

In the year, the Group invested in new companies, including:

- £16.5 million into Thought Machine, the cloud native core banking technology firm, leading a Series B funding round of US\$83.0 million to drive global growth and banking transformation mission, with a further £7.4 million from EIS/VCT;
- £10.1 million in Decibel, a London-based software company focused on digital experience analytics to improve user interface on company websites, leading its US\$17.0 million Series B round;
- £4.0 million into stock investing app, Freetrade, with £3.0 million from EIS and VCT funds, as part of its Series A round;
- £2.7 million from plc leading an €8.0 million Series A funding round in Sweep, the Dublin-based customer experience platform for smart devices in the connected home;
- £0.9 million from plc and a further £1.7 million from EIS/VCT into Cambridge-based graphene electronics technology company, Paragraf, as part of a £16.2 million round; and
- A range of new investments via our strategic partnership with Earlybird Digital West\*, including:
- £4.4 million into Helsinki-based software company Aiven,

which combines the best open source technologies with cloud infrastructure, and raised US\$40.0 million in Series B funding round led by IVP;

- £2.5 million in Getsafe, a Heidelberg-based company which uses AI to manage insurance via smartphones;
- £1.9 million into Instamotion, an online transaction platform for used cars; and
- £1.1 million into space tech company, Isar Aerospace.

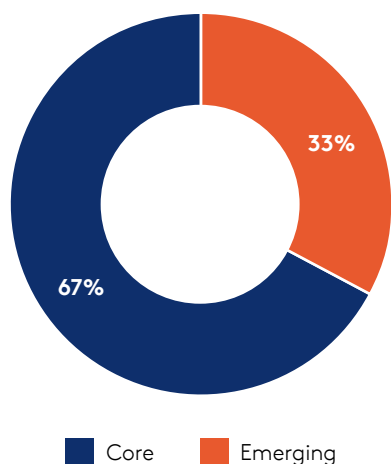
## Follow-on investments

As part of our strategy to provide companies with continued support throughout their lifecycle, the plc participated in a number of follow-on investments, including:

- £3.8 million into ICEYE, the Finnish microsatellite manufacturer;
- £2.5 million bridging loan into Pollen, formerly known as Verve, an invite-only marketplace that enables people to bring their friends to the best experiences and share rewards;
- £2.2 million into Realeyes, the machine learning platform which measures emotions through facial recognition;
- £2.1 million into Roomex, the corporate travel software company;
- £2.0 million into IESO Digital Health, the mental health app;
- £1.4 million into the online medical consultation service, PushDoctor;
- £1.0 million into a Series C round for the menstrual cycle tracker app, Clue;
- £1.0 million in the intelligent information management solution provider, M-Files;
- A range of follow-on investments via our strategic partnership with Earlybird Digital West\*, including:
- £6.3 million in Berlin-headquartered digital banking company N26 as part of a US\$170.0 million round;
- £1.7 million into eHealth Medidate, the vertically integrated digital services platform for selective medical treatments;

# Portfolio Review continued

## Core Holdings % of GPV – March 2020



- £1.2 million into Movinga, a fixed-priced personal moving services platform; and
- £1.1 million in Allthings Technologies, a digital tenant management platform.

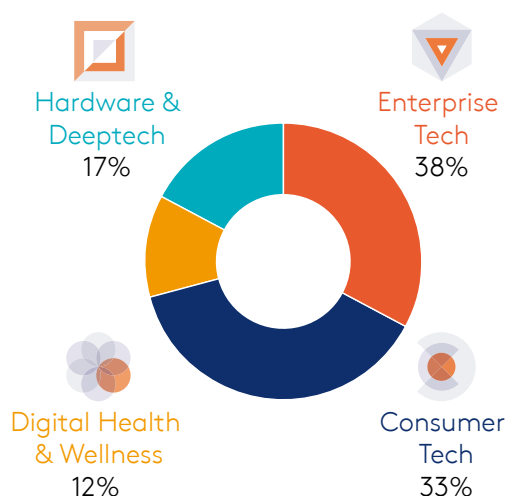
### Seed funds

Our seed fund investment strategy gives us access to the best deals across Europe to fuel the next generation of investors and visionaries. We are then well positioned to support the best of them when they need later stage funding to grow.

During the year, we have made commitments to an additional 4 seed funds meaning that to date 20 seed fund deals have closed across various sectors and locations in Europe. This amounts to commitments of £39.1 million with £13.3 million invested at the year-end, of which £7.2 million occurred during the financial year. Through this strategy, as at 31 March 2020, we have invested indirectly in over 300 companies via these seed funds. New seed funds committed to this year, include:

- FRST Ventures – A France-based venture fund with a €1.5 million plc commitment;
- Change Ventures – Latvia-based seed stage fund investing in the Baltic states with €1.5 million commitment;

## Number of Companies – split by sector



- 7 Percent Ventures – London-based tech start-up VC with £2.0 million commitment; and
- LDV Capital – A US-based deep tech early stage venture fund investing in Europe with US\$0.75 million commitment.

### Realisations

During the year, the plc realised £39.5 million from partial and full disposals of investments, including receipts of escrow amounts. Key partial and full realisations during the year include:

- £12.1 million, as well as £0.3 million amounts held in escrow, from the full disposal of Pod Point to EDF Energy for a transaction value ahead of September 2019 held fair value and representing 2.3x, with an IRR of 39% over three years;
- £15.3 million gross proceeds were received for the part realisation of Transferwise (£15.0 million net proceeds); and
- £4.6 million from the partial disposal of our stake in UiPath.

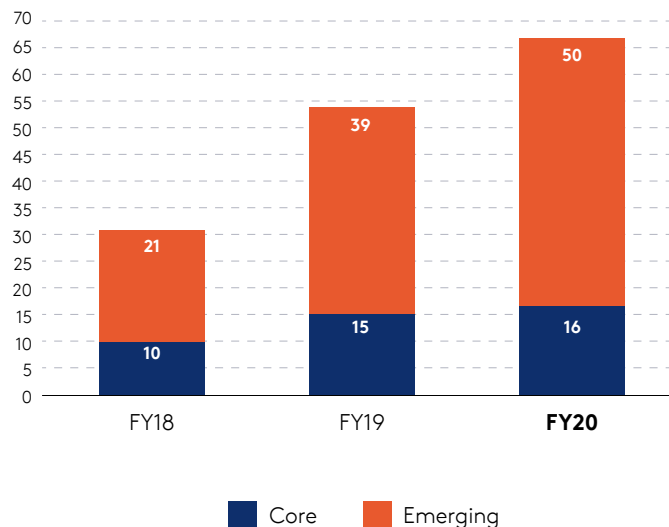
Post period-end, Zynga Inc. announced their agreement to acquire Peak Games for \$1.8 billion, which will, subject to closing, indicate a fair value holding for Draper Esprit of approximately £80.0 million via Earlybird IV (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement with respect to the stock component).

Some of the above measures are Alternative Performance Measures (“APMs”) - see note 30 to the consolidated financial statements for further details.

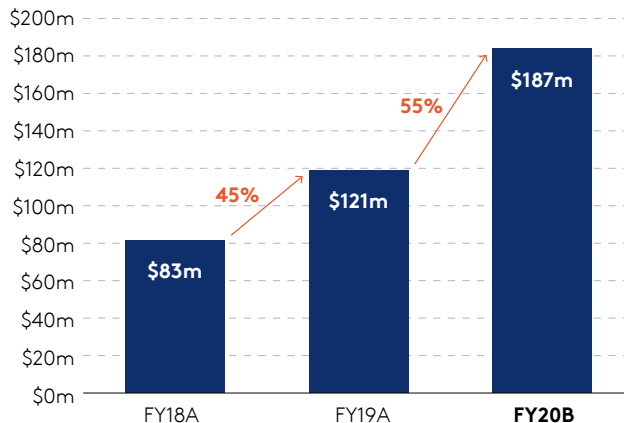
\*Reporting threshold – companies with a NAV of £1 million or more.



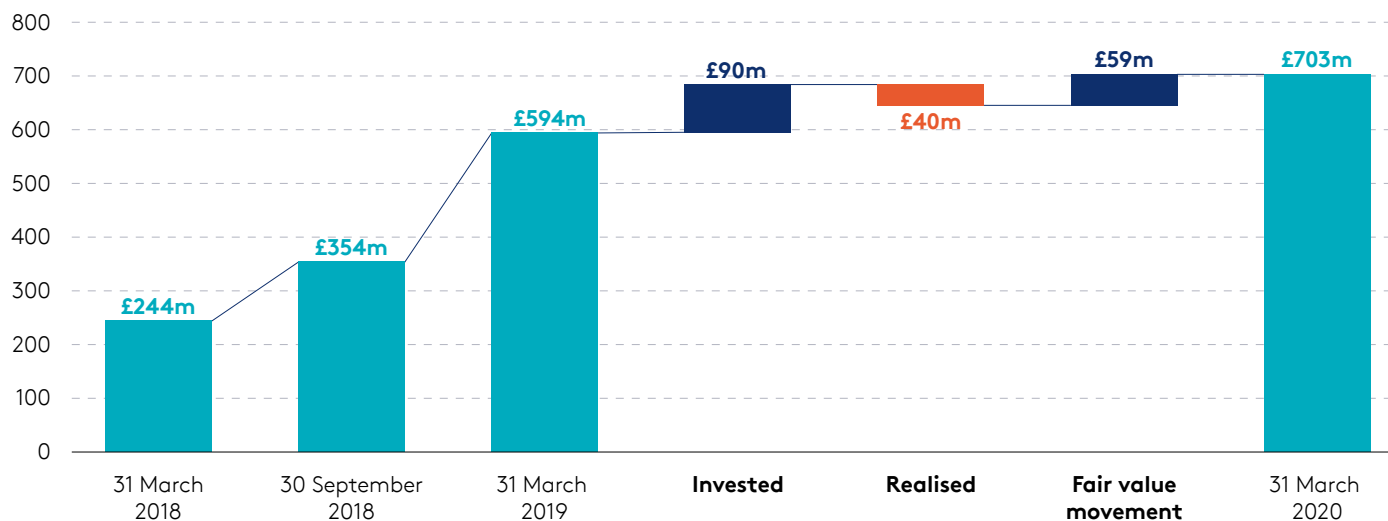
Number of Companies



Average Revenues — Core

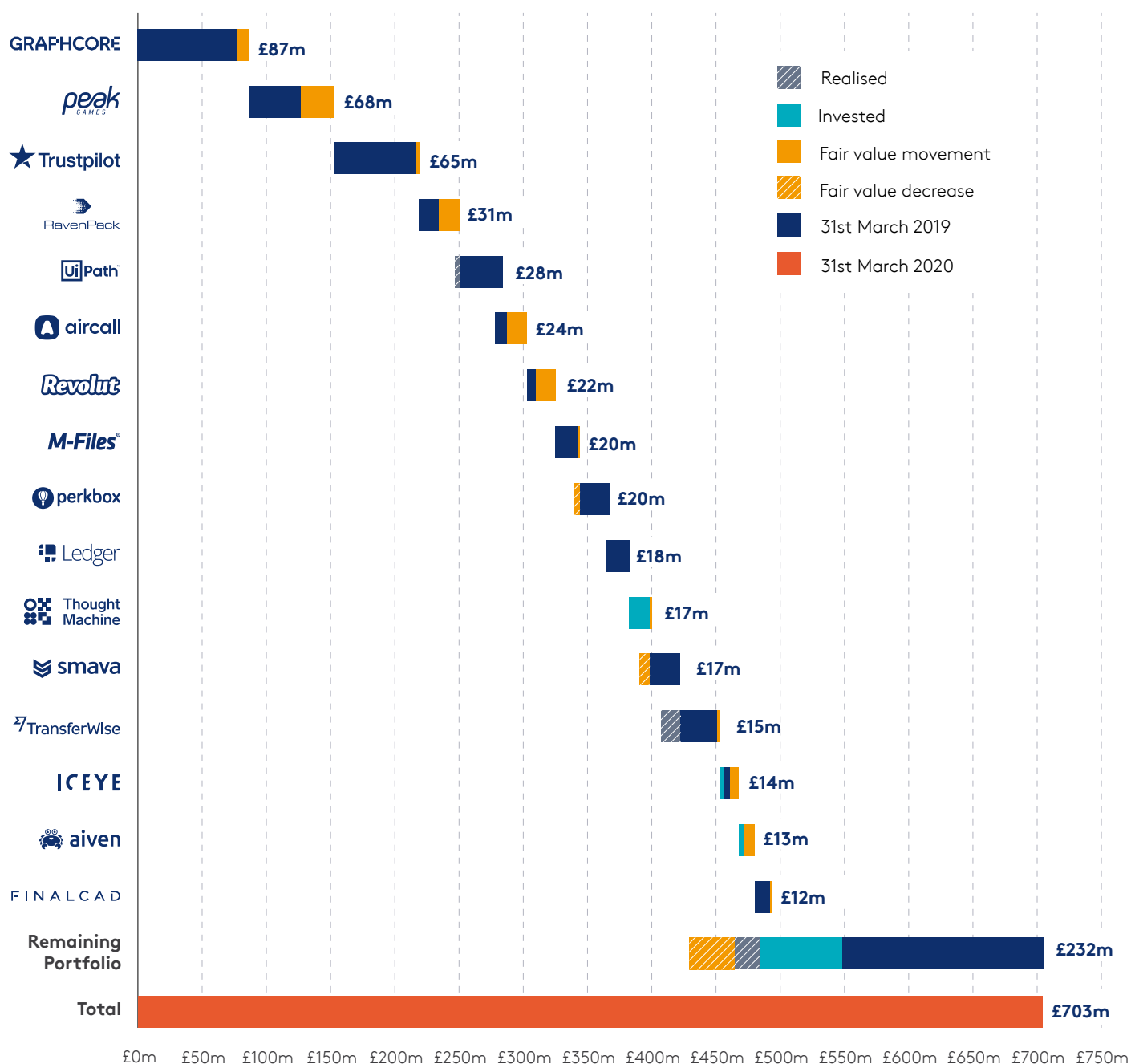


Gross Portfolio Value Progression (£ millions)



# Portfolio Review continued

Gross Portfolio Progression — by Portfolio Company  
(£ millions)



# Core Company Updates



Cloud-based call centre system, Aircall, has launched a new partner program to help agents and resellers sell their phone solution to their server message block customers. The new channel partnerships will enable further growth as it helps companies reach new audiences. Aircall also launched its App Marketplace featuring +60 integrations with best-in-class technology partners, creating a truly connected ecosystem for voice.

In the post Covid-19 climate, demonstrating the value of the product to provide its customers with integrations, flexibility, productivity tools, Aircall has raised US\$65 million in Series C. Funding was led by DTCP with participation from new investors Swisscom and Adam Street, existing investors including eFounders, Draper Esprit, Balderton Capial and NextWorld participated in the round. This most recent funding round brings the company's total funding to date to over US\$100 million. Aircall is headquartered in Paris and New York. It has more than 300 employees and has acquired 5000+ clients in over 1500+ companies. The company also hired Sandrine Meunier as Chief People Officer. Aircall founders, Pierre-Baptiste Bechu and Xavier Durand, were named on Forbes 30 under 30 in tech 2019.

The global pandemic has caused a rise companies working from home. Aircall's cloud-based software connects remote teams and enables them to stay productive and provide a work life balance. With features like 'Live feed' managers are able to monitor productivity, seeing which employees are on shift, on calls, and a full view of the connected workstream. The Live feed integration also eases the process of remote onboarding of new staff, being able to track their onboarding status and add them to the system remotely. Aircall unifies information by providing a singular inbox allowing for ease in information sharing with tracking tags and comments. Aircall has also created online resources for managers and staff to help with productivity, remote working and working from home.

## £9.9m

Invested

## £24.3m

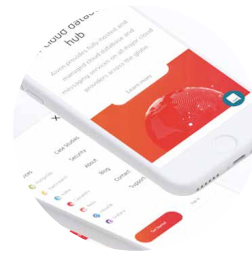
Investment valuation

## £5.0m

Invested

## £12.8m

Investment valuation



The data infrastructure management platform, Aiven, allows developers to focus on application building while the platform manages open-source databases and messaging systems for business clients on all major cloud platforms. The company possesses 8 open-source products, 6 Clouds, and covers 87 regions with headquarters in Boston, Berlin, Sydney, and Helsinki.

Aiven achieved SOC 2 compliance and became the first cloud service to provide hosted PostgreSQL, in October 2019. In December 2019, the company announced it had tripled its revenue run rate and added former Amazon Head of Business Development Olaf Schmitz to the company's Board.

In February 2020 Aiven raised US\$40 million in its Series B fund raise led by Silicon-Valley-based IVP. Existing investors Earlybird VC and Lifeline Ventures, as well as family offices of Risto Siilasmaa, chairman of Nokia, and Olivier Pomel, founder of Datadog, were also involved in the round.

Post period end the company announced two executive hires, VP of marketing and VP of sales EMEA to fuel Aiven's global expansion.

Aiven's operational capability is secured by a globally distributed team that is able to work remotely in order to provide support for its service, which is a self-hosting, fully automated platform that requires little human support. Remote work is a normal part of everyday life at Aiven, so COVID-19 has had minimal impact for the company.

## Portfolio Review continued



### FINALCAD

Finalcad is a construction management application that allows architects, field workers and contractors to run synchronised project builds and risk management solutions that provide progress reports, defect management, quality controls and analytics. The company launched Finalcad Live, "Slack" for construction, enabling real-time defect-tracking connected to the daily site log on to the platform. Several strategic hires were made across the business including; Franck Le Tendre, former Industry Director EMEA at Dropbox, as CEO.

Since 2012, Finalcad has delivered more than 20,000 projects in 35 countries and has raised over US\$55 million in funding from Draper Esprit, Cathay Innovation, Salesforce Ventures, Serena, Aster, and CapHorn. In September 2019, the company was selected to be part of the Next 40, a collection of France's most promising start-ups, an initiative run by Cédric O, France's Secretary of State for the Digital Sector.

By digitizing processes, allowing companies to capture relevant data and share it in a paperless process, and creating permanent digital records of health, safety, and environment information Finalcad is helping companies adjust to COVID-19 workplace restrictions and to keep employees safe.

£12.4m

Invested

£12.4m

Investment valuation



### GRAPHCORE

Graphcore, the machine intelligence semi-conductor company, has developed IPU's (Intelligent Processing Units) which enable unprecedented levels of compute. In May 2019, the company announced that Dell was one of the first customers to build an IPU-based Dell platform combined with Graphcore's Poplar software stack.

The company also announced its collaboration with Microsoft Azure in mid-November 2019. Microsoft is the first major public cloud vendor to offer Graphcore IPU's to support next generation machine learning. The partnership development is a testament of the maturity of Graphcore's patented IPU technology.

In February 2020, Graphcore raised a US\$150 million Series D extension round for research and development including investments from new investors; Baillie Gifford, Mayfair Equity Partners and M&G Investments as well as participation from previous investors Merian Chrysalis, Ahren Innovation Capital, Amadeus Capital Partners and Sofina. Other existing shareholders include BMW, Microsoft, Atomico and Demis Hassabis of DeepMind.

In April 2020, Graphcore launched its new Poplar Analysis Tool, part of Graphcore's PopVision family of analysis tools that help users gain a deeper understanding of how their applications are performing and utilising the IPU.

Graphcore has +200 employees with plans to hire additional staff, in light of Covid-19 the company has opted to conduct their hiring online in order to keep up with their goal of 500 employees. Graphcore has offices in Bristol, London, Cambridge, Palo alto, Oslo, Beijing, Hsinchu, Seoul, New York, Seattle and Austin. In a demonstration conducted by Microsoft machine learning scientist, Sujeeth Bharadwaj, a Graphcore IPU was used to recognize Covid-19 in chest x-rays. Bharadwaj's demonstration showed that the Graphcore chip could speed up the process to 30 minutes as opposed to the 5 hours a conventional chip might take, foreshadowing the future success and breakthroughs Graphcore's chip could accomplish.

£13.7m

Invested

£86.8m

Investment valuation



## ICEYE

ICEYE empowers others to make better decisions in Governmental and commercial settings by providing access to timely and reliable satellite imagery.

The company's radar satellite imaging service, with coverage of selected areas every few hours, both day and night, helps clients resolve challenges across a variety of sectors such as maritime, disaster management, insurance, finance, security and intelligence. Founded in 2014, ICEYE is the first organisation in the world to successfully launch synthetic-aperture radar (SAR) satellites with a launch mass under 100 kg. ICEYE currently has three satellites in orbit with plans to launch several new units over the next few years.

The company hired Dr. Mark Matossian, an aerospace industry expert, as CEO of ICEYE US, Inc indicating plans to expand to the US market. Dr. Matossian most recently served for more than a decade in program management at Google, including manufacturing and launching the Terra Bella imaging constellation.

In the midst of COVID-19 ICEYE SAR satellite constellation is monitoring the world under lockdown, tracking significant pattern-of-life changes like the significant impacts being had on theme parks and cruise ships.



## Ledger

Ledger, the cryptocurrency and blockchain hardware security wallet successfully launched the Nano X product and Ledger live companion software. The Nano X received CSPN (First Level Security Certificate) certification issued by the National Agency for Information Systems Security (ANSSI). The Ledger Vault continues to be sold across Europe, Asia, and the US as an enterprise solution.

The company continues to pursue partnerships like the one with Engie, the French multinational electric utility business, to augment the ways in which its technology can support IOT applications. The company is also working with Veolia subsidiary, Birdz, a pioneer in remote water consumption metering, to ensure authenticity of the drinkable water collection data as well as Bitstamp, the world's longest-standing and largest European cryptocurrency exchange (by trade volume) and Shapeshift, the cryptocurrency trading platform.

The company now has 200 global employees working in its Paris, New York, Hong Kong, and Vierzon bases and 1 million users in over 165 countries with 1.5 million units sold.

£7.5m

Invested

£13.9m

Investment valuation

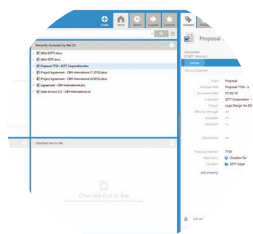
£17.7m

Invested

£17.7m

Investment valuation

## Portfolio Review continued



### M-Files®

M-Files is an intelligent information management platform, that organises customers' content with the ability to connect to existing network folders and systems to enhance them with the help of AI to categorise and protect information. In the period, the company announced that its platform is now linked to Microsoft Office 365, Microsoft Teams, and Salesforce Customer 360, and has also publicised attainment of SOC 2 compliance.

M-files grew subscription based annual recurring revenue by over 100% in 2019. In addition to hiring a new CMO, the company has won a number of awards, including the European Investment Bank's 2019 Innovation Award and Best Overall Document Management software of 2020 by Business.com.

The information management platform allows businesses to enable secure access to documents and information while minimizing risk as well as connects existing business systems and data archives without the need for immediate data migration. M-Files offering has helped businesses as they shift to remote working to digitise, organise, and work more effectively during the COVID-19 pandemic.



### peak GAMES

Peak, the mobile games developer, continues to grow at pace, surpassing US\$1 billion in player spend led by its 2015 release Toy Blast.

Over 275 million users world-wide have installed at least one of the company's products. Its most popular games, Toon Blast and Toy Blast, have more than 12 million average mobile DAUs (Daily Active Users).

The UK is the publisher's second largest market at 4.2% of player spend, followed by Japan at 4%. The company's titles are most popular in the United States accounting for c.68% of revenue.

Post year end it was announced that Peak entered into a sale agreement with Zynga Inc for \$1.8 billion, comprised of approx. \$900 million cash and \$900 million of Zynga common stock. Upon completion the acquisition would represent a fair value holding for Draper Esprit in Peak of approx. £80 million (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement with respect to the stock component), which is approx. an anticipated further £12 million increase on the fair value holding of Peak at 31 March 2020. The acquisition is subject to customary closing conditions and is expected to close in the third quarter of 2020.

£5.0m

Invested

£20.0m

Investment valuation

£25.4m

Invested

£67.8m

Investment valuation





Perkbox is an employee wellbeing 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, Perkbox Insights and Perkbox Medical. It serves organisations of all sizes from SMEs to large companies in the UK such as Nando's, OpenTable, Rentalcars, and Purplebricks.

In March 2019 the company raised £13.5 million in a round led by Draper Esprit, alongside several previous angel investors. Since then the company has signed up a series of new partners including Krispy Kreme, Café Nero, Wasabi, Café Rouge, Bella Italia, ASDA, Dune, Philips, Sainsbury's and H&M. The company continues its global expansion with 113 perks live on its Australian platform and their France team being awarded the "Innovation Award" at the SalonCE Fair.

Perkbox offers resources that have become particularly useful in light of COVID-19, the platform offers online GPs on-demand, online employee recognition, real-time feedback, and perks like online shopping discounts, free online fitness classes and 24/7 online learning.

The company has made several key new hires to support its future growth plans including Marissa White as Revenue Operations Director and Ed Ellis as Organisational Readiness Director. Perkbox ranked 25th in 2019 as one of FT's 'Europe's Fastest Growing Businesses'.

£14.0m

Invested

£19.9m

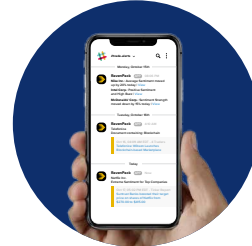
Investment valuation

£7.5m

Invested

£30.9m

Investment valuation



RavenPack is a leading big data analytics provider for financial services. The company's products allow clients to enhance returns, reduce risk and increase efficiency by systematically incorporating the effects of public information in their models or workflows. RavenPack's clients include some of the most successful hedge funds, banks, and asset managers in the world.

The 'Ravenpack Connections' tool has been introduced as the company's latest innovation to reveal business relationships and interconnections among thousands of entities including organisations, lead businesspeople and political figures affecting capital markets. The tool allows researchers to discover interesting themes, actionable ideas, and develop unique investment strategies.

In October 2019 the business raised a Series B Round of US\$10 million from the technology advisory and investment firm GP Bullhound. Ravenpack intends to use these fund to expand into Asia, and diversify their product offering in order to better target corporate customers.

In response to the COVID-19 pandemic, Ravenpack created a free coronavirus news monitor. The monitor is a live and interactive website built to track the latest news and trending topics surrounding the pandemic. The tracker provides real-time media analytics, COVID-19 case tracking, and a live news feed. Ravenpack released the tracker in response to client requests for data-driven insights to support their decision making during the current uncertain market conditions.

## Portfolio Review continued



### Revolut

Revolut, a global challenger bank and currently Europe's joint-top most valuable fintech bank supports 140 currencies, with no international transaction fees, boasts 10+ million customers and oversees 350m+ transactions.

In February 2020, Revolut raised a US\$500 million Series D round led by TCV valuing the company at a post-money valuation of US\$5.5 billion. The company plans to use the funding to build new products and grow into new markets, enhance its existing products for existing users, launch new lending services for both retail and corporate customers and to enhance its operational infrastructure to support its continued growth.

The company currently has over 2,000 employees and its service is operational in the UK, Europe, Singapore and Australia with plans to launch in the US and Japan in upcoming months. In 2019, Revolut rolled out a product called Revolut Junior in the UK for under 17s to help teach financial literacy and teach children about money management from a young age. Revolut also announced integrations with Paymo, a productivity and time management app, Adzooma, an online marketing optimizing AI platform, and Invoiceexpress, an online invoicing software solution.

Former Standard Life Aberdeen co-Chief Executive, Martin Gilbert, joined as executive chairman post year end and Revolut appointed Pierre Decote as the new group chief risk officer in 2019.

# £7.4m

Invested

# £21.7m

Investment valuation

# £14.5m

Invested

# £16.7m

Investment valuation



### smava

Launched in 2007, Smava, the online lending platform provides easy access to the best conditions for consumer loans from more than 25 banks. The company is the largest specialised loan market place in Germany, providing access to over €3 billion a year in loans. Smava was also the first German company to offer negative interest rates. In 2019 Smava announced plans to IPO, after achieving a consistent growth Compound Annual Growth Rate (CAGR) of 90% from 2012. In May 2020, it was announced that Smava raised €57 million in debt and equity financing.

Smava's early 2020 partnership with S-Kreditpartner GmbH part of Landesbank Berlin AG has facilitated consumers to consumers obtaining cheap loans with Smava.



## Thought Machine

Leading UK fintech company, Thought Machine, offers cloud native core banking infrastructure to both incumbent and challenger banks. The company's technology provides an alternative more flexible cloud-based solution. Thought Machine offers a single software solution that banks can configure to provide any product, user experience, operating model or data analysis capability. Vault, the company's core offering provides a next generation core banking platform that enables banks, both established and challenger, to compete in a cloud-based era.

The Fintech 50-ranked company was founded in 2014 by former Google engineer, Paul Taylor. Thought Machine has employed over 300 employees in London with plans to continue to scale to 500 employees.

Thought Machine launched its Google Cloud Partnership in November 2019. The company also recently announced a new project, Vault Rare, intended to harness Vault's full core capability to allow the customers of Thought Machine's client banks to edit, adjust and even visually style banking products themselves. Lloyds bank, Atom bank, SEB and Standard Chartered are all customers.



## TransferWise

The money transfer service, TransferWise, is used by over 7 million people and allows individuals and businesses to send money internationally without hidden fees. It sends on average of over £4 billion a month. TransferWise continues to pursue its mission of money without borders with its platform launching in Singapore, Poland, and the Ukraine with new currency lines being introduced in several countries in Africa and South America. The company appointed two non-Executive Directors to the board, the CFO of Adyen, Ingo Uytdehaage, and David Wells, former CFO of Netflix.

TransferWise continuously works towards immediate money transfers and direct debits, currently launched in the UK and EU, with plans to roll out with more currencies. TransferWise also announced integrations with Xero, to help accountants with bookkeeping for business payments, GoCardless, to bring low-cost currency conversion to recurring payments, and Alipay, allowing users to send Chinese Yuan instantly.

£16.5m

Invested

£17.4m

Investment valuation

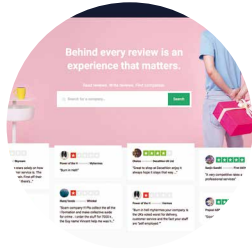
£5.9m

Invested

£15.0m

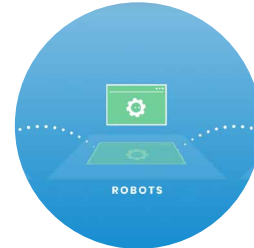
Investment valuation

# Portfolio Review continued



Online global review site, Trustpilot, raised its Series E round of US\$55.0 million in March 2019. The company’s website has tracked over 77 million reviews, with over 344,000 web domains reviewed since it launched in 2007, is ranked in the top 1% of websites (Alexa ranking). Trustpilot has also made several significant hires adding a new Chief Marketing Officer, Chief Human Resources Officer, and Chief Legal & Policy Officer to its team, promoting strategic members of its leadership team and adding to its Board of Directors. Trustpilot has over 800 employees in its 8 office locations in Copenhagen, London, Edinburgh, New York, Denver, Berlin, Melbourne, and Vilnius.

In its latest drive towards trust and transparency, Trustpilot launched ‘transparency reviews’ which provides detailed information on how every company invites, receives and responds to reviews across over 345,000 domains globally.



April 2019, UiPath, a Robotic process automation (RPA) software company, raised its Series D investment round of US\$568 million at a post-money valuation of US\$7 billion making UiPath the highest-valued AI enterprise software companies in the world. The round was led by Coatue Management with participation from Earlybird VC Dragoner, Wellington, Sands Capital, Accel, funds and accounts managed by T. Rowe Price Associates, CapitalG, and Sequoia.

During the period between 2017 and 2019, the software company has increased its annual recurring revenue (ARR) from US\$8 million to US\$360 million, exceeded 6,000 customers and increased its operating revenue by 37,463% making it one of the fastest growing companies in the world. During the year, UiPath has been ranked in Deloitte’s 2019 Technology Fast 500 number two spot and post-period-end, was recognised as the fastest growing technology company in the Americas and overall number two in FT America’s Fastest Growing Companies 2020 list.

UiPath boasts 50% of the top 50 Fortune Global 500 as customers, including American Fidelity, BankUnited, Duracell, Google, Ricoh, Shinsei Bank, Uber, Virgin Media and World Fuel Services. The RPA enterprise software provider has been working with healthcare providers during the COVID-19 outbreak, automating processes to free up frontline health care staff providing immediate benefits to patients and giving long term ability to reduce appointment booking administration time.

£29.7m

Invested

£65.3m

Investment valuation

£11.0m

Invested

£28.0m

Investment valuation

# Financial Review



**“The pace of change is accelerating and our portfolio is well positioned to lead and benefit from the transitioning economies.”**

**Ben Wilkinson**  
CFO

## Summary

The year ending 31 March 2020 has been another active year during which we have been building the infrastructure required to scale the Group. During the year, we invested £89.9 million from the plc, alongside a further £38.1 million from EIS/VCT. We secured a £50.0 million debt facility (with an extension and increase to £60.0 million post year-end), adding further investable capital, and completed the acquisition of the remaining interest in Encore Ventures LLP, to better align the Group structure to support continued growth. 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.

The end of this financial year saw a rapidly evolving environment resulting from the COVID-19 pandemic. We were quick to take necessary measures to safeguard our employees, our investments and monitor the liquidity of the Group. We took early steps to prudently manage our business and remain well financed.

Prior to the pandemic, the Group was on track to achieve its targeted 20% portfolio growth through the cycle and despite the current market backdrop, has still delivered strong growth across the business. In light of the volatility that we have seen in the markets in relation to asset valuations and the shifting picture in the real economy, we have re-appraised the valuation measures for each of the portfolio companies during our year-end process. With the stark business interruption created by a lockdown across the global economies being somewhat softened by rapid Government intervention, the picture of the recovery is still unclear. What has been a clear trend over these past few months is the accelerated transition to digital and the infrastructure required for remote working, automated processes and e-commerce - with the concomitant trends for online payments and digital banking.

We have been very pleased with the robustness of the portfolio during this period and with the flexibility demonstrated by the portfolio company management teams to rapidly adapt their strategies and models. We have taken an appropriately prudent approach to the valuation process to reflect reduced expectations of revenue growth in the coming year but have also seen valuation increases supported by third party funding rounds. The pace of change is accelerating and our portfolio is well positioned to lead and benefit from the transitioning economies.

## Portfolio Valuation

The Gross Portfolio Value of £702.9 million has grown by £108.9 million from prior year (31 March 2019: £594.0 million). Growth is a result of £89.9 million (2019: £226.4 million) invested during the year and £58.5 million (2019: £140.1 million) of fair value growth, net of realisations of £39.5 million (2019: £16.0 million). The Gross Portfolio is subject to deductions for the fair value of the carry liabilities and deferred tax to generate the net investment value of £657.3 million (2019: £562.1 million), which is reflected in the consolidated statement of financial position as a financial asset held at fair value through the profit or loss. The Gross Portfolio Value Table below has been generated to reflect the gross and net movement in value of the portfolio during the period.

The net fair value gain on investments of £40.8 million is reflected in the consolidated statement of comprehensive income. A deferred tax provision of £5.3 million is accrued against the gains in the portfolio to reflect those portfolio companies where the Company owns less than 5% of the equity holding. This amount is netted off against the investments in the consolidated statement of financial position. Carry balances of £40.6 million are accrued to management teams, including previous and current employees of the Group based on the current fair value at the period-end and deducted from the Gross Portfolio Value.

Some of the measures are Alternative Performance Measures (“APMs”). Please see note 30 to the consolidated financial statements for further details.

# Financial Review continued

For valuations as at 31 March 2020, lower growth forecasts for 2020 and 2021 have been assumed for companies impacted by COVID-19. The Group consistently applied multiples lower than those prevailing for comparable quoted companies to mitigate stock market volatility. Companies within our core portfolio holdings which have valuations based on revenue-multiples have an average multiple of 3.2x.

Our pre-COVID-19 expectations were in line with our 20% growth target through the cycle and, despite the impact of the pandemic, we have achieved a Gross Fair Value increase in the year of £58.5 million, which represents Gross Portfolio fair value growth of 10% (2019: £140.1 million, 58%).

Post period end it was announced that Peak Games had entered into a sale agreement with Zynga Inc, subject to closing, for \$1.8 billion, comprised of approx. \$900 million cash and \$900 million of Zynga common stock. Upon completion the acquisition would represent a fair value holding for Draper Esprit in Peak of approx. £80 million (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement in respect of the stock component), a fair value uplift of £26 million in the year ending 31 March 2020 and a further approx. £12 million anticipated increase post year-end. The acquisition is subject to customary closing condition and is expected to close in the third quarter of 2020.

## Consolidated statement of financial position

On 10 March 2020, the Group acquired the legal and beneficial interest it did not already own in Encore Ventures LLP, the partnership which manages Draper Esprit's EIS funds. Following the acquisition and as at 31 March 2020, the Group owns 100% of the interest in Encore Ventures LLP. Going forward, the acquisition will eliminate the non-controlling interest line in the Group's financial statements. During the current financial year, profit attributable to non-

controlling interest to 10 March 2020 amounted to £0.7 million. This transaction results in a change in ownership interest accounted for under IFRS 10 as an equity transaction.

Net assets have increased £41.0 million to £659.6 million at 31 March 2020 (31 March 2019: £618.6 million).

The increase in net assets reflects positive performance of investments, as well as increases in trade and other receivables (see below).

A loan liability is recognised in respect of the amount drawn down at year-end of £45.0 million (undrawn £5.0 million at 31 March 2020). In June 2019, the Company entered into a new revolving credit facility agreement with Silicon Valley Bank and Investec raising £50.0 million of debt capital. Post year-end the facility has been increased by £10.0 million to £60.0 million reflecting growth in the balance sheet, which is supported by an independent valuations process. The facility reduces the overall cost of capital of the Company and provides financial flexibility to fund the future growth plans of the Group's portfolio companies. As a revolving credit facility, draw downs and pay downs are driven by portfolio investments and realisations. (see note 21 for further details).

From 1 April 2019, the Group applied IFRS 16 Leases using the modified retrospective approach. See further details in significant accounting policies – note 4. The impact on the consolidated statement of financial position has been the recognition of right-to-use assets of £1.3 million at 31 March 2020 (recognised under property, plant and equipment) as well as the introduction of corresponding lease liabilities of £1.3 million. In the consolidated statement of comprehensive income, during the year, depreciation charges of £0.3m were recognised in respect of the right-of-use assets and interest of £0.09 million was recognised in respect of the lease liabilities.

These balances reflect the lease of offices at 20 Garrick Street, London.

The largest items in trade and other receivables at year-end relate to accrued income in respect of management fees for the period between 1 January 2020 and 31 March 2020 of £2.2 million and a loan from the Company of £3.7 million to Esprit Capital I Fund No.1 & No.2 LP (see note 31) as well as associated accrued interest of £0.2 million. Further amounts include overhead recharges, timing differences on investment proceeds, prepayments and other receivables.

Year-end cash balance reflects the opening cash balance of £50.4 million at 31 March 2019, the subsequent drawdown on the debt facility of £45.0 million (net of repayments), investments of £89.9 million, realisations of £39.5 million, £8.5 million of net loans to group and related companies, net proceeds for the issue of shares during the year, and the operating costs of the business. At year-end, the Group has available cash resources of £34.1 million (including £1.9 million of restricted cash - see note 21) at the plc, £50.9 million within our EIS/VCT funds and £5.0 million undrawn under our revolving credit facility (with a further £10.0 made available post year-end).

## Consolidated Statement of Comprehensive Income

Investment income for the year comprises £40.8 million of unrealised investment gains (31 March 2019: £114.7 million) and fee income of £11.3 million (31 March 2019: £6.1 million), which is generated from management fees and director fees. General & administration costs of £9.8 million in the period reflect the changes to our team as we build the infrastructure to grow (including associated recruitment fees), as well as increases in marketing costs and professional fees. Net operating costs (net of fee income) as a % of NAV are substantially less than 1% and targeted to remain below this level.



**Post-balance sheet events**

- Extended the term and increased the size of the revolving credit facility, provided by Silicon Valley Bank and Investec, by £10.0 million to £60.0 million
- Zynga Inc. announced their agreement to acquire Peak Games for \$1.8 billion, which will, subject to closing, indicate a fair value holding for Draper Esprit of approximately £80.0 million via Earlybird IV (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement with respect to the stock component).

The financial year to 31 March 2020 has seen further growth in the Group and we continue to scale the platform to deliver further growth for our shareholders.

**Gross Portfolio Value Table**

Investments	Fair Value of Investments 31st March 2019 £m	Investments £m	Realisations £m	Draper Esprit (Ireland) Limited £m	Movement in Fair Value £m	Fair Value of Investments 31st March 2020 £m	Interest FD category * at reporting date
Graphcore	78.6	-	-	-	8.2	86.8	B
Peak Games	41.7	-	-	-	26.1	67.8	B
Trustpilot	62.0	-	-	-	3.3	65.3	C
Ravenpack	15.6	-	-	-	15.3	30.9	D
Ui Path	33.0	-	(4.6)	-	(0.4)	28.0	A
Aircall	9.9	-	-	-	14.4	24.3	B
Revolut	7.4	-	-	-	14.3	21.7	A
M-files	17.2	1.0	-	-	1.8	20.0	B
Perkbox	23.7	-	-	-	(3.8)	19.9	C
Ledger	17.7	-	-	-	0.0	17.7	B
ThoughtMachine	0.0	16.5	-	-	0.9	17.4	B
Smava	23.5	-	-	-	(6.8)	16.7	B
Transferwise	27.7	-	(15.0)	-	2.3	15.0	A
ICEYE	3.7	3.8	-	-	6.4	13.9	B
Aiven	-	5.0	-	-	7.8	12.8	B
FinalCad	12.4	-	-	-	0.0	12.4	C
Remaining Portfolio	217.9	63.6	(19.9)	-	(31.1)	230.5	-
<b>Total</b>	<b>592.0</b>	<b>89.9</b>	<b>(39.5)</b>	<b>-</b>	<b>58.7</b>	<b>701.1</b>	
Co-invest assigned to plc	2.0	-	-	-	(0.2)	1.8	
<b>Gross Portfolio Value</b>	<b>594.0</b>	<b>89.9</b>	<b>(39.5)</b>	<b>-</b>	<b>58.5</b>	<b>702.9</b>	
Carry external	(27.6)	-	-	-	(13.0)	(40.6)	
Portfolio deferred tax	(5.4)	-	-	-	0.1	(5.3)	
Trading carry & co-invest	1.1	-	-	-	(0.8)	0.3	
Draper Esprit (Ireland) Limited	-	-	-	4.0	(4.0)	0.0	
<b>Net portfolio value</b>	<b>562.1</b>	<b>89.9</b>	<b>(39.5)</b>	<b>4.0</b>	<b>40.8</b>	<b>657.3</b>	

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

# 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 £702.9 million, reflecting an increase of 18.3% (FY19: £594.0 million).
2. <b>Realising cash</b>	Cash generated from portfolio company exits against original cost.	£39.5 million (FY19: £16.0 million) realised in the period.
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.	£89.9 million (FY19: £226.4 million) invested in the period from plc, with a further £38.1 million across EIS/VCT (FY19: £35.1 million).
4. <b>Deal flow</b>	Tracking private company financing rounds across Europe and analysing against the Group's internal CRM database to determine if the opportunity was known to the Group.	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, take advantage of investment opportunities and support the growth of portfolio companies.	£34.1 million (FY19: £50.4 million) at year-end (including restricted cash).  Undrawn balance from our revolving credit facility at year-end was £5.0 million (£50.0 million facility, extended and increased to £60.0 million post year-end).

# Sustainability

**“Our ESG ambitions are an ongoing and evolving process that we are committed to build and develop over time.”**

Following a year that encompassed devastating forest fires in Australia, rising ocean temperatures, continued stories of racial and gender inequality across every walk of life and some of the largest fines in history for corporate data protection failures, the importance of environmental, social and governance issues have never been as acute or necessary as they are now. The business community has work to do around ESG, and Draper Esprit is firmly committed to playing its part.

During the previous financial year, the Board of Directors approved the formalisation of Draper Esprit’s ESG strategy to build upon the existing positive practices undertaken by the business. This financial year, we have continued that journey and taken steps towards the overarching ambition of embedding ESG considerations into all of our investment and business decision-making processes.

Notable milestones have been achieved during the past 12 months, which should be considered against the backdrop of an embedded business culture committed to positive change and the principles of ESG, both in our own business and in the companies that we invest.

Tasked with the day-to-day management and oversight of the Group’s ESG implementation strategy is a core steering committee that was established earlier in the year by appointment of the Executive team, and comprises representatives from each of the legal/compliance, finance, investment, HR, and marketing functions, under executive sponsorship of CFO Ben Wilkinson.

The steering committee is mandated to implement a 12-month ESG roadmap prepared in early 2020 in consultation with external ESG specialists which sets out a pathway for adoption of an evolved ESG investment policy; updated investment checklists with enhancements to include ESG/RI considerations; a portfolio benchmarking exercise; and the development of ESG monitoring tools for internal and external deployment.

It is our intention to operate in line with the UN’s Sustainable Development Goals, the

BVCA Responsible Investment Management System and our own obligations as signatories to the UN’s Principles of Responsible Investment.

Our ESG ambitions are an ongoing and evolving process that we are committed to build and develop over time. Whilst we acknowledge that there is a long way to go on this journey, meaningful steps have been taken during the year across multiple areas within our business.

## Environment

Through our investment activities, we have helped businesses like **Pod Point** (exit in February 2020) to rapidly scale up their award-winning electronic vehicle charge point solution; **Everoad** (post year-end merged with Sennder) to leverage technology solutions to build efficiencies and carbon reductions into the global freight management industry; and **Aircall** to facilitate cloud-based calling solutions reducing the need for travel. We will continue to look for environmentally minded investment opportunities and have adapted our internal due diligence questionnaire accordingly.

Within the plc, we have invested heavily in Zoom video conferencing solutions to encourage video calls in lieu of domestic or international travel. We have also continued the push towards a paperless working environment with the adoption of improved internal IT and document sharing solutions.

During the year, we commissioned a full carbon footprint report and balancing programme, which was completed post year-end in May 2020 with certified B-Corp, C-Level Earth Limited, allowing us to compensate for our 260 tonnes of CO<sub>2</sub>



#### CommuniTree

Monitoring the success of C-Level carbon balancing through reforestation

through investment in two Plan Vivo accredited projects, namely (i) forest restoration and protection with Hadza Hunter Gatherers in Tanzania and (ii) reforestation with The CommuniTree Carbon Program in Nicaragua.

We propose to build upon the steps taken in the coming year with input from external specialists to determine how we can best engage our portfolio companies to help reduce and counteract carbon emissions.

#### Social

Our existing portfolio is full of companies doing remarkable things to enhance health and wellbeing (e.g. **Endomag**, **Push Doctor**, **leso Digital Health**, **Lifusum**, **Fluidic Analytics** and **Miracor Medical Systems**), encourage social engagement (e.g. **Perkbox**, **Aircall** and **Resolver**), and improve pro-consumer compliance (**Kaptivo** and **GetSafe**).

We have also been making adjustments within our own business to drive social change by hiring a dedicated Human Resources Manager; engaging with entrepreneurs in hosted themed events, including a 'Women in VC' event; and continuing to offer highly competitive remuneration and benefits packages to all of our personnel. Various policies are in place within the Group designed to protect and empower personnel, including Anti-bribery and corruption, Whistleblowing and Health and Safety, all of which are reviewed annually and, where relevant, amended or supplemented to accommodate the evolving risk profile of the business.

We are an equal opportunities employer and very proud of our diverse workforce, which is built to reward people on ability, regardless of gender, age, race or sexuality. We see our differences

**"We see our differences as one of our greatest strengths, and only have to look at the range of participation in panel events that our team undertake in multiple languages across different continents, to see the clear benefits of embracing all backgrounds into the workforce."**

as one of our greatest strengths, and only have to look at the range of participation in panel events that our team undertake in multiple languages across different continents, to see the clear benefits of embracing all backgrounds into the workforce.

For the year ahead, we will be continuing our inclusive recruitment policy and engaging further with our community of entrepreneurs and portfolio companies in the UK and Europe to promote awareness of social issues and encourage action where possible.





#### Hadza Hunter Gatherers

C-Level carbon balancing with communities protecting forests

#### Governance

Draper Esprit has a strong track record of investing in businesses that either enhance the state of the art in digital security technology (e.g. **Ledger's** crypto security solutions or **Fraugster's** Ai technology focused on eliminating payment fraud), or facilitate greater transparency, accountability and/or protection in existing systems (e.g. the technological security advances being driven in the banking industry by **Form 3**, **Revolut**, **N26**, and **TransferWise**, or the crowd-generated consumer confidence platform provided by **TrustPilot**).

Good governance and cyber resilience are also critical to our own operations. By virtue of the FCA-regulated investment activities undertaken within the broader Group, and the status of the Company as a publicly traded entity subscribed to the Quoted Companies Alliance (QCA) Corporate Governance Code, we are the subject of robust risk management and governance arrangements, and have this year further bolstered our internal systems and processes in a number of ways.

A dedicated IT Manager has been hired to implement various security enhancements into our IT environment including the introduction of Mimecast cloud-based email security and archiving; investment in Microsoft Office 365 cloud computing; bit locker device encryption and remote wiping functionality; and Cyber Essentials accreditation. Post year-end, external penetration testing was performed against our internal infrastructure, to assess the overall security posture of our IT environment, with zero critical or high risk areas identified.

Complementing the technological changes is the addition of our first Legal Counsel who has been working with our internal and external IT and compliance advisors to build policy and systems designed to protect our data and redouble our commitment to minimising compliance risk and preventing bribery and corruption.

Responsibility for governance within the Group ultimately sits with the Board (comprised of 4 Executive and 3 Non-executive Directors to ensure a suitable level of independent thought and challenge), but is also permeated throughout the Group by regularised training and internal processes designed to ensure observance of good governance at every stage of investment.

Remuneration policies are regularly reviewed by the Board's Remuneration & Nomination Committee and are designed to ensure that all reward and recognition structures are aligned with the broader goals of the Company's stakeholders by dissuading risk-taking practices that are inconsistent with the goals and parameters established by the Board.

# Section 172 statement

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The following disclosures describe how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 and forms the Directors' statement under section 414CZA of the Companies Act 2006. Examples have been included both of the routine application of such considerations in the ordinary course of business, and their role in certain key Board decisions during the course of the year.

## How does the Company engage with its key stakeholders?

### Employees

#### Why we engage

Engagement with employees by the Executive and Non-Executive teams promotes a strong business-wide corporate culture of governance, which facilitates the ability of decision makers to appropriately discharge their duties and reduce or remove Group exposure to unacceptable levels of risk.

#### How we engage

Due to the Group's relatively small employee base, the Directors engage directly with employees on a day-to-day basis. The Non-Executive Directors have an open invitation to attend weekly Investment Committee meetings and speak with employees in person, both during the investment decision-making process and in informal social settings.

All employees have clear reporting lines which facilitate and encourage direct access to the Executive team. Regular fitness and proprietary reviews are undertaken in line with regulatory requirements, which forms part of the culture of the business.

HR undertakes regular anonymous employee surveys to provide people-centric insights to the Board.

In its decision-making process, the Board regularly considers the impact of its decisions upon the Company's staff and affiliated personnel as well as the surrounding business culture.

### Key stakeholders

The Board considers its key stakeholders to be its employees, its portfolio companies, its investment partners, the community in which it operates (and broader community), the environment, its suppliers and advisors, and its shareholders.

Having regard to this divergent range of interests is a key part of the Board decision-making process, noting that it is not always possible to balance those different interests to deliver the desired outcome for each interested party.

### How does the Company engage with its key stakeholders?

The Company, under the direction of the Board, is committed to engaging with all of its key stakeholders to understand the wider impact of the Company's operations. As set out below, the Board directly and indirectly engages with stakeholders in a variety of ways, and factors these considerations into its long-term strategic, operational and financial goals. For more details on how our Board operates, and the way in which it reaches decisions, please see the Chair's Corporate Governance Report on pages 61 to 64.

---

## Portfolio companies

### Why we engage

Our open and inclusive approach is key to the hands-on way in which our team supports the growth of our portfolio companies. Engagement with portfolio companies through all stages of growth allows us to better support those businesses and their management teams via access to our expertise, capital and wider network. Our approach to portfolio engagement also provides us with more regular and better visibility on portfolio company practices, progress and culture, which in turn informs the way in which we are able to provide support.

### How we engage

We have regular contact with our portfolio companies by taking a board directorship or attending meetings as an observer, as well as through informal channels by building strong relationships with entrepreneurs and their leadership teams.

Many of our team offer specific domain expertise relevant to the particular business of our portfolio companies and also bring operational experience as technology entrepreneurs in their own right, which enables us to provide companies with tailored connections and advice.

We run regular events and training sessions including trend spotting, panel discussions, focused networking and breakfast briefings to support our portfolio teams with best practice guidance and knowledge sharing. Events during the current year have included our annual investor day, a Women in VC event, and dedicated roundtable forums for portfolio CFOs and CMOs.

Consideration of portfolio company performance is a standing agenda item at each Board Meeting.

Please see the Portfolio Review and Core Portfolio Updates section on pages 29-40 as well as the case studies on pages 15, 23, and 26-28 for more information on the work we do with our portfolio companies.

---

## Investment partners

### Why we engage

Leveraging our co-investment model offers improved access to the best deals and, by extension, the best returns for all of our stakeholders. Through active collaboration with likeminded investment partners, we achieve cultural alignments and can provide a broader range of collaborative investment optionality to our prospective and existing portfolio companies.

### How we engage

The Group works closely with its investment partners, Draper Esprit EIS (Encore Ventures LLP), Draper Esprit VCT (Elderstreet Investments Limited), Earlybird, and across Draper Esprit's fund of funds strategy. As strategic partners, we share deal flow and resources to co-invest in high growth technology companies across the UK and Europe. Representatives of our investment partners are invited to attend Investment Committee meetings, and the Executive team engage directly with our investment collaborators on a regular basis.

We work closely with our investment partners to ensure an alignment of culture and long-term goals that allow for sustainable growth and positive returns and outcomes for all our key stakeholders. Board consideration is regularly given to the strategic positioning and relationship between the Group and its investment partners.

---

## The community

### Why we engage

As part of our longstanding aim of democratising venture capital (as evidenced by our decision to IPO in 2016), we are committed to building engagement with the community, particularly in the context of our continued focus on sustainability, environment, social and corporate governance issues.

### How we engage

We regularly hold thematic events across the regions and sectors we focus upon which are open to members of the entrepreneurial ecosystem and others within the broader community.

In addition to enabling our portfolio companies and wider partners to meet and gain valuable insight, these events also give us regular opportunities to engage with these communities and strengthen our relationships and influence within them. As signatories to the UN Principles of Responsible Investment we are committed to encouraging dialogue around ESG themes, as further considered in pages 45 to 47.



# Section 172 statement continued

---

## Shareholders

### Why we engage

The Board recognises the critical importance of understanding, and aligning to, the expectations of our shareholders. Regular dialogue with shareholders through a range of different channels helps us to understand their short and long-term views; engage with their ambitions; and address their concerns.

### How we engage

Regular communication with institutional shareholders is maintained through individual meetings hosted by members of the Executive team, particularly following the publication of interim and full-year results. The Chair of the board of Draper Esprit plc also maintains direct contact with the Company's largest investors both in writing and through attendance at meetings.

The Company's shareholders are invited to attend our annual Investor Day at which a selection of portfolio companies are invited to present, allowing for direct engagement between Draper Esprit, its shareholders and our portfolio companies.

The Board encourages shareholders to attend and vote at the Company's Annual General Meetings, at which members of the Board are in attendance and available for shareholder questions. Investor relations are a standing item on the Board's agenda.

---

## Suppliers and advisors

### Why we engage

Our suppliers work with the Draper Esprit plc and broader Group to ensure that we can provide an appropriate level of service and regulatory compliance function.

By being selective in our choice of suppliers and fostering robust relationships with those that we choose to work with, we ensure that the Group efficiently and sustainably engages the right services for our business in line with applicable laws, regulations and best practice.

### How we engage

The Group engages its suppliers (locally, and where appropriate, globally) on the basis of proven track record with observance of minimum levels of performance, ethics and governance in order to create value and mitigate risk.

A variety of independent professional advisors are utilised by the business to assist with our regulatory and legal compliance, including by way of example: banks, lawyers, accountants, auditors, brokers, compliance specialists, branding and publishing sector specialists.

The Group has a positive and open relationship with all of its advisors. These relationships are typically owned at Director level within, or where necessary, by an appropriately skilled manager. Regular contact is maintained to ensure alignment of expectations and interests.

---

## The environment

### Why we engage

Concerns around Environmental Social and Corporate Governance (ESG) issues have become increasingly important to the Company and to the wider business community, particularly in respect of climate change and carbon emissions.

Engagement with ESG-focussed strategies is of ever-growing significance, both from a broad planetary/societal perspective, but also in the context of evolving investor expectations within the VC community.

### How we engage

The Company and broader Group is committed to positively engaging with sustainability and ESG issues. The Company is a signatory to the UN Principles of Responsible Investment and is in the process of developing and implementing its environment-focussed strategy applicable to the Group and to our portfolio companies. A core steering committee has been established by the Board and mandated to deliver an ESG roadmap during the coming financial year. More detail is provided on pages 45 to 47.

Steps that have already been taken include a full carbon footprint analysis and offsetting programme, allowing us to balance 100% of our direct CO2 equivalent greenhouse gas emissions through investment in accredited projects; investment in Zoom video conferencing solutions to discourage unnecessary travel; and a push towards a paperless working environment with the adoption of improved internal IT and document sharing solutions.

### Examples of stakeholder considerations in certain key Board decisions during the year

In discharging its duties, the Board considers the views of its stakeholders alongside information pertaining to key areas such as principal risk and legal and regulatory compliance. Information is channelled to the Board in the form of reports circulated in advance of each meeting, regular director dialogue, and in-person presentations.

This information informs our short and long-term strategy, and financial and operational performance. The below are a few examples of the application of such information in certain key decisions made during the year to 31 March 2020.

Board decision	Considerations
The Board considered and agreed the appointment of a new CEO.	<ul style="list-style-type: none"> <li>- The need to recruit a talented individual who was the right fit and who both understands, and can develop, the short and long-term culture and ethos of the business.</li> <li>- The requirements of the shareholders and market.</li> <li>- The need to consider long-term succession planning in all Board appointments.</li> </ul>
The Board considered and approved the entry into a £50m debt facility with Silicon Valley Bank and Investec.	<ul style="list-style-type: none"> <li>- The Group's access to additional financing flexibility.</li> <li>- The ability of the Group to invest in new investment opportunities and continue backing our existing portfolio.</li> <li>- The ability for employees in the investment team, and the broader Group, to undertake investment activity at scale with the opportunity to participate in upside of successful capital deployment.</li> <li>- The quality of the counterparties.</li> </ul>
The Board approved the adoption and implementation of a Group ESG Strategy.	<ul style="list-style-type: none"> <li>- Engagement with critical issues relating to community and the environment.</li> <li>- The ESG demands and expectations of shareholders.</li> <li>- Please see pages 45 to 47 for further information in this regard.</li> </ul>
The Board considered and approved the acquisition of the outstanding interest in Encore Ventures LLP, bringing Encore's EIS-focussed activities 100% within the Group.	<ul style="list-style-type: none"> <li>- The ability of the Group to continue to offer an array of investment opportunities to its shareholders including access to EIS-focussed funds.</li> <li>- The requirements of portfolio companies for growth capital whilst they scale.</li> <li>- Consideration of the long-term growth and sustainability of the business.</li> </ul>
The Board considered the structures required to scale the business whilst maintaining the integrity of the investment process.	<ul style="list-style-type: none"> <li>- The means by which to achieve the best returns for shareholders in the short and long-term.</li> <li>- The strategic positioning of the Company with its investment partners.</li> <li>- The opportunities for key personnel within the business to be given greater responsibility and opportunity.</li> </ul>
The Board reviewed the results of employee pulse surveys and agreed a number of employee related initiatives to be carried out by the senior leadership team.	<ul style="list-style-type: none"> <li>- The need to focus upon business culture within the employees under the stewardship of the HR Manager appointed in late 2019.</li> <li>- The approval of further regular shortened anonymous surveys to gauge areas for development.</li> </ul>

# 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 functions to ensure that effective and appropriate mitigation strategies are established, maintained and updated where needed. There may be additional risks and uncertainties, which are not known to the Board, as well as risks and uncertainties, which are currently deemed to be less material, but may also adversely impact performance.

It is possible that several adverse events could occur simultaneously which could collectively 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.

Of the principal risks detailed below, #1 and #16 are new in the year. The Board considers #1 and #2 to be emerging risks and that #6, #7, and #14 also contain emerging elements.

#	Risk	Possible consequences	Mitigation strategies
1.	<b>Coronavirus (direct and indirect impact of COVID-19)</b>	The activities of the Group and of its portfolio companies are likely to be negatively impacted in the short to mid term by the direct and indirect impact of the global spread of COVID-19 coronavirus, including (without limitation) risks connected to market instability; macro-economic disruption; share price volatility; reduced investor activity; disrupted cross-border trade; impaired supply chains; reforecast asset valuations; and the strong possibility of a global recession. The Group's operations may also be adversely affected by associated commercial, legal and practical risks outside the control of the Group such as widespread sickness across the workforce, quarantine restrictions, labour unrest or civil disorder.	<p>These risks will be shared across all businesses globally including the Group's competitors, whether public or private. Due to the Group's industry, structure and relative size, the impact of COVID-19 are likely to be felt less acutely by Draper Esprit than in other more directly affected sectors, for example those in retail or travel, or those businesses which cannot be structured to allow for remote working.</p> <p>In order to mitigate direct risks, a variety of measures have been taken by the Group to ensure that the business can continue operating safely, effectively, and in line with its legal and regulatory obligations. Such measures include a fully engaged business continuity plan involving homeworking across the workforce; a cloud-based IT infrastructure with suitable access to data, core systems and virtual meeting facilities; rapid-deployment internal and external communication channels; internal escalation processes to assist the Group in fulfilling its operational and regulatory requirements; and contingency planning at an executive level for different outcome trajectories.</p> <p>With respect to those portfolio companies whose business is more acutely exposed to the immediate impact of COVID-19 (for example those in travel), the Company is able to help mitigate such risks by the provision of support, information and guidance to founder teams to assist with, for example, applications for available state loan schemes and strategic advice on market opportunities. Funding can also be advanced by way of investment or debt where there is a suitable business case to do so.</p> <p>The Company will continue to be informed by reliable data sources in connection with the spread and impact of COVID-19, including government advice; regulatory guidance; and best practice trends as these emerge. Strategically, our focus on promising technology companies means that we are also well placed to continue to spot new investment opportunities in emergent areas, for example in digital health and remote working.</p>

#	Risk	Possible consequences	Mitigation strategies
2.	<b>The UK's exit from the EU may impact negatively upon the Group</b>	The terms of the UK's eventual transition out of the EU are currently largely unknown, but could result in economic instability or the withdrawal of certain EU-driven frameworks within the financial environment, which could affect investor confidence and limit access to capital for the Group and/or its portfolio companies. Brexit may also affect the Group's ability to make investments into Europe, and expose the Group and its portfolio companies to currency risk; recruitment challenges; and regulatory adjustments.	<p>The Board has taken legal and regulatory advice on the Group's exposure to Brexit-related risk and continues to monitor the impact of transitional negotiations as the UK leaves the EU.</p> <p>The Company is dual-listed on AIM in London and Euronext Growth in Dublin, thereby providing flexibility to participate in European investments going forward.</p> <p>The Group's strategic partnership and investments with Earlybird Digital West, part of the German-originated Earlybird VC firm ensure continued access to investment opportunities in continental Europe.</p>
3.	<b>The investment portfolio businesses are at an early stage and carry inherent risk</b>	The technologies, services or business models developed by these businesses may fail and/or these businesses may not be able to develop their offering into commercially viable products.	<p>The investment team, comprised of experts in their particular sector, undertake rigorous due diligence prior to any investment and thereafter provide active guidance and management capabilities to businesses that are invested in.</p> <p>The Group typically secures a significant minority stake in portfolio companies with board participation and consent rights allowing a level of visibility and control.</p> <p>The financial structure of investments provide downside protection. Technology solutions are also used by the team to assess and track progress once an investment has been made.</p>
4.	<b>Portfolio value may be dominated by single or limited number of companies</b>	If one or more of the core portfolio companies experience significant difficulties or suffer poor market conditions (whether related to COVID-19 or otherwise) such that their value is adversely affected, this could have a material adverse impact on the overall value of the Group's portfolio of investee companies.	<p>The Group adopts a spread sector approach with a focus on 4 core areas. Risk is diversified within the portfolio by not focusing on any one sector and by deploying capital across early and growth stage businesses.</p> <p>By leveraging the Group's fund of funds capability, new seed-stage investment opportunities are identified early to ensure a broad array of investments in a way that spreads risk.</p>
5.	<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 or observer position on portfolio companies. Investments are made with suitable minority protections, typically including preferential share rights on distributions and consent/veto rights on key decisions. Furthermore, investments are often made in businesses in which other institutional investors are also shareholders, affording a greater degree of collective protection.
6.	<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, and the financial performance of the Group is a standing agenda item at meetings of the executive management team and the Board.

#	Risk	Possible consequences	Mitigation strategies
7.	<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.	<p>The Board regularly reviews and considers the possible impacts of currency movements on the Group's portfolio. Portfolio companies generate revenues across a range of currencies, predominantly US Dollars, Sterling and Euro, and a degree of natural hedge therefore exists.</p> <p>The Group does not currently operate hedging arrangements to mitigate its exposure to fluctuations in exchange rates but relationships with forex service providers are in place in the event that the Board decides to make such arrangements.</p>
8.	<b>Portfolio company valuations are subject to change</b>	<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 sectors and territories in which they operate, some of which have been particularly impacted by the spread of COVID-19 since January 2020.</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 across a spread of geographies and sub-sectors, which provide diversification in revenue sources, macroeconomic risks and peer groups.</p> <p>The Group has established an enhanced Audit, Risk, &amp; Valuation Committee chaired by a non-executive director, with responsibility for, amongst other things, valuing portfolio companies and scrutinising such valuations. Valuations are carried out in line with BVCA and IPEV guidelines and are audited annually.</p> <p>The Group also has an internal Portfolio &amp; Exits Committee chaired by the Chief Portfolio Officer and reporting into the Board, which meets regularly to monitor portfolio performance and strategy.</p>
9.	<b>The Group is dependent on a relatively small number of shareholders who hold a large proportion of the total share capital of the Group</b>	The decision by a major shareholder to dispose of their holding in the Group might have an adverse effect on the Group's share price and/or operations.	<p>During the period, the Board has engaged with the market to attempt to diversify the shareholder composition of Draper Esprit plc, resulting in a more balanced share register.</p> <p>The Directors seek to communicate and build a mutual understanding of objectives between the Group and its shareholders through regular announcements, annual / half-yearly reports, and periodic presentations and meetings.</p>
10.	<b>As a publicly listed entity, any group or individual can acquire shares in the Company</b>	The actions or reputations of shareholders in Draper Esprit plc are outside the control of the Company but can impact on the reputation of the Group by association.	The Board and wider public relations function within the Group clearly communicate the culture and ideals of the Group and actively seeks to work with likeminded partners who share the Group's broad approach to investment.
11.	<b>The Group and its portfolio companies are subject to competition risk</b>	<p>The execution of the Group's investment strategy depends primarily on the ability of the Group to identify and capitalise on investment opportunities. A number of other players in the market compete with the Group for investment opportunities.</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, but conversely may experience decreased rates of return and increased risks of loss if matching unfavourable terms.</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 through diversified sources of opportunities, creation of a strong brand based on a reputation of successful experiences with entrepreneurs, and by demonstrating ongoing financial discipline in its investment decision process.</p> <p>To further distinguish itself from its competitors, the Group operates a patient capital co-investment strategy that allows for access to the public market as well as collaboration with EIS and VCT-driven investments.</p>

#	Risk	Possible consequences	Mitigation strategies
12.	<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 recruiting or retaining the skilled personnel necessary for the development and operation of its business, it may not be able to grow as anticipated or meet its financial objectives.	<p>The Group carries out regular market comparisons for staff and executive remuneration and offers highly competitive packages to its personnel. Senior executives are shareholders in the business and the Group operates appropriate incentive programmes to align individuals with the Group's strategy over the long term.</p> <p>The Group encourages staff development and inclusion through coaching and mentoring.</p>
13.	<b>Esprit Capital Partners LLP or Encore Ventures LLP cease to be authorised as fund managers by the FCA</b>	Should Esprit Capital Partners and/or Encore Ventures cease to be authorised and regulated by the FCA as AIFM's then they would no longer be permitted to perform the role of investment manager.	The Group ensures that Esprit Capital Partners and Encore Ventures fulfil their ongoing requirements under FCA rules. External compliance and legal advisors are engaged to ensure that the Group is continuously monitoring and improving systems and processes to navigate the changing legal and regulatory landscape.
14.	<b>Cyber security incidents may affect the operations and reputation of the Group</b>	A significant cyber/information security breach could result in financial liabilities, reputational damage, severe business disruption or the loss of business critical or commercially sensitive information.	<p>To ensure operational resilience and minimise the risk and impact of the occurrence of cyber security incidents, the Group utilises reliable software and hardware and operates firewalls, anti-virus protection systems, email risk management software and backup procedures.</p> <p>During the period, the Group attained Cyber Essentials accreditation and hired a Head of IT and Legal Counsel with data protection expertise to manage and advise the business on the mitigation of cyber security risk.</p> <p>The Group will continue to review its cyber security and information security systems, policies and procedures with the continued oversight and support of outsourced IT providers.</p>
15.	<b>Inadequate governance could expose the Group to risk of mismanagement</b>	An inadequate culture of governance could allow situations to occur where decision makers fail to adequately discharge their duties or expose the Group to unacceptable levels of risk.	<p>All senior managers or personnel within the business whose function involves investment-related risk are internally vetted, assessed and appraised on an ongoing basis to ensure that they are fit and proper to perform their duties and competent to meet the highest standards of integrity and performance in line with regulatory guidance.</p> <p>Robust governance processes and procedures are operated at a Group-wide level, including 3 non-executive directors on the Board of Draper Esprit plc to ensure that the executive team are subject to discussion and challenge on all important business decisions.</p> <p>The Group continues to fully engage with the requirements of the Senior Managers &amp; Certification Regime (SM&amp;CR). Lines of accountability and responsibility for senior management functions are clear and monitored on an ongoing basis.</p>
16.	<b>Default or breach of terms of the debt facility</b>	The Company has an existing debt facility in place with Investec and Silicon Valley Bank for £50m, which post year-end was extended and increased to £60m. In the event of default or material breach of the terms of the loan agreement, including debt covenants, the Company may be unable to draw further funds and/or could the repayment of the loan and any unpaid accrued interest could be triggered.	<p>The debt facility is a 3-year structure including a 24-month repayment period, which the Board believe is sufficient relative to the liquidity of the underlying assets</p> <p>There is substantial headroom within the agreed debt covenants to mitigate any likelihood of a breach or default by the Company.</p> <p>Observance of the terms of the facility agreement, including the debt covenants, is closely monitored on an ongoing basis, and regular contact with the lenders is maintained to ensure the smooth operation of the facility.</p>

# Governance



**“The portfolio investments that we have undertaken during the year, together with the revolving credit facility agreed in June 2019 and the completion of our acquisition of Encore Ventures, 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. ”**

**Karen Slatford**  
Non-Executive Chair

# Board of Directors



**Karen Slatford**  
Non-Executive Chair  
Age 63

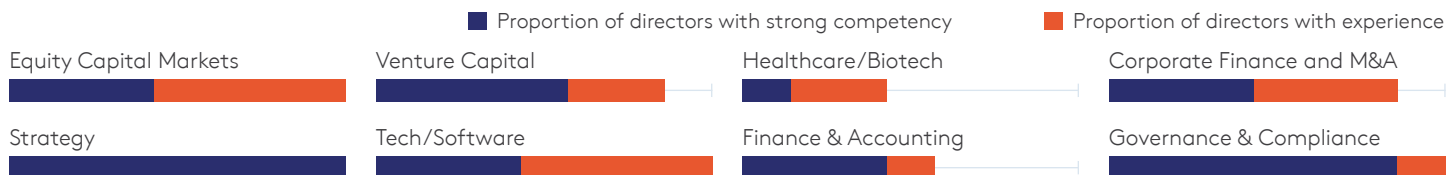
Karen is non-executive Chair of Draper Esprit plc. She is also a non-executive director of AIM-quoted Accesso Technology Group plc and Softcat plc, a FTSE 250 IT infrastructure provider, and senior independent non-executive director of LSE and NYSE listed Micro Focus. Karen began her career at ICL before spending 20 years at Hewlett-Packard Company, where in 2000 she became Vice President and General Manager Worldwide Sales & Marketing for the Business Customer Organisation, responsible for sales of all Hewlett-Packard products, services and software to business customers globally. Karen holds a BA Honours degree in European Studies from Bath University and a Diploma in Marketing.



**Martin Michael Arthur Davis**  
Chief Executive Officer  
Age 57

Martin was appointed as CEO of Draper Esprit in November 2019. He has more than 20 years of experience in financial services and joined Draper from Aegon Asset Management where he was the Head of Europe, Aegon Asset Management & CEO Kames Capital. Prior to Aegon Asset Management, Martin served as CEO at Cofunds, spent 8 years at Zurich Insurance Group, and was also CEO of Zurich's joint venture, Openwork, the largest network of financial advice firms in the UK. Prior to this, Martin held senior management roles at Misys, Corillian, and Reuters. Martin also served for 11 years in the British Army. Martin has an MBA from London City Business School (CASS) and Diplomas from the Institute of Marketing and the Market Research Society.

## Board skills matrix



**Benjamin David Wilkinson**  
Chief Financial Officer  
Age 39

Ben was appointed to the Board on 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 has led on recent equity and debt raises totalling over £350.0 million. Ben is an experienced leader of public company finance teams having previously served for 5 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 US\$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.



**Stuart Malcolm Chapman**  
Chief Portfolio Officer  
Age 50

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 serves as a director with Netronome, DisplayData, Resolver, Realeyes, Crate and Conversocial; and as observer with Graphcore. 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 and Economics.



**Simon Christopher Cook**  
Founding Partner  
Age 51

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 in 2007 and led the fund partnerships with Seedcamp in 2017 and Earlybird in 2018. 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), Podpoint (sold to EDF) and KVS (sold to Veritas). Simon currently serves as a director or observer with Freetrade, Ledger 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.

## Board of Directors continued



### **Grahame David Cook** Non-Executive Director

Age 62

Grahame Cook is an experienced FTSE and AIM non-executive director, with extensive experience as an audit committee chairman. Grahame's background is in banking, where he specialised in healthcare. He 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. He was a Director of Corporate Finance at BZW, and then joined UBS as a member of the global investment banking management committee and global head of equity advisory. He then became joint chief executive officer at WestLB Panmure where he built a pan European Tech team and ran a €100m technology fund. Grahame now sits on a number of boards, including Horizon Discovery Plc, a genomics company and Attraqt plc, an AI SaaS company. Grahame holds a Double First Class Honours degree from the University of Oxford.



### **Richard Fowler Pelly OBE** Non-Executive Director

Age 65

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.

Richard holds an honours degree in Psychology from Durham University and 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.

# Chair's Corporate Governance Report



**“Recognising the increasing focus on environmental, social and governance (“ESG”) issues in the investment community, and following the Board’s approval of the Group’s ESG strategy in the previous year, the Group signed up to the UN Principles of Responsible Investment during the year.”**

**Karen Slatford**  
Chair

**As Chair, 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 Report.**

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 (the “QCA Code”). This Corporate Governance Report 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, the Full Scope AIFM regulations 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 3 to 55 and on our website. The portfolio investments that we have undertaken during the year, together with the revolving credit facility agreed in June 2019 and the completion of our acquisition of Encore Ventures LLP, 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 reviews the Group’s strategy each year, which takes into account the expectations of the Company’s shareholder base and its wider stakeholders 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 52 to 55.

#### **Dynamic management framework**

As Chair, I consider the operation of the Board as a whole, and the individual performance of the Directors. During the year, we conducted a detailed Board performance evaluation process, as described in further detail on page 64. The results of the evaluation indicated that the Board and its Committees are operating effectively, and highlighted some areas for continued improvement to ensure that our processes continue to support strong and effective governance.

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

# Chair's Corporate Governance Report

## continued

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 64, 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 64 and within the s172 Statement on pages 48-51. 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, and following the Board's approval of the Group's ESG strategy in the previous year, the Group signed up to the UN Principles of Responsible Investment during the year. More detail is provided on pages 45-47.

The Board will continue to monitor its application of the QCA Code principles 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 Chair, as at 31 March 2020 the Board comprised seven Directors, of whom four were Executive Directors and three were Non-Executive Directors.

During the year and following a period of significant development since the Group's IPO in 2016, the Group announced the expansion of the management team. Martin Davis was appointed as Chief Executive Officer, whilst Simon Cook, the previous CEO and co-Founder, was appointed as Chief Investment Officer. This additional appointment to the Board enhanced the senior leadership team and together with the other Executive Directors, the team

will continue to implement the Company's strategy.

On 28 May 2020, it was announced that Simon Cook would step down from the Board on 1 July 2020. Simon will remain with the Company as founding partner and focus on generating new deals and will continue as a board member for a number of portfolio companies.

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 58-60.

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. The Committee intends to increase its focus on developing formal long term executive management and Board succession plans during the financial year to 31 March 2021.

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 1 female and 6 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; and
- Appointments to the Board and its Committees.

Day-to-day management of the Group during the year to 31 March 2020 was the responsibility of the CEO, Founding Partner, CPO, CFO and the Executive Management team.

### Board meetings

The Board met formally 6 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 a number of unscheduled Board and Committee conference calls



have taken place to consider the impact of the COVID-19 epidemic on the Company's business and operations.

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 Chair and each of the Non-Executive Directors devote sufficient time to the business, in accordance with the time commitment requirements set out in their individual Letters of Appointment, and they 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 6 meetings)	Audit, Risk and Valuations Committee (out of 3 meetings)	Remuneration and Nomination Committee (out of 5 meetings)
Karen Slatford	6	3	5
Martin Davis <sup>1</sup>	3	N/A	N/A
Simon Cook	6	N/A	N/A
Stuart Chapman	6	N/A	N/A
Ben Wilkinson <sup>2</sup>	5	N/A	N/A
Grahame Cook	6	3	5
Richard Pelly	6	3	5

<sup>1</sup> Martin Davis was appointed as a Director on 4 November 2019 and attended all Board meetings held after that date.

<sup>2</sup> Although Ben Wilkinson attended all Board meetings held during the year in his capacity as CFO, the table above reflects his formal attendance record as a Director having been appointed to that role on 4 June 2019.

## 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, Risk and Valuations 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 provider, Prism Cossec, for company secretarial support, Mercer for remuneration advice, 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 actual or potential conflicts of interest where lawful and 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 44 of the Strategic Report); and
- Financial controls to ensure that the assets of the Group are safeguarded and that appropriate accounting records are maintained.



# Chair's Corporate Governance Report continued

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 February 2019. 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 Company Secretary, and discussed by the Board at its meeting in March 2020.

The Board has agreed a number of specific actions to take forward during 2020 in order to improve its efficiency and effectiveness. These included improvements to the Board process, increasing the oversight of risk (principally through the Audit, Risk and Valuations Committee), and focus on the development and communication of corporate culture (to be led by the CEO).

## 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 Chair 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 participate in an annual CEO conference in Silicon Valley via the Draper Venture Network to connect them to corporates, partners and investors globally. 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. For more information on our stakeholder considerations please see our section 172 Companies Act 2006 disclosures found on pages 48 to 51.

## Annual General Meeting

The Annual General Meeting will take place at 11.00 a.m on Monday 27 July 2020 at 20 Garrick Street, London WC2E 9BT. 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.

Due to the ongoing COVID-19 pandemic, and the stay at home measures put in place by the UK Government, the Board has decided to run the 2020 AGM as a closed meeting. As a result, members will not be permitted to attend the meeting in person and access will be refused. Quorum will be achieved through the attendance of two Company director shareholders

and/or employee shareholders. Under the circumstances, members are encouraged to submit their proxy form to ensure that their votes are registered. The Board strongly advises members to appoint the chairman of the meeting as proxy for all votes.

**Karen Slatford**  
Chair

# Audit, Risk and Valuations Committee Report



**Grahame Cook**  
Chair of the Committee

On behalf of the Board, I am pleased to present the Audit, Risk and Valuations Committee Report for the year ended 31 March 2020.

During the year, it was agreed that the Committee's name would formally be changed to the Audit, Risk and Valuations Committee to reflect the specific focused valuations work undertaken to review the Group's investment valuations, and appropriate changes to its terms of reference were approved by the Board at its meeting in March 2020.

The Audit, Risk and Valuations 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. The Committee reports regularly to the Board on its activities and makes recommendations, all of which have been accepted during the year.

## Members of the Audit, Risk and Valuations Committee

The Committee consists of 3 independent Non-Executive Directors: Grahame Cook (as Chair 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, Risk and Valuations Committee met formally 3 times during the year (and on 5 occasions since the year-end – 2 formally scheduled meetings and a further 3 to monitor liquidity and funding options as a result of COVID-19) and going forward will continue to meet at least 3 times per year at appropriate times in the reporting cycle and otherwise as required. A program of regular conference calls of the Committee was established in March 2020 in response to the COVID-19 epidemic to monitor the Company's liquidity and scenario planning for FY2021. The Committee also meets frequently with the Company's external auditors.

## Duties

The duties of the Audit, Risk and Valuations 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 main items of business considered by the Committee during the year included:

- Review of the risk management and internal control systems;
- Review and approval of the interim financial statements and the external auditors' report thereon;
- Detailed review of investment valuations and supporting information including COVID-19-specific considerations where relevant;
- Review of the year-end audit plan, and consideration of the scope of the audit and the external auditors' 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; and
- Review of terms of reference.

## Role of the external auditor

The Audit, Risk and Valuations 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, Risk and Valuations Committee reviews the provision of non-audit services by the external auditor and the Audit, Risk and Valuations Committee Chair 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 to the consolidated financial statements.

Having reviewed the auditors' independence and performance, including partner rotation requirements, the Audit, Risk and Valuations 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, Risk and Valuations Committee. Prior to approval of the financial statements, the external auditor presents its findings to the Audit, Risk and Valuations Committee, highlighting areas of significant financial judgement for discussion.

# Audit, Risk and Valuations Committee Report continued

## Internal audit

The Audit, Risk and Valuations 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. As part of that consideration, the Committee noted the additional assurance provided to it and the Board through regular externally facilitated compliance checks, internal legal counsel, and through assessments of the Company's compliance with AIFM regulatory requirements, for example via the role of the depositary, Aztec Financial Services (UK) Limited.

## 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, Risk and Valuations Committee. The significant issues considered by the Audit, Risk and Valuations Committee in respect of the year ended 31 March 2020 are set out below:

### Significant issue/ accounting judgement identified

### How it was addressed

Fair value of investments in unlisted securities

The Audit, Risk and Valuations Committee reviewed the fair value of unlisted securities established with reference to the International Private Equity and Venture Capital Valuation Guidelines as well as the IPEV Board, Special Valuation Guidance issued on 31 March 2020 in response to the COVID-19 crisis ("IPEV Guidelines") by management. Management's methodologies and assumptions were reviewed and challenged over a number of meetings. The Committee agreed that management's approach was appropriate and was satisfied with the fair value recognised as at 31 March 2020 in respect of these unlisted securities.

Impact of COVID-19 on the Group and its financial statements

The Committee has held regular meetings to monitor the impact of COVID-19 on the Group, including liquidity, and have reviewed the Annual Report and financial statements. Following challenge and review, it has been deemed appropriate to prepare the financial statements on a going concern basis taking into account the impact of COVID-19. For further details, please see the Directors' Report - page 73.

## Risk management and internal controls

As described in the Corporate Governance Report on pages 61 to 64, the Group has established a system of risk management and internal controls. The Audit, Risk and Valuations 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.

During the year, the Committee reviewed a detailed analysis of the Group's internal governance and control systems and is satisfied that the systems in place are appropriate in the context of the Company's size and operations. The Committee has also reviewed the Company's risk register, with particular focus on the principal risks and uncertainties for the Company. We are satisfied that these risks are appropriately identified, and that the approach to addressing and mitigating those risks is within the defined risk appetite levels agreed by the Board.

## Going concern

The Committee has acknowledged its duty to review the Annual Report and financial statements, including the going concern assessment. The assessment of going concern is overseen by the CFO and subject to review and challenge by the Committee and subject to approval by the Board. Following review and challenge, it has been deemed appropriate to prepare the financial statements on a going concern basis, having taken into account the impact of COVID-19 on the Group and the principal risks and uncertainties facing the Group including those relating to liquidity and solvency. For further details, please see the Directors' Report - page 73.

## 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

Chair of the Audit, Risk and Valuations Committee  
26 June 2020

# Remuneration and Nomination Committee Report



**Karen Slatford**  
Chair of the Committee

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 is developed in accordance with the QCA Code.

## Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee (the "Committee") are Karen Slatford (Chair of the Committee), Grahame Cook and Richard Pelly, 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 Executive Directors and recommending the total remuneration packages (including bonuses, incentive payments and share options or other awards) for those individuals;
- determining the remuneration of the Chair of the Board (Karen Slatford does not Chair or attend the Committee's meetings when the remuneration of the Chair is discussed); and
- identifying and nominating members of the Board and recommending the composition of each Committee of the Board (including the Chair of each Committee).

During the year the Committee appointed Mercer as external consultants to advise on remuneration matters on an ongoing basis.

The Committee met formally on five 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 the remuneration package for the new Chief Executive, Executive Director allocations under the Carried Interest plan and awards of options under the Company Share Option Plan. It also approved bonus payments to the Executive Directors following the assessment of performance against agreed financial Key Performance Indicators, and approved the performance measures for the 2020/21 annual bonus. The bonus amounts paid in respect of the year ended 31 March 2020 are set out in the table on page 70.

The Committee, working closely with the new CEO, has also fully reviewed remuneration structures of the Company and has approved a number of changes, including to the Remuneration Policy for Executive Directors, to apply from the 2020/21 financial year onwards. The principal reason for the changes is to align the Company's executive remuneration structure with the typical structures adopted by larger AIM and Main Market listed companies, while ensuring that the staff are appropriately incentivised in the roles that they carry out. The key change to the Remuneration Policy for Executive Directors is that their long-term incentive will move from the previous combination of participation in the Carried Interest Plan and Company Share Option Plan, to a new Long-Term Incentive Plan (LTIP) which will operate as an extension of the existing Company Share Option Plan (CSOP) (see below). Changes to the CSOP rules to facilitate the new LTIP arrangements were approved by the Board in June 2020. The Company's investment team will continue to participate in the Carried Interest Plan. The Committee

has also agreed that the maximum annual bonus opportunity for Executive Directors will be 100% of salary. 2020/2021 will be a year of transition to a full LTIP scheme such that in financial year 2021/2022 the Executive Directors will cease to participate in any new carried interest scheme.

In response to the impact of COVID-19 on the Company, Executive Director salaries have not been increased for 2020/21. The Committee reviewed the Chair's fee, and the Board reviewed Non-Executive Director fees during the year, and although changes were approved because fees had not been reviewed for four years since AIM admission and benchmarking indicated that they had fallen behind market, it was agreed with the Chair and Non-Executive Directors that they would defer 20% of those increased fees from 1 May 2020 in line with similar salary deferrals agreed by the Executive Directors. The Executive Directors have elected to defer 20% of their salaries for three months and will use these deferred balances when paid to purchase Draper Esprit shares in the market.

In respect of its Nomination responsibilities and following the results of recent Board performance evaluations, the Board's composition and succession planning have become a key area of focus for the Committee. During the year, the Committee appointed Russell Reynolds, a leadership advisory firm, to carry out a review of succession. As part of this project, Russell Reynolds carried out psychometric testing of the Executive Directors and held one to one interviews with each of the Board members. Russell Reynolds also assisted with the search process for the role of CEO. Following a formal interview process and discussions by the Committee Martin Davis was appointed as CEO.

# Remuneration and Nomination Committee Report continued

## 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's strategy. 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.

During the year, the Committee has approved amendments to the Company's remuneration policy for Executive Directors such that the main elements of the remuneration package for Executive Directors from 2020/21 onwards will be:

- Base salary.
- Performance-related annual bonus.
- Other benefits (including life and health insurance).
- Participation in the Company's Long-Term Incentive Plan (fully replacing participation in the Carried Interest Plan in 2021/22).

## 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 employees are eligible to participate in the CSOP. The Executive Directors have outstanding awards previously granted under the CSOP, but following Board approval of the LTIP (see below) will not be eligible for future CSOP awards, other than the further CSOP grant to be made to the CEO following publication of the Annual Report described below. Instead the Executive Directors (in addition to other employees) may be granted awards under the LTIP.

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.

A grant of options under the CSOP was made to Martin Davis following his appointment as CEO in November 2019. More details of this grant can be found in the Share Options table on page 71. A further grant of 200,000 options under the CSOP will be made in July 2020 following publication of the Annual Report.

No further grants were made to Executive Directors under the CSOP during the year.

## Long-Term Incentive Plan ("LTIP")

The Committee will also be responsible for granting awards of options under the LTIP, which was adopted by the Board in June 2020. All employees will be eligible to participate in the LTIP. The LTIP will consist of options granted under part 2 of the CSOP with a nominal value exercise price.



The following performance share awards will be granted to the Executive Directors:

<b>Description of award</b>	An award of options, with a nominal value exercise price, exercisable subject to the satisfaction of the performance targets.
<b>Face value</b>	Chief Executive Officer - 100% of salary Chief Portfolio Officer - 100% of salary Chief Financial Officer - 100% of salary.
<b>Performance period</b>	1 April 2020 to 31 March 2023
<b>Performance targets</b>	Stretching performance targets have been set to achieve maximum award potential, with no additional stretch performance opportunity in recognition of the current environment of increased volatility. 40% of the award is based on absolute total shareholder return ("TSR") measured over the performance period and vests 50% at threshold, increasing on a straight line basis to 100% for achieving target performance. 40% of the award is based on group realisations during the performance period and vests against both annual and aggregate realisations over the period. 20% of the award is based on new third party assets under management ("AUM") measured over the performance period and vests 50% at threshold, increasing on a straight line basis to 100% for achieving target performance.
<b>Lock-up</b>	Vested and exercised awards will be subject to a one year lock-up from the end of the performance period.

Under the Company's malus and clawback policy, any LTIP award may be forfeited or reduced prior to vesting in exceptional circumstances on such basis as the Committee considers fair, reasonable and proportionate. This would include material misstatement of Group financial statements, or cases where an individual is deemed to have caused a material loss for the Group as a result of reckless, negligent or wilful actions or inappropriate values or behaviour.

In developing the rules of the new LTIP, the Committee and the Board have taken the opportunity to enhance the terms and conditions (for example malus and clawback, and the introduction of a post-vesting holding period) with the intention of moving towards an LTIP structure in line with the typical approach adopted by Main Market listed companies.

### Carried interest plan

The Company has established carried interest plans for the Executive Directors (see below), 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. To 31 March 2020 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. From 1 April 2020 the carried interest plan will operate for a five year period in respect of any investments.

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 carried interest plan from 1 April 2020 has an aggregate annualised 8% realised return on investments and follow-on investments made during the relevant period, to bring the plans more in line with market.

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.

As noted above, from 2021/22 onwards, the Executive Directors will not be eligible to participate in new carried interest plans, and instead will participate in the Long-Term Incentive Plan.

# Remuneration and Nomination Committee Report continued

## Annual bonus

The 2020/21 annual bonus for Executive Directors will be assessed against financial KPIs and personal objectives, with 75% of the bonus opportunity assessed against the corporate financial measures and 25% against personal measures. Challenging targets have been set, with a maximum of 100% of the annual bonus potential earned for achieving target performance. Actual performance targets are not disclosed as they are considered to be commercially sensitive at this time.

The remuneration policy for 2020/21 will operate as follows:

	Role	Basic salary/fee £'000s	Maximum bonus potential
<b>Executive</b>			
Martin Davis	Chief Executive Officer	420	100%
Stuart Chapman	Chief Portfolio Officer	289	100%
Ben Wilkinson	Chief Financial Officer	274	100%
<b>Non-Executive</b>			
Karen Slatford	Chair of Board, Chair of Remuneration & Nomination Committee	–	–
Grahame Cook	Chair of Audit, Risk and Valuations Committee	–	–
Richard Pelly	Non-Executive Director	–	–

## 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 2020.

## Directors' remuneration (audited)

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 March 2020:

	Basic salary/fees £'000s	Pension contributions £'000s	Taxable benefits £'000s	Performance- related bonus £'000s	Year ending 31 March 2020 Total £'000s	Year ending 31 March 2019 Total £'000s
<b>Executive Directors</b>						
Martin Davis	175	26	4	300	505	0
Simon Cook	348	52	11	134	545	503
Stuart Chapman	289	43	1	111	444	415
Ben Wilkinson	226	34	1	103	364	0
<b>Non-Executive Directors</b>						
Karen Slatford	80	0	0	0	80	80
Grahame Cook	40	0	0	0	40	40
Richard Pelly	40	0	0	0	40	40
<b>Total</b>	<b>1,198</b>	<b>155</b>	<b>17</b>	<b>648</b>	<b>2,018</b>	<b>1,078</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
Martin Davis	26/11/19	6,424	193,576*	26/11/22	<b>£4.67</b>
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*	30/07/21	<b>£4.92</b>
	12/02/19	–	178,434*	12/02/22	<b>£5.30</b>
Ben Wilkinson	28/11/2016	8,450	166,198	28/11/2019	<b>£3.55</b>
	28/11/2017	–	174,648	28/11/2020	<b>£3.87</b>
	30/07/2018	–	178,100*	30/07/2021	<b>£4.92</b>
	12/02/2019	–	178,434*	12/02/2022	<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
Martin Davis	–	–
Simon Cook	<b>1,344,306</b>	1,619,306
Stuart Chapman	<b>1,344,306</b>	1,619,306
Ben Wilkinson	<b>5,604</b>	–

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

### Karen Slatford

Chair of the Remuneration and Nomination Committee  
26 June 2020

# Directors' Report

The Directors present their report together with the audited consolidated financial statements for the year ended 31 March 2020.

## Results and dividends

The Group's profit for the year was £40.4 million (year ended 31 March 2019: £111.2 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 comprising the inside cover to page 55.

## Review of business

The Chair's Introduction on page 3 and the Strategic Report, comprising the inside cover page to page 55, provide a review of the business, the Group's performance for the year ended 31 March 2020, 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 (stepping down from 1 July 2020)  
 Martin Davis (appointed 4 November 2019)  
 Richard Pelly  
 Karen Slatford  
 Ben Wilkinson (appointed 4 June 2019)

Brief biographical details for each of the Directors are given on pages 58-60.

## 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 71.

## 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 2020.

## 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 29 of the consolidated financial statements.

## Share capital structure

At 31 March 2020, the Company's issued share capital was £1,189,181.52 (2019: £1,179,254.70) divided into 118,918,124 (2019: 117,925,470) ordinary shares of £0.01 each. Details of the movements in issued share capital in the year are set out in Note 24 to the consolidated financial statements.

The holders of ordinary shares are entitled to 1 vote per share at meetings of the Company. There are no restrictions on the transfer of shares.

## Substantial shareholdings

As at 31 March 2020, 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	15,425,308	12.97
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
Armor Advisors LLC	4,993,750	4.00
Baillie Gifford	4,462,879	3.78
Blackrock	3,878,343	3.29

## Disclosure of information to auditors

As far as the Directors are aware, there is no relevant audit information of which the Group's auditors are 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

The Directors have assessed going concern, considering both the Group's current performance and future outlook, including:

- An assessment of the Group's liquidity and solvency position using a number of adverse scenarios to assess the potential impact of COVID-19 on the Group's operations and portfolio companies. The Group manages and monitors liquidity regularly and continually assesses investments, realisations, operating expenses and receipt of portfolio cash income including under stress scenarios ensuring liquidity is adequate and sufficient. As at 31 March 2020 the Group has available cash resources of £32.3 million (and restricted cash of £1.9 million) (2019: £50.4 million) with a further £5.0 million available from undrawn credit facilities. The cash position was further enhanced by an additional £10.0 million extension to the revolving credit facility with Silicon Valley Bank and Investec and the sale of Peak as disclosed in note 22. As at 31 March 2020, the Directors believe the Group has sufficient cash resources and liquidity and is well placed to manage the business risks in the current economic environment.
- The Group has to comply with financial and non-financial covenants as part of the revolving credit facility entered into with Silicon Valley Bank and Investec. An assessment of forecast covenant compliance was undertaken using a number of adverse scenarios on valuations. Under each adverse scenario the Group still had sufficient headroom

in order to comply with the covenant obligations as set out in note 21.

- An assessment of the potential impact of COVID-19 pandemic was undertaken on portfolio company valuations with a particular focus on performance and future outlook including cash runway and ability to generate earnings, supply chain risk, revenue model risk as well as the longer-term view of their ability to recover.

After making enquiries and following challenge and review, 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.

## Independent auditors

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 Monday 27 July 2020. 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.

Due to the ongoing COVID-19 pandemic, and the stay at home measures put in place by the UK Government, the Board has decided to run the 2020 AGM as a closed meeting. As a result, shareholders will not be permitted to attend in person and access will be refused. Under the circumstances, shareholders are encouraged to submit their proxy form to ensure their votes are registered, and are strongly advised to appoint the chair of the meeting as their proxy for all votes.

## 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 26 June 2020 and is signed on its behalf by:

**Ben Wilkinson**  
Chief Financial Officer  
26 June 2020

# 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 such laws, 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; and
- 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; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group 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 26 June 2020 and signed on its behalf by:

**Ben Wilkinson**  
Chief Financial Officer  
26 June 2020



# 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 2020 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 Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2020; 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

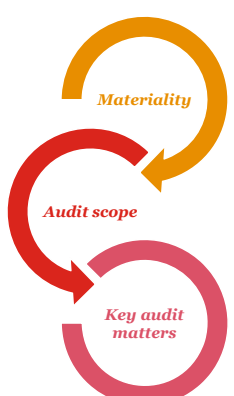
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit 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: £13,192,000 (2019: £12,371,000), based on 2% of net assets.</li> <li>• Overall company materiality: £12,704,000 (2019: £11,765,000), based on 2% of net assets.</li> </ul>
	<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>
	<ul style="list-style-type: none"> <li>• Valuation of unquoted investments (Group and Company).</li> <li>• COVID-19 (Group and Company).</li> </ul>

### 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 page 66 (Audit, Risk and Valuations Committee Report), Note 3 (Significant accounting policies), Note 4 (Critical accounting estimates and judgements), Note 16 (Financial assets held at fair value through profit and loss), Note 28 (Fair Value Measurements).</p> <p>The fair value of unquoted investments is £657m (Group) and £631m (Company) as at 31 March 2020. This is an area of focus due to the fact that unquoted investments ("portfolio company" or "investment") do not have readily determinable prices and involve a number of estimates and unobservable inputs. As detailed in Note 28 to financial statements the estimation uncertainty as at 31 March 2020 has increased due to the COVID-19 pandemic.</p> <p>The fair value of investments is established in accordance with IFRS and with reference to the International Private Equity and Venture Capital Valuation Guidelines as well as the IPEV Board, Special Valuation Guidance issued on 31 March 2020 in response to the COVID-19 crisis ("IPEV Guidelines").</p> <p>The valuation methodologies primarily used by the Group are the 'calibration to the recent transaction price', 'revenue multiple' and 'net asset value' approaches as detailed in Note 4 and 28 to financial statements.</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, guidelines and applicable accounting standards, and tested the techniques used by management in determining the fair value of the investments. For a sample of investments, we performed the following:</p> <ul style="list-style-type: none"> <li>• Agreed the recent transaction price to supporting documentation such as purchase agreements, funding drawdown requests or bank statements;</li> <li>• Obtained management's calibration analysis to evaluate post transaction performance against relevant milestones, including the potential impact of COVID-19 and also its cash runway, which determined the level of adjustment, if any, made to the recent transaction price;</li> <li>• Obtained management information, board reports and external market data to validate management's calibration analysis and adjustments made, if any, to the recent transaction price and challenged assumptions made, where appropriate;</li> <li>• For the revenue multiple approach we held discussions with management to understand the performance of the portfolio company, the potential impact of COVID-19, including its cash runway and challenged estimates used in the valuations of the investments. These included but were not restricted to review of the comparable companies, rationale and consistency of discounts or premiums applied and basis for budgeted revenue figures used;</li> <li>• We evaluated the range of comparable companies used in the valuation and verified revenue multiples to independent sources, including the impact of averaging revenue multiples; and</li> <li>• Agreed inputs into the valuation model to financial information and board papers from the portfolio companies 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 and any subsequent adjustments made.</li> </ul> <p>Furthermore, for a sample of investments, we confirmed the capital structure with the portfolio company and reviewed the allocation of value between the capital structure to ensure the amount attributable to the Group entities was appropriate.</p> <p>We considered the appropriateness and adequacy of the disclosures around the increased uncertainty due to COVID-19 and sensitivities on the accounting estimates.</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>COVID-19 (Group and Company)</b> Refer to page 6 (CEO's Statement), page 52 (Principal Risks), page 66 (Audit, Risk and Valuations Committee Report), Note 28 (Fair Value Measurements)</p> <p>The outbreak of the novel coronavirus (known as COVID-19) in many countries is rapidly evolving and the socio-economic impact is unprecedented. It has been declared as a global pandemic and is having a major impact on economies and financial markets. The efficacy of government measures will materially influence the length of economic disruption, but it is probable there will be a recession in the United Kingdom.</p> <p>In order to assess the impact of COVID-19 on the business, management have updated their risk assessment and prepared an analysis of the potential impact on the cash flows, operations and liquidity position of the Group for at least 12 months from date of signing.</p> <p>The most significant impact to the financial statements has been in relation to the valuation of unquoted investments. This is described in the key audit matter above.</p> <p>In making their assessment management have also taken into account the covenant headroom on the Group's loan facilities. After considering all of these factors, management have concluded that preparing the financial statements on a going concern basis remains appropriate.</p>	<p>We evaluated the Group's updated risk assessment and analysis and considered whether it addresses the relevant threats posed by COVID-19. We also evaluated management's assessment and corroborated evidence of the operational impacts, considering their consistency with other available information and our understanding of the business.</p> <p>Our procedures in respect of the valuation of unquoted investments are set out in the respective key audit matter above.</p> <p>We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal risks set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit.</p> <p>In respect of going concern, we assessed management's going concern analysis in light of COVID-19 and obtained evidence to support the key assumptions used in preparing the going concern model, including assessing covenant headroom within a downside case scenario. We challenged the key assumptions and the reasonableness of the mitigating actions used in preparing the analysis.</p> <p>Our conclusions relating to going concern and other information are set out in the 'Conclusions related to going concern' and 'Reporting on other information' sections of our report, respectively, below.</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	£13,192,000 (2019: £12,371,000).	£12,704,000 (2019: £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 a 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 a business such as the Company, which invests in other businesses for capital appreciation.

We agreed with the Audit, Risk and Valuations Committee that we would report to them misstatements identified during our audit above £659,000 (Group audit) (2019: £618,000) and £635,000 (Company audit) (2019: £588,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's 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.

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.

### 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.

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.

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

## 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 2020 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 74, 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 in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the Company were a quoted company.

In our opinion, the part of the Directors' Remuneration 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

26 June 2020

## Consolidated Statement of Comprehensive Income

for the year ended 31 March 2020

	Note	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Change in unrealised gains on investments held at fair value through the profit and loss	5	40,755	114,715
Fee income	6	11,255	6,101
<b>Total investment income</b>		<b>52,010</b>	120,816
<b>Operating expenses</b>			
General administrative expenses	7	(9,810)	(7,774)
Depreciation and amortisation	14, 17, 20, 23	(520)	(163)
Share based payments – resulting from company share option scheme	13	(990)	(1,100)
Share based payments – resulting from acquisition of subsidiary		–	(1,989)
Investments and acquisition costs		(239)	(207)
Exceptional items		–	(34)
<b>Total operating costs</b>		<b>(11,559)</b>	(11,267)
<b>Profit from operations</b>		<b>40,451</b>	109,549
<b>Finance (expense)/income</b>			
Net finance (expense)/income	10	(68)	1,601
<b>Operating profit before tax</b>		<b>40,383</b>	111,150
Income taxes	11, 23	(17)	11
<b>Profit for the year</b>		<b>40,366</b>	111,161
Other comprehensive income/(expense)		–	–
<b>Total comprehensive income for the year</b>		<b>40,366</b>	111,161
<b>Profit attributable to:</b>			
Owners of the parent		39,707	110,579
Non-controlling interest <sup>^</sup>	18	659	582
<b>Earnings per share attributable to owners of the Parent:</b>			
Basic earnings per weighted average shares (pence)	12	34	115
Diluted earnings per weighted average shares (pence)	12	33	110

<sup>^</sup> On 10 March 2020, the Group acquired the remaining interest in Encore Ventures LLP and as such no profit after 10 March 2020 is attributable to the non-controlling interest – see Note 18 for further details.

The Notes on pages 88 to 116 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 March 2020

	Note	31 Mar 2020 £'000s	31 Mar 2019 £'000s
<b>Non-current assets</b>			
Intangible assets	14	10,028	10,130
Investments in associates	15	258	258
Financial assets held at fair value through the profit or loss	16	657,333	562,061
Property, plant and equipment	17, 20	1,760	209
<b>Total non-current assets</b>		<b>669,379</b>	<b>572,658</b>
<b>Current assets</b>			
Trade and other receivables	19	7,719	1,140
Cash and cash equivalents		32,255	50,358
Restricted cash	21	1,883	-
<b>Total current assets</b>		<b>41,857</b>	<b>51,498</b>
<b>Current liabilities</b>			
Trade and other payables	22	(5,038)	(4,959)
Lease liabilities	20	(358)	-
<b>Total current liabilities</b>		<b>(5,396)</b>	<b>(4,959)</b>
<b>Non-current liabilities</b>			
Deferred tax	23	(611)	(631)
Loans and borrowings	21	(44,636)	-
Lease liabilities	20	(975)	-
<b>Total non-current liabilities</b>		<b>(46,222)</b>	<b>(631)</b>
<b>Net assets</b>		<b>659,618</b>	<b>618,566</b>
<b>Equity</b>			
Share capital	24	1,189	1,179
Share premium account	24	400,726	395,783
Merger relief reserve	25	13,097	13,097
Share-based payments reserve – resulting from company share option scheme		2,339	1,713
Share-based payments reserve – resulting from acquisition of subsidiary		10,823	10,823
Retained earnings		231,444	195,737
<b>Equity attributable to owners of parent</b>		<b>659,618</b>	<b>618,332</b>
Non-controlling interests	18	-	234
<b>Total equity</b>		<b>659,618</b>	<b>618,566</b>
<b>Net assets per share (pence)</b>	12	<b>555</b>	524

The financial statements on pages 84 to 116 were approved by the Board of Directors on 26 June 2020 and signed on its behalf by

**B.D. Wilkinson**  
Chief Financial Officer

The Notes on pages 88 to 116 are an integral part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

for the year ended 31 March 2020

	Note	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
<b>Cash flows from operating activities</b>			
<b>Profit after tax</b>		<b>40,366</b>	111,161
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	(40,755)	(114,715)
Depreciation and amortisation		520	163
Share-based payments – resulting from company share option scheme	13	990	1,100
Share-based payments – resulting from acquisition of subsidiary		-	1,989
Net finance expense/(income)	10	68	(1,481)
(Increase)/decrease in trade and other receivables and other working capital movements		(2,886)	189
Increase in trade and other payables		79	2,011
Purchase of investments	16	(89,935)	(226,432)
Proceeds from disposals in underlying investment vehicles	16	39,533	15,984
Net loans made to underlying investment vehicles and Group companies	16, 31	(8,541)	(4,679)
<b>Net cash used in operating activities</b>		<b>(60,561)</b>	(214,710)
Tax paid		(3)	(32)
<b>Net cash outflow from operating activities</b>		<b>(60,564)</b>	(214,742)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(368)	(58)
Interest received		289	120
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(79)</b>	62
<b>Cash flows from financing activities</b>			
Cash paid to non-controlling interests		(893)	(638)
Proceeds from loan (net of repayments)	21	45,000	-
Fees paid on issuance of loan	21	(525)	-
Interest payments		(887)	-
Repayments of leasing liabilities	20	(166)	-
Gross proceeds from issue of share capital	24	993	215,035
Equity issuance costs	24	(40)	(7,481)
Cash paid out for share options exercised		(293)	-
<b>Net cash inflow from financing activities</b>		<b>43,189</b>	206,916
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>		<b>(17,454)</b>	(7,764)
Cash and cash equivalents at beginning of year		50,358	56,641
Exchange differences on cash and cash equivalents	10	1,234	1,481
<b>Cash and cash equivalents at end of year</b>		<b>32,255</b>	50,358
<b>Restricted cash at year end</b>		<b>1,883</b>	-
<b>Total cash and cash equivalents and restricted cash at year end</b>		<b>34,138</b>	50,358

The Notes on pages 88 to 116 are an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

Year ended 31 March 2020	Attributable to equity holders of the parent (£'000s)						Total	Attributable to non-controlling interests (£'000s)	Total equity (£'000s)
	Share capital	Share premium	Merger relief reserve	Company share option scheme	Acquisition of subsidiary	Retained earnings			
<b>Brought forward at 1 April 2019</b>	1,179	395,783	13,097	1,713	10,823	195,737	618,332	234	618,566
<b>Comprehensive income/(expense) for the year</b>									
Profit for the year	-	-	-	-	-	39,707	39,707	659	40,366
Acquired reserves from non-controlling interest	-	-	-	-	-	-	-	-	-
Amounts withdrawn by non-controlling interest	-	-	-	-	-	-	-	(893)	(893)
<b>Total comprehensive income/(expense) for the year</b>	-	-	-	-	-	39,707	39,707	(234)	39,473
<b>Contributions by and distributions to the owners:</b>									
Adjustment for Encore Ventures acquisition (Note 18)	-	-	-	-	-	(4,000)	(4,000)	-	(4,000)
Issue of share capital (Note 24)	10	-	-	-	-	-	10	-	10
Share premium (Note 24)	-	4,943	-	-	-	-	4,943	-	4,943
Share based payment (Note 13)	-	-	-	990	-	-	990	-	990
Share based payment – exercised during the year (Note 13)	-	-	-	(364)	-	-	(364)	-	(364)
<b>Total contributions by and distributions to the owners</b>	10	4,943	-	626	-	(4,000)	1,579	-	1,579
<b>Balance at 31 March 2020</b>	1,189	400,726	13,097	2,339	10,823	231,444	659,618	-	659,618

Year ended 31 March 2019	Attributable to equity holders of the parent (£'000s)						Total	Attributable to non-controlling interests (£'000s)	Total equity (£'000s)
	Share capital	Share premium	Merger relief reserve	Company share option scheme	Acquisition of subsidiary	Retained earnings			
<b>Brought forward at 1 April 2018</b>	716	188,229	13,097	613	8,834	86,230	297,719	2,792	300,511
<b>Comprehensive income/(expense) for the year</b>									
Adjustments for transitioning to IFRS 15 (Note 2ii)	-	-	-	-	-	(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/(expense) 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 24)	463	-	-	-	-	-	463	-	463
Share premium (Note 24)	-	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	-	-	-	-	1,989	-	1,989	-	1,989
<b>Total contributions by and distributions to the owners</b>	463	207,554	-	1,100	1,989	-	211,106	-	211,106
<b>Balance at 31 March 2019</b>	1,179	395,783	13,097	1,713	10,823	195,737	618,332	234	618,566

The Notes on pages 88 to 116 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 Euronext Dublin's Euronext Growth 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 2020 and 31 March 2019 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

In the current year, the new Standard below has been adopted, which has affected the amounts reported in these consolidated financial statements:

- i. **IFRS 16 Leases** - From 1 April 2019, the Group has adopted IFRS 16 Leases, which became effective for annual periods beginning on or after 1 January 2019. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed in the Draper Esprit plc annual report for the year ended 31 March 2019. See further details in significant accounting policies below – note 3.

In the prior year, the following new standards were adopted:

- ii. **IFRS 15 Revenue from Contracts with Customers** was a new standard in the prior year, 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 certain 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 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 were not restated. For ongoing contracts, any changes required were taken straight to the condensed consolidated interim statement of changes in equity in the year ending 31 March 2019.

- iii. **IFRS 9 Financial Instruments (as revised in July 2014)** - 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.
  - Classification and measurement
    - On 1 April 2018, the Group classified its financial instruments in the appropriate IFRS 9 categories; there were no changes.
  - 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.
- General Hedge Accounting
  - The Group does not use hedge accounting. Therefore, there was no impact on the financial statements from this change to IFRS 9.

No upcoming changes under IFRS are likely to have a material effect on the reported results or financial position. Management will continue to monitor upcoming changes.

### 3. Significant accounting policies

#### a) Basis of preparation

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 Audit, Risk & Valuations Committee Report (p.66) and in the Directors' Report (p.73).

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.

#### b) Basis of consolidation

The consolidated financial statements comprise the Company (Draper Esprit plc, 20 Garrick Street, London, England, EC2E 9BT) 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	*100%
Esprit Capital I (GP) Limited <sup>^</sup>	General Partner	England	100%
Esprit Capital I General Partner <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	Cayman	100%
Esprit Capital Management Limited <sup>^</sup>	Admin company – in a Members Voluntary Liquidation	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> c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

\* This has moved from 71% to 100% during the year – please see note 18 for further details.

## Notes to the Consolidated Financial Statements continued

### 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 the remaining interest in Encore Ventures LLP on 10 March 2020 as a change in ownership interest under IFRS 10 having assessed the substance of the transaction, including control and changes in ownership (see note 18). 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.

### Investment company

In accordance with the provisions of IFRS 10, Draper Esprit plc considers itself to be an investment entity as it obtains funds from investors to invest funds for returns from capital appreciation and the performance of substantially all of its investments are held at Fair Value through Profit and Loss. It 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%
Seedcamp Holdings LLP <sup>^</sup>	Limited liability partnership	England	100%
Seedcamp Investments LLP <sup>^^^</sup>	Limited liability partnership	England	100%
Seedcamp Investments II LLP <sup>^^^</sup>	Limited liability 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

<sup>^^^</sup> 727-729 High Road, London, England, N12 0BP

#### 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> c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, 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.

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 to an investee company. Directors' fees are only charged 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 is highly probable funds will flow to the Group.

#### e) Deferred income

The Group's management fees are typically billed 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 during the period to which the fees relate. Certain performance fees and portfolio directors' fees are also billed in advance and these amounts are credited to deferred income, and then subsequently released through the profit and loss accounting during the period to which the fees relate.

#### 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.

## Notes to the Consolidated Financial Statements continued

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 1 year from the acquisition date) about facts and circumstances that existed at the acquisition date.

### Other intangible assets

Certain previously unrecognised assets acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values, e.g. brand names, customer contracts and lists (see Note 14). All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a 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: 8 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.

**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.

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.

**Trade and other payables**

Trade and other payables 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.

## Notes to the Consolidated Financial Statements continued

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

### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. All interest-related charges 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 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**

Policy applicable from 1 April 2019 (for impact analysis, please see Note 20)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified, explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019. The policy is applied taking into account transitional provisions within IFRS 16 for the existing operating lease as at 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

**Lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'lease liabilities' in the statement of financial position.

**Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group would recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Under IAS 17**

For treatment under IAS 17, see the accounting standards notes within the Draper Esprit plc annual report for the year ending 31 March 2019.



## Notes to the Consolidated Financial Statements continued

### 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 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.

See 3p above for PPE relating to right-of-use assets resulting from leases.

**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 2020 (31 March 2019: 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 Company has established carried interest plans for the Executive Directors (see below), 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. To 31 March 2020 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. From 1 April 2020 the carried interest plan will operate for a five year period in respect of any investments.

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 carried interest plan from 1 April 2020 has an aggregate annualised 8% realised return on investments and follow-on investments made during the relevant period, to bring the plans more in line with market. 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. From 2021/22 onwards, the Executive Directors will not be eligible to participate in new carried interest plans, and instead will participate in the Long-Term Incentive Plan.

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)).

## Notes to the Consolidated Financial Statements continued

### 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 2020.

#### 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 or partner reports 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 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 as well as the IPEV Board, Special Valuation Guidance issued on 31 March 2020 in response to the COVID-19 crisis ("IPEV Guidelines"). 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 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, its initial use and 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. In addition, the inputs to the valuation model (e.g. revenue, comparable peer group, product roadmap) will be recalibrated to assess the appropriateness of the methodology used in relation to the market performance and technical/product milestones since the round and the company's trading performance relative to the expectations of the round.

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. We stress tested management's assumptions regarding revenue using a number of scenarios - base case, downside case, and upside case. We flexed the companies' budget assumptions under the above scenarios as part of our valuations process.

The Group also reviewed cash runway, supply chain risk, sector risk, average length of customer contract, amongst other things.

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 28 and 29 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 goodwill as at the statement of financial position date was £9.7 million. The Group has conducted a sensitivity analysis on the impairment test of the CGU and the carrying value. A higher discount rate in the range of 15%-20% 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 deal flow 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.

The Group acquired the remaining membership interest in Encore Ventures LLP on 10 March 2020. Prior to this, the Group held a membership interest of 71% and had determined based on its control assessment (see (4)(c) above) that the Group had control over Encore Ventures LLP and consolidated this entity in accordance with IFRS 10. As a result, the acquisition of the remaining membership interest has been assessed to be a change in ownership interest and is accounted for as such under IFRS 10. This is not deemed to be a business combination.

### 5. Change in unrealised gains on investments held at fair value through the profit and loss

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Change in unrealised gains on investments held at fair value through the profit and loss (Note 16)	40,755	114,715

## Notes to the Consolidated Financial Statements continued

### 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 2020 £'000s	Year ended 31 Mar 2019 £'000s
Management fees	11,213	6,052
Portfolio directors' fees	42	49
	<b>11,255</b>	<b>6,101</b>

### 7. General administrative expenses

Administrative expenses comprise:

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
General employee and employee related expenses (Note 9)	6,074	4,401
Operating lease rentals (Note 20)	-	246
Legal and professional	1,827	1,241
Travel expenses	349	333
Marketing expenses	741	472
IT expenses	85	127
Other administrative costs	734	954
	<b>9,810</b>	<b>7,774</b>

### 8. Profit from operations

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

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Audit fees for the consolidated financial statements	146	87
Audit of the accounts of any related undertakings of the Company	75	47
Audit-related assurance services	26	20
Other assurance services	17	16
<b>Total fees payable to the Company's auditors</b>	<b>264</b>	<b>170</b>

## 9. Employee and employee related expenses

Employee benefit expenses (including Directors) comprise:

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Wages and salaries	4,595	3,447
Defined contribution pension costs	278	354
Benefits (healthcare and life assurance)	127	74
Recruitment costs	473	67
Social security contributions and similar taxes	601	459
<b>General employee and employee related expenses</b>	<b>6,074</b>	<b>4,401</b>
Share-based payment expense arising from company share option scheme	990	1,100
<b>Total employee benefit expenses</b>	<b>7,064</b>	<b>5,501</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 2020 Number	Year ended 31 Mar 2019 Number
Technology Investment	14	14
Corporate functions	19	13
	<b>33</b>	<b>27</b>

Corporate functions comprise non-executive directors, finance, marketing, human resources, legal, IT, 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 pages 58 to 60. This includes Martin Davis who joined as CEO during the year, as announced on 4 November 2019.

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Wages and salaries	2,019	1,317
Short-term non-monetary benefits	9	10
Defined contribution pension costs	163	108
Share-based payment expense	466	631
Social security contributions and similar taxes	287	133
	<b>2,944</b>	<b>2,199</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 67 to 71, form part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements continued

### 10. Net finance (expense)/income

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Interest on leases (Note 20)	(94)	–
Interest and expenses on loans and borrowings (Note 21)	(1,497)	–
<b>Finance costs</b>	<b>(1,591)</b>	–
Net foreign exchange gain	1,234	1,481
Interest income on cash and cash equivalents	289	120
<b>Finance income</b>	<b>1,523</b>	<b>1,601</b>
<b>Net finance (expense)/income</b>	<b>(68)</b>	<b>1,601</b>

### 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 2020 £'000s	Year ended 31 Mar 2019 £'000s
Current tax expense		
Current tax on profits for the year	2	–
Adjustments for under/(over) provision in prior years	35	–
<b>Total current tax</b>	<b>37</b>	–
<b>Deferred tax expense</b>		
Arising on business combinations (Note 23)	(20)	(11)
Reversal of amounts previously recognised	–	–
<b>Total deferred tax</b>	<b>17</b>	<b>(11)</b>

The UK standard rate of corporation tax is 19% (for the year ending 31 March 2019: 19%). The current tax charge in the year is £37k (2019: £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 2020 £'000s	Year ended 31 Mar 2019 £'000s
Profit/(loss) for the year before tax	40,383	111,150
<b>Profit/(loss) on ordinary activities of Group companies before tax</b>		
Tax using the Company's domestic tax rate of 19% (2019: 19%)	7,673	21,119
Expenses not deductible for tax purposes	–	–
Unrealised gains on investments	(7,743)	(21,796)
Other timing differences	87	666
<b>Total tax (credit)/charge for the year</b>	<b>17</b>	<b>(11)</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.

Basic earnings per ordinary share	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
<b>For the year ended 31 March 2020</b>	<b>39,707</b>	<b>118,013</b>	<b>34</b>
For the year ended 31 March 2019	110,579	96,051	115

Diluted earnings per ordinary share	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
<b>For the year ended 31 March 2020</b>	<b>39,707</b>	<b>120,961</b>	<b>33</b>
For the year ended 31 March 2019	110,579	100,055	110

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 2020</b>	<b>659,618</b>	<b>118,918</b>	<b>555</b>
31 March 2019	618,332	117,925	524

Diluted net asset value per ordinary share	Net assets £'000s	No. of shares at balance sheet date '000	Pence per share
<b>31 March 2020</b>	<b>659,618</b>	<b>121,609</b>	<b>542</b>
31 March 2019	618,332	123,325	501

**Dividends:** There were no Dividends paid out in the year to 31 March 2020 (2019: nil).

## 13. Share-based payments

	Date of Grant	Number of CSOP options 1 April 2019	Number of Options granted in the period	Number of Options (lapsed) in the year	Number of Options (exercised) in the year	Number of CSOP options 31 March 2020	Number of approved Options	Vesting period	Exercise Price (pence)	Fair value per granted instrument (pence)
Draper	28-Nov-16	1,361,033			(195,842)	1,165,191	84,500	3 Years	355	64.1
Esprit	28-Nov-16	152,528				152,528	-	3 Years	355	89.3
plc 2016	11-Nov-17	180,000		(20,000)		160,000	25,068	3 Years	354	89.8
Company	28-Nov-17	1,180,364		(25,000)		1,155,364	15,502	3 Years	387	70.9
Share	28-Nov-17	116,016				116,016	-	3 Years	387	97.9
Option	30-Jul-18	1,205,000		(177,500)		1,027,500	-	3 Years	492	152.9
Scheme	30-Jul-18	102,750				102,750	-	3 Years	492	186.4
(CSOP)	12-Feb-19	876,868		(80,000)		796,868	-	3 Years	530	67.8
	12-Feb-19	75,000				75,000	-	3 Years	530	95.2
	26-Nov-19	-	200,000			200,000	6,424	3 Years	467	71.5

## Notes to the Consolidated Financial Statements continued

On 26 November 2019, 200,000 shares under option were granted to employees of the Group, Directors and Trusts. The exercise price of the issued options was 467p. 302,500 options lapsed which had exercise prices of 354 pence, 387 pence, 492 pence, 530 pence. 195,842 options were exercised during the year.

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.

The share-based payment charge for the year is £990k (year ended 31 March 2019: £1.1 million).

### 14. Intangible assets

31 March 2020	Goodwill <sup>1</sup> £'000s	Customer contracts <sup>2</sup> £'000s	Total £'000s
<b>Cost</b>			
Cost carried forward as at 1 April 2019	9,653	818	10,471
Additions during the year	–	–	–
<b>Cost as at 31 March 2020</b>	<b>9,653</b>	<b>818</b>	<b>10,471</b>
<b>Accumulated amortisation</b>			
Amortisation carried forward as at 1 April 2019	–	(341)	(341)
Charge for the year	–	(102)	(102)
<b>Accumulated amortisation as at 31 March 2020</b>	<b>–</b>	<b>(443)</b>	<b>(443)</b>
<b>Net book value:</b>			
<b>As at 31 March 2020</b>	<b>9,653</b>	<b>375</b>	<b>10,028</b>
As at 31 March 2019	9,653	477	10,130
31 March 2019	Goodwill <sup>1</sup> £'000s	Customer contracts <sup>2</sup> £'000s	Total £'000s
<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 2019</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

- Goodwill of £9.7 million arose on the acquisition of all the capital interests in Esprit Capital Partners LLP, a Venture Capital manager based in the UK, on 15 June 2016 and represents the value of the acquired expertise and knowledge of the fund managers. The Directors have identified the fund managers as the cash-generating unit ("CGU") being the smallest group of assets that generates cash inflows independent of cash flows from other assets or groups of assets. The fund managers are responsible for generating deal flow and working closely with investee companies 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 5-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%.
- An intangible asset of £0.8 million was also recognised in respect of the anticipated profit from the participation in Encore Ventures LLP as a consequence of the acquisition of Esprit Capital Partners LLP.

## 15. Investments in associates and related undertakings

### Investments in associates

On 24 November 2016, Draper Esprit acquired a 30.77% stake in Elderstreet Holdings Limited (registered office: 20 Garrick Street, London, United Kingdom, WC2E 9BT), the holding company of Elderstreet Investments Limited with an option to acquire the balance of the Elderstreet Holdings Limited 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%, Cat E: >25%.

Details of the FV of the 16 core companies are detailed as part of the Gross Portfolio Progression table on page 32.

## 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 28. 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 2020 £'000s	Year ended 31 Mar 2019 £'000s
<b>As at 1 April</b>	<b>562,061</b>	231,910
Investments made in the year <sup>1/2</sup>	<b>89,935</b>	226,432
Investments settled in shares <sup>1/2</sup>	-	309
Loans repaid from underlying investment vehicles	<b>(39,533)</b>	(15,984)
Loans made to underlying investment vehicles <sup>1</sup>	<b>4,115</b>	4,679
Unrealised gains on the revaluation of investments	<b>40,755</b>	114,715
<b>As at 31 March</b>	<b>657,333</b>	562,061

1 Investments and loans 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.

2 Investments made in the year ended 31 March 2019 include non-cash consideration of £0.3 million. See separate line.

## Notes to the Consolidated Financial Statements continued

### 17. Property, plant and equipment

31 March 2020	Right of use assets £'000s	Leasehold improvements £'000s	Computer equipment £'000s	Total £'000s
<b>Cost</b>				
Cost carried forward as at 1 April 2019 <sup>1</sup>	835	327	57	1,219
Additions during the year	779	353	15	1,147
<b>Cost as at 31 March 2020</b>	<b>1,614</b>	<b>680</b>	<b>72</b>	<b>2,366</b>
<b>Accumulated depreciation</b>				
Depreciation carried forward as at 1 April 2019	-	(147)	(28)	(175)
Charge for the year	(306)	(114)	(11)	(431)
<b>Accumulated depreciation as at 31 March 2020</b>	<b>(306)</b>	<b>(261)</b>	<b>(39)</b>	<b>(606)</b>
<b>Net book value:</b>				
<b>As at 31 March 2020</b>	<b>1,308</b>	<b>419</b>	<b>33</b>	<b>1,760</b>
As at 31 March 2019	-	180	29	209
<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>-</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>-</b>	<b>(147)</b>	<b>(28)</b>	<b>(175)</b>
<b>Net book value:</b>				
<b>As at 31 March 2019</b>	<b>-</b>	<b>180</b>	<b>29</b>	<b>209</b>
As at 31 March 2018	-	205	24	229

For depreciation and further information on right-of-use assets, please see the leases note – Note 20.

1 1 April 2019 figure includes adjustment for IFRS 16 conversion under right of use assets - please see note 20 for further details.

## 18. Acquisition of subsidiaries

### Encore Ventures LLP

The Group acquired the remaining economic and beneficial membership interest in Encore Ventures LLP on 10 March 2020. Prior to this, the Group held a membership interest of 71%. This resulted in a change in ownership interest which did not result in a loss of control and has been accounted for in accordance with IFRS 10.

Consideration for the remaining interest in Encore Ventures was cash to the amount of £4.0 million. Pursuant to the Acquisition Agreement relating to the sale and purchase of certain membership interests in Encore Ventures LLP as well as the associated Subscription Agreements also dated 10 March 2020, Draper Esprit Plc issued 796,812 1p ordinary shares immediately subscribed to by those partners selling their interest in Encore Ventures LLP. The fair value of the equity shares issued was based on the market value of Draper Esprit plc's traded shares on the 10 March 2020 and amounted to £4.0 million.

As a result of this transaction, the balance of the non-controlling interest reported in the consolidated statement of financial position as at 31 March 2020 is nil (31 March 2019: £0.2 million). The profit attributable to non-controlling interest for the period to 10 March 2020 is £0.7 million and is reflected in the consolidated statement of comprehensive income for the year ended 31 March 2020 (year to 31 March 2019: £0.6 million).

## 19. Trade and other receivables

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Trade receivables <sup>^</sup>	2,669	424
Other receivables and prepayments	1,358	716
Loans made to related investment vehicles (Note 31)	3,692	-
	<b>7,719</b>	1,140

<sup>^</sup> £2.2 million of increase relates to accrued management fee.

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

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Not past due	242	268
Past due 1-30 days	45	5
Past due 31-60 days	34	9
More than 60 days	2,348	142
	<b>2,669</b>	424

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

## 20. Leases

### Lessee – Real Estate Leases

The Group leases office buildings in London for use by its staff. The Group also has offices in Cambridge and in Dublin, however these contracts are classified as service contracts and not leases. Information about leases for which the Group is a lessee is presented below. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. One office building lease was identified as an operating lease previously and disclosed in the notes to the financial statements in the Draper Esprit plc annual report dated 31 March 2019. A new lease commenced during the current period, relating to the 3rd floor of 20 Garrick Street, WC2E 9BT.

The Group leases IT equipment such as printers for use by staff. The Group has elected to apply the recognition exemption for leases of low value to these leases.

## Notes to the Consolidated Financial Statements continued

### Right-of-use assets

	Property £'000s	Total £'000s
Balance at 31 March 2019	–	–
Transition to IFRS 16 – recognition of right-of-use asset in respect of existing leases	835	835
<b>Balance at 1 April 2019</b>	<b>835</b>	<b>835</b>
Additions during the period	779	779
Depreciation charge for the period	(306)	(306)
<b>Balance at 31 March 2020</b>	<b>1,308</b>	<b>1,308</b>

### Lease liabilities

	Property £'000s	Total £'000s
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	404	404
One to five years	1,110	1,110
More than five years	–	–
<b>Total undiscounted lease liabilities at 31 March 2020</b>	<b>1,514</b>	<b>1,514</b>

	Property £'000s	Total £'000s
<b>Lease liabilities included in the consolidated statement of financial position</b>		
Current	358	358
Non-current	975	975
<b>Total lease liabilities at 31 March 2020</b>	<b>1,333</b>	<b>1,333</b>

As at 31 March 2019, no lease liabilities were recognised on the consolidated statement of financial position. As noted above, the Group recognised one operating lease under IAS 17. See note 23 to the annual report for Draper Esprit plc as at 31 March 2019 for further details. As at 1 April 2019, in accordance with the transition to IFRS 16, lease liabilities of £0.8 million were recognised in respect of this lease. A further lease commenced during the period relating to the 3rd floor of 20 Garrick Street, London. Lease liabilities in respect of this lease were recognised in accordance with IFRS 16 in the period.

### Amounts recognised in the consolidated statement of comprehensive income

	Year ended 31 March 2020 £'000s	Year ended 31 March 2019 £'000s
Interest on lease liabilities	94	–
Depreciation charge for the period on right-of-use assets	306	–
Expenses relating to short-term leases	–	–
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	5	–

Payments of £330k in respect of rental payments paying down the lease liability have been recognised in the consolidated statement of cash flows. A contribution for a rent-free period on the 3rd floor of 20 Garrick Street of £164k has been recognised in the consolidated statement of cash flows for the year ending 31 March 2020. These appear net in the consolidated statement of cash flows for the year ending 31 March 2020.

Under IAS 17, one lease in respect of the 2nd floor of 20 Garrick Street was recognised as an operating lease – please see the notes to the Draper Esprit plc annual report dated 31 March 2019 for further information. This lease was the only lease identified at the beginning of this period. A further lease commenced during the period in respect of the 3rd floor of 20 Garrick Street and can be seen in the additions to right-to-use assets above. Under IAS 17, expenses of £0.2 million were recognised in the consolidated statement of comprehensive income in respect of operating lease rentals in the year ending 31 March 2019.

## 21. Loans and borrowings

In June 2019 the Company entered into a revolving credit facility agreement with Silicon Valley Bank and Investec (together the “Financiers”) of £50.0 million over a 3-year term to provide financial flexibility and to fund the future growth plans of investee companies. The Company incurred costs of £0.5 million with respect to this facility which are presented within loans and borrowings on the statement of financial position and are amortised over the life of the facility (3 years). All interest-related charges are reported in profit or loss are included within finance costs or finance income. The bank loans are secured on agreed assets of the Group within the asset class of investments, updated as agreed with the Financiers from time to time, and are subject to customary financial and non-financial conditions with which the Group must comply.

The new facility agreement introduced financial and non-financial covenants.

- There must be a minimum of 10 core investments at all times (core investments are not defined in the same way as in this report as it is more broadly defined);
- The ratio of the NAV of all investments (as defined in the agreement) to original investment cost should not be less than 1.1:1.0 at any time; and
- The ratio of the NAV (as defined in the agreement) plus amounts in the collateral account to financial indebtedness (as defined in the agreement) should not be less than 10:1 at any time.

In addition, the borrowing base (as defined in the agreement) must exceed the facility amount.

As collateral for interest payments, an amount equal to the aggregate amount of interest costs due for the coming 6 months, all being equal, must be held in an Interest Reserve Account at all times. The balance of this at 31 March 2020 was £1.9 million and is reflected on the consolidated statement of financial position as restricted cash.

The debt facility is repayable on maturity (June 2022) but may become repayable earlier if certain conditions are not met. An increase of the revolving credit facility by £10.0 million to £60.0 million was agreed post year-end. Following this, the debt facility is repayable on maturity in June 2023.

As at 31 March 2020, the Company has drawn down £45.0 million of the £50.0 million facility. The drawn down amount of the £45.0 million is recognised in the consolidated statement of financial position under non-current liabilities net of the arrangement and agent fee balance of £0.4 million.

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Bank loan senior facility amount	50,000	–
Interest rate	BOE base rate + 6.75% / 7.50% floor	–
Drawn at balance sheet date	45,000	–
Arrangement fees	(364)	–
<b>Loan liability balance</b>	<b>44,636</b>	<b>–</b>
Undrawn facilities at balance sheet date	5,000	–

## 22. Trade and other payables

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Trade payables	(739)	(239)
Other taxation and social security	(280)	(290)
Other payables	(164)	(481)
Accruals and deferred income	(3,855)	(3,949)
	<b>(5,038)</b>	<b>(4,959)</b>

All trade and other payables are short-term.



## Notes to the Consolidated Financial Statements continued

### 23. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 19%). The movement on the deferred tax account is shown below:

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Arising on business combination	(75)	(89)
Arising on co-invest and carried interest	(414)	(599)
Other timing differences	(122)	57
<b>At 31 March</b>	<b>(611)</b>	<b>(631)</b>

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

### 24. Share capital and share premium Ordinary share capital

31 March 2020 – Allotted and fully paid	Number	Pence	£'000s
<b>At the beginning of the year</b>	<b>117,925,470</b>	<b>1</b>	<b>1,179</b>
Issue of share capital during the year <sup>1</sup>	195,842	1	2
Issue of share capital during the year <sup>2</sup>	796,812	1	8
<b>At the end of the year</b>	<b>118,918,124</b>	<b>1</b>	<b>1,189</b>

1 Between 24 December 2019 and 21 February 2020, 195,842 new 1p ordinary shares were issued in association with share options being exercised.

2 On 10 March 2020, as part of the acquisition agreement relating to the remaining interest in Encore Ventures LLP (see note 18) it was agreed that the Company would issue 796,812 new ordinary shares at 502p.

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.

### Share premium

Allotted and fully paid	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
At the beginning of the year	395,783	188,229
Premium arising on the issue of ordinary shares <sup>^</sup>	4,983	215,035
Equity issuance costs	(40)	(7,481)
<b>At the end of the year</b>	<b>400,726</b>	<b>395,783</b>

<sup>^</sup> The movement on share premium during the year has arisen as a result of 195,842 ordinary shares issued in association with share options being exercised during the year, and the issue of 796,812 shares of ordinary shares at 502 pence in association with the transaction to purchase the additional interest in Encore Ventures LLP (see note 18).

## 25. Merger relief reserve

In accordance with the Companies Act 2006, a Merger Relief Reserve of £13.1 million (net of the cost of share capital issued of £80k) was created on the issue of 4,392,332 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.

## 26. 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.

## 27. 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 2020</b>			
<b>Financial assets</b>	657,333	-	657,333
<b>Long-term financial assets</b>	657,333	-	657,333
Trade and other receivables	-	4,027	4,027
Loans to related investment vehicles	-	3,692	3,692
Cash and cash equivalents	-	32,255	32,255
Restricted cash	-	1,883	1,883
<b>Short-term financial assets</b>	-	41,857	41,857
<b>Total financial assets</b>	657,333	41,857	699,190
<b>Financial liabilities</b>			
Loans and borrowings	-	(44,636)	(44,636)
Lease liabilities	-	(975)	(975)
<b>Long-term financial liabilities</b>	-	(45,611)	(45,611)
Trade and other payables	-	(5,038)	(5,038)
Loans and borrowings	-	-	-
Lease liabilities	-	(358)	(358)
<b>Short-term financial liabilities</b>	-	(5,396)	(5,396)
<b>Total financial liabilities</b>	-	(51,007)	(51,007)
<b>31 March 2019</b>			
<b>Financial assets</b>	562,061	-	562,061
<b>Long-term financial assets</b>	562,061	-	562,061
Trade and other receivables	-	1,140	1,140
Cash and cash equivalents	-	50,358	50,358
<b>Short-term financial assets</b>	-	51,498	51,498
<b>Total financial assets</b>	562,061	51,498	613,559
<b>Financial liabilities</b>			
Trade and other payables	-	(4,959)	(4,959)
<b>Total financial liabilities</b>	-	(4,959)	(4,959)

## Notes to the Consolidated Financial Statements continued

### 28. 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 profit or 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 profit or loss are classified as Level 3 in the fair value hierarchy. There were no transfers between levels 1, 2, and 3 during the period.

#### Significant unobservable inputs for Level 3 valuations

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.

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 3 main valuation techniques. Valuation techniques can be categorised as based on last round price (calibrated with reference to market performance and technical/product milestones since the round and the companies trading performance relative to the expectations of the round), revenue-multiple or at NAV of the underlying fund (adjusted where relevant). As at 31 March 2020, financial instruments measured using last round price valuation methodology were £231.7 million (including those at a discount) (as at 31 March 2019: £295.0 million). As at 31 March 2020, financial instruments measured using revenue-multiple valuation methodology were £401.3 million (as at 31 March 2019: £217.8 million). As at 31 March 2020, financial instruments measured at NAV of the underlying fund (adjusted where relevant) were £68.1 million (31 March 2019: £79.2 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 3.2x.

If the multiple used to value each unquoted investment valued on a revenue-multiples basis as at 31 March 2020 were to decrease by 10%, the investment portfolio would decrease by £40.1 million (31 March 2019: £21.8 million). If the multiple increases by 10% then the investment portfolio would increase by £40.1 million (31 March 2019: £21.8 million).

If the multiple used to value each unquoted investment valued on a revenue-multiples basis as at 31 March 2020 were to decrease by 20% the investment portfolio would decrease by £80.3 million (31 March 2019: £43.6 million). If the multiple increases by 20% then the investment portfolio would increase by £80.3 million (31 March 2019: £43.6 million).

## 29. 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 Pound 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 2020 £'000s	31 March 2019 £'000s
Investments	557,567	412,146
10% decrease in GBP*	619,519	456,632
10% increase in GBP**	506,879	375,948

\* £376.5 million (2019: £305.0 million) denominated in USD and £242.9 million (2019: £151.0 million) denominated in EUR.

\*\* £308.1 million (2019: £250.0 million) denominated in USD and £198.8 million (2019: £126.0 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 2020 £'000s	31 March 2019 £'000s
Cash denominated in EUR	6,976	10,522
10% decrease in EUR:GBP	6,278	9,470
10% increase in EUR:GBP	7,673	11,574
Cash denominated in USD	3,627	9,746
10% decrease in USD:GBP	3,264	8,771
10% increase in USD:GBP	3,990	10,721

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 2020 £'000s	31 March 2019 £'000s
Shareholders' Equity	659,618	618,332
10% decrease in EUR:GBP/USD:GBP	593,656	556,499
10% increase in EUR:GBP/USD:GBP	725,580	680,166

#### 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, which have been heightened due to COVID-19.

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 profit or loss (Note 27). 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, last round price, or NAV of underlying fund - as discussed more fully in Note 4(a). These valuations are subject to market movements.

## Notes to the Consolidated Financial Statements continued

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

Theoretical impact of a fluctuation of +/-10% would have the following impact:

£'000s	Revenue- multiple	NAV of underlying fund	Last round price
As at 31 March 2020	<b>40,131</b>	<b>6,810</b>	<b>23,169</b>
As at 31 March 2019	21,781	7,921	29,496

We further flexed by 20% given the volatility resulting from the COVID-19 pandemic. Theoretical impact of a fluctuation of +/- 20% would have the following impact:

£'000s	Revenue- multiple	NAV of underlying fund	Last round price
As at 31 March 2020	<b>80,263</b>	<b>13,621</b>	<b>46,338</b>
As at 31 March 2019	43,562	15,842	58,993

### Liquidity risk

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of 3 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. The utilisation of the loan facility and requirement for utilisation requests is monitored as part of this process.

Lease liabilities fall due over the term of the lease – see Note 20 for further details. The debt facility has a term of 3 years – for further details, see Note 20. All other Group payable balances at balance sheet date and prior periods fall due for payment within 1 year.

As part of our seed fund of funds strategy, we make commitments to funds to be drawn down over the life of the fund. Projected drawdowns are monitored as part of the monitoring process above. For further details see Note 32.

### 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 impacted by credit risk, carrying amounts	31 March 2020 £'000s	31 March 2019 £'000s
Trade receivables	<b>2,669</b>	424
Loan to related investment vehicle	<b>3,692</b>	-
Cash at bank and in hand	<b>32,255</b>	50,358
Restricted cash	<b>1,883</b>	
	<b>40,499</b>	50,782

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 2020.

### Capital management

The Group's objectives when managing capital are to:

- (a) 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
- (b) maintain an optimal capital structure.

The Group is funded through equity and debt at the balance sheet date. Please refer to Note 21 for further information on the revolving credit facility.

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.

### Interest rate risk

The Group's interest rate risk arises from borrowings on the £50.0 million loan facility with Silicon Valley Bank and Investec, which was entered into in June 2019. Prior to the year ending 31 March 2020, the Group did not have any borrowings. The Group's borrowings are denominated in GBP and are carried at amortised cost. Six drawdowns totalling £50.0 million were made on the facility during the year at an interest rate of 7.5% (£5.0 million of which has been repaid). Future drawdowns may be subject to a different interest rate. The facility agreement has an interest rate calculated with reference to the Bank of England base rate (currently 0.10%) with a Margin of 6.75%. The agreement has an interest rate floor of 7.5%. As such, if the base rate increases, the interest charged on future drawdowns will increase.

If the Bank of England base rate had been 1.0% higher during the year to 31 March 2020 the difference to the consolidated statement of comprehensive income would have been an increase in finance costs of £0.1 million. If the Bank of England base rate had been 1.0% higher during the year to 31 March 2020 the difference to the consolidated statement of cash flows would have been an increase in expenditure of £0.1 million.

### 30. 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 43 for a reconciliation to the net investment balance.

## Notes to the Consolidated Financial Statements continued

### 31. Related party transactions

The Group may require that one of its members be appointed to the board of a portfolio company in a non-executive role. In certain cases, an administration fee is charged to the portfolio company for the provision of Director services. Fees of £44,000 (2019: £26,957) have been invoiced during the current year. At year-end, there was a balance of £6,000 outstanding (2019: £16,357). Draper Esprit does not exercise control or management through any of these non-executive positions.

During the year, £1,200,000 (2019: £840,000) was invoiced from Draper Esprit plc to Encore Ventures LLP for overheads, at year-end a balance of £100,000 (2019: £70,000) remained outstanding.

During the year £368,332 (2019: £53,737) was invoiced and received from Draper Esprit VCT for overheads.

During the period, the Company loaned £3.7 million to Esprit Capital Fund No 1 & No 2 LP on an arm's length basis. The loan is repayable on demand and interest is charged at 10% per annum. Interest of £187,152 has been accrued on the loan to 31 March 2020.

During the year, the Group purchased the remaining interest in Encore Ventures LLP – see note 18 for further details.

### 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 32 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 in the previous financial year with Earlybird. Total exposure to the Group is £187.3 million of NAV (2019: £144.6 million) and further commitments of £28.5 million (2019: £44.8 million). Following the year-end a further drawdown of £3.3 million was called reducing the undrawn commitment to £25.2 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.

### 32. Capital commitments

At 31 March 2020, the Group was committed to £39.1 million in relation to investments in fund of funds vehicles (31 March 2019: £33.9 million). As at 31 March 2020, £13.3 million of this has been drawn. In the summer of 2018, the Company entered into a Strategic Partnership Agreement with Earlybird to share deal flow 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 £56.4 million has been deployed to date (31 March 2019: £31.2 million).

### 33. Ultimate controlling party

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

### 34. Post balance sheet events

- Extended the term of the revolving credit facility with Silicon Valley Bank and Investec by 1 year to 2023 and increased its size by £10.0 million to £60.0 million.
- Zynga Inc. announced their agreement to acquire Peak Games for \$1.8bn, which will, subject to closing, indicate a fair value holding for Draper Esprit of approximately £80.0 million via Earlybird IV (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement with respect to the stock component).
- Simon Cook will be stepping down from the Board from 1 July 2020. Simon will remain with the Company as founding partner and focus on generating new deals and will continue as a board member for a number of portfolio companies.



## Company Statement of Financial Position

as at 31 March 2020

Assets	Note	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
<b>Non-current assets</b>			
Financial assets held at fair value through the profit and loss	6	<b>631,403</b>	532,897
Investments in subsidiary undertaking	7	<b>13,177</b>	13,177
Investments in associates	7	<b>258</b>	258
Property, plant and equipment	8, 10	<b>1,760</b>	209
<b>Total non-current assets</b>		<b>646,598</b>	546,541
<b>Current assets</b>			
Trade and other receivables	9	<b>5,445</b>	993
Cash and cash equivalents		<b>31,165</b>	48,568
Restricted cash	11	<b>1,883</b>	–
<b>Total current assets</b>		<b>38,493</b>	49,561
<b>Current liabilities</b>			
Trade and other payables	12	<b>(3,898)</b>	(7,851)
Loans and borrowings	11	–	–
Lease liabilities	10	<b>(358)</b>	–
<b>Total current liabilities</b>		<b>(4,256)</b>	(7,851)
<b>Non-current liabilities</b>			
Loans and borrowings	11	<b>(44,636)</b>	–
Lease liabilities	10	<b>(975)</b>	–
<b>Total non-current liabilities</b>		<b>(45,611)</b>	–
<b>Total liabilities</b>		<b>(49,867)</b>	(7,851)
<b>Net assets</b>		<b>635,224</b>	588,251
<b>Equity</b>			
Share capital	13	<b>1,189</b>	1,179
Share premium account	13	<b>400,726</b>	395,783
Merger relief reserve	13	<b>13,097</b>	13,097
Share-based payments reserve arising from company options scheme	14	<b>2,339</b>	1,713
Share-based payments reserve arising from acquisition of subsidiary		<b>10,823</b>	10,823
Retained earnings		<b>207,050</b>	165,656
<b>Total equity</b>		<b>635,224</b>	588,251

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 2020 was £41.4 million (31 March 2019: £97.2 million).

These financial statements on pages 117 to 125 were approved by the Board of Directors on 26 June 2020 and signed on its behalf by

**B.D. Wilkinson**  
Chief Financial Officer

Company registration number: 09799594

## Company Statement of Changes in Equity

for the year ended 31 March 2020

	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 as at 31 March 2018 and at 1 April 2018</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 13)	463	-	-	-	-	-	463
Share premium (Note 13)	-	207,554	-	-	-	-	207,554
Share-based payment arising from acquisition of subsidiary	-	-	-	-	1,989	-	1,989
Share-based payment (Note 14)	-	-	-	1,100	-	-	1,100
<b>Balance as at 31 March 2019 and at 1 April 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>
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	41,394	41,394
<b>Total comprehensive income for the year</b>							
<b>Contributions by and distributions to the owners:</b>							
Issue of share capital (Note 13)	10	-	-	-	-	-	10
Share premium (Note 13)	-	4,943	-	-	-	-	4,943
Share-based payment (Note 14)	-	-	-	990	-	-	990
Share-based payment – exercised during the year (Note 14)	-	-	-	(364)	-	-	(364)
<b>Balance at 31 March 2020</b>	<b>1,189</b>	<b>400,726</b>	<b>13,097</b>	<b>2,339</b>	<b>10,823</b>	<b>207,050</b>	<b>635,224</b>

# Notes to the Company Financial Statements

for the year ended 31 March 2020

## 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).

In the current year, the new Standard below has been adopted, which has affected the amounts reported in these financial statements:

- i. **IFRS 16 Leases** – From 1 April 2019, the Company has adopted IFRS 16 Leases, which became effective for annual periods beginning on or after 1 January 2019. The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed in the Draper Esprit plc annual report for the year ended 31 March 2019. See further details in significant accounting policies of the consolidation financial statements above – Note 3.

## 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.

As collateral for interest payments on the credit facility, an amount equal to the aggregate amount of interest costs due for the coming six months, all being equal, must be held in an Interest Reserve Account at all times. The balance of this at 31 March 2020 was £1.9 million and is reflected on the statement of financial position as restricted cash. See note 21 of the consolidated financial statements for further details.

## 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.

## Notes to the Company Financial Statements continued

for the year ended 31 March 2020

### 5. Results for the Parent Company

The auditors' 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 2020	31 March 2019
					Fair value £'000	Fair value £'000
Draper Esprit (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland.	Investment company	100%	Ireland	<b>553,254</b>	451,556
Esprit Investments (1) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	<b>16,537</b>	37,699
Esprit Investments (2) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	<b>61,612</b>	43,642
<b>Totals</b>					<b>631,403</b>	532,897

	31 March 2020	31 March 2019
	£'000s	£'000s
As at 1 April	<b>532,897</b>	213,625
Investments made in the year <sup>1/2</sup>	<b>89,935</b>	226,432
Investments settled in shares <sup>2</sup>	-	309
Loans repaid from underlying investment vehicles <sup>1</sup>	<b>(35,418)</b>	(11,305)
Unrealised gains on the revaluation of investments	<b>43,989</b>	103,836
<b>As at 31 March</b>	<b>631,403</b>	532,897

1 Investments and loans 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

2 Investments made in the year ending 31 March 2019 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

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

	Right of use assets £'000s	Leasehold improvements £'000s	Computer equipment £'000s	Total £'000s
<b>31 March 2020</b>				
<b>Cost</b>				
Cost carried forward as at 1 April 2019 <sup>^</sup>	835	327	49	1,211
Additions during the year	779	353	23	1,155
<b>Cost as at 31 March 2020</b>	<b>1,614</b>	<b>680</b>	<b>72</b>	<b>2,366</b>
<b>Accumulated depreciation</b>				
Depreciation carried forward as at 1 April 2019	-	(147)	(20)	(167)
Charge for the year	(306)	(114)	(19)	(439)
<b>Accumulated depreciation as at 31 March 2020</b>	<b>(306)</b>	<b>(261)</b>	<b>(39)</b>	<b>(606)</b>
<b>Net book value</b>				
<b>As at 31 March 2020</b>	<b>1,308</b>	<b>419</b>	<b>33</b>	<b>1,760</b>
As at 31 March 2019	-	180	29	209
<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>-</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>-</b>	<b>(147)</b>	<b>(20)</b>	<b>(167)</b>
<b>Net book value</b>				
<b>As at 31 March 2019</b>	<b>-</b>	<b>180</b>	<b>29</b>	<b>209</b>
As at 31 March 2018	-	205	22	227

<sup>^</sup> 1 April 2019 figure includes adjustment for IFRS 16 conversion under right of use assets - please see note 10 below for further details.

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

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

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Trade receivables	292	175
Other debtors	1,345	702
Loans made to Group companies	3,692	-
Intercompany debtors	116	116
<b>Total</b>	<b>5,445</b>	<b>993</b>

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

## 10. Leases

The Group applied IFRS 16 leases in the current year ending 31 March 2020. Refer to Note 20 of the consolidated financial statements.

## 11. Loans and Borrowings

In June 2019 the Company entered into a revolving credit facility agreement with Silicon Valley Bank and Investec (together the "Financiers") of £50.0 million over a 3-year term to fund the future growth plans of investee companies. Refer to Note 21 of the consolidated financial statements.

## Notes to the Company Financial Statements continued

for the year ended 31 March 2020

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

	31 Mar 2020 £'000s	31 Mar 2019 £'000s
Trade payables	(594)	(148)
Other taxation and social security	(280)	(290)
Intragroup creditors	(1)	(5,294)
Other payables	(8)	(331)
Accruals and deferred income	(3,015)	(1,788)
<b>Total</b>	<b>(3,898)</b>	<b>(7,851)</b>

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

### 13. Share capital and other reserves

31 March 2020 – Allotted and fully paid	Number	Pence
At the beginning of the year	117,925,470	1
Issue of share capital during the year <sup>1</sup>	195,842	1
Issue of share capital during the year <sup>2</sup>	796,812	1
<b>At the end of the year</b>	<b>118,918,124</b>	<b>1</b>

- Between the 24 December 2019 and the 21 February 2020, 195,842 new 1p ordinary shares were issued in association with share options being exercised.
- On 10 March 2020, as part of the acquisition agreement relating to the remaining interest in Encore Ventures LLP (see Note 18 of the consolidated financial statements) it was agreed that the Company would issue 796,812 new ordinary shares at 502p.

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>

- 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.
- 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.
- 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.

Movements in share capital and other reserves are explained in Note 24 of the consolidated financial statements.

### 14. 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.

### 15. Directors' emoluments and employee information

Employee benefit expenses (including Directors) comprise:

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Wages and salaries	4,595	3,447
Defined contribution pension costs	278	354
Benefits (healthcare and life assurance)	127	74
Recruitment costs	473	67

Social security contributions and similar taxes	601	459
<b>General employee and employee related expenses</b>	<b>6,074</b>	<b>4,401</b>
Share-based payment expense arising from company share option scheme	990	1,100
<b>Total employee benefit expenses</b>	<b>7,064</b>	<b>5,501</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 2020 Number	Year ended 31 Mar 2019 Number
Technology investment	14	14
Corporate functions	19	13
	<b>33</b>	<b>27</b>

Corporate functions comprise non-executive directors, finance, marketing, human resources, legal, IT, 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 pages 58 to 60. This includes Martin Davis who joined as CEO during the year, as announced on 4 November 2019.

	Year ended 31 Mar 2020 £'000s	Year ended 31 Mar 2019 £'000s
Wages and salaries	2,019	1,317
Short-term non-monetary benefits	9	10
Defined contribution pension costs	163	108
Share-based payment expense	466	631
Social security contributions and similar taxes	287	133
	<b>2,944</b>	<b>2,199</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 67 to 71, form part of these financial statements.

## 16. 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)
Encore Ventures LLP	Investment management	100% <sup>2</sup>	20 Garrick Street, London WC2E 9BT, United Kingdom	—
Esprit Investments (1) (B) LP	Limited partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 6)
Seedcamp Holdings LLP	Limited liability partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 6)
Seedcamp Investments LLP	Limited liability partnership	100%	727-729 High Road, London, England, N12 0BP	(Note 6)
Seedcamp Investments II LLP	Limited liability partnership	100%	727-729 High Road, London, England, N12 0BP	(Note 6)
Esprit Investments (2) (B) LP	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	—

1 Draper Esprit Nominee Limited is held at cost £nil (2019: £nil) on the Company's balance sheet.

2 The remaining interest in Encore Ventures LLP was purchased by the Group on 10 March 2020. For further details, see Note 18 of the consolidated financial statements.



## Notes to the Company Financial Statements continued

for the year ended 31 March 2020

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

### 17. 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.

### 18. 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 2020</b>			
<b>Financial assets</b>			
Investments	631,403	-	631,403
<b>Long-term financial assets</b>	<b>631,403</b>	<b>-</b>	<b>631,403</b>
Trade and other receivables	-	1,753	1,753
Loans to Group companies	-	3,692	3,692
Cash and cash equivalents	-	31,165	31,165
Restricted cash	-	1,883	1,883
<b>Short-term financial assets</b>	<b>-</b>	<b>38,493</b>	<b>38,493</b>
<b>Total financial assets</b>	<b>631,403</b>	<b>38,493</b>	<b>669,896</b>
<b>Financial liabilities</b>			
Loans and borrowings	-	(44,636)	(44,636)
Lease liabilities	-	(975)	(975)
<b>Long-term financial liabilities</b>	<b>-</b>	<b>(45,611)</b>	<b>(45,611)</b>
Trade and other payables	-	(3,898)	(3,898)
Loans and borrowings	-	-	-
Lease liabilities	-	(358)	(358)
<b>Short-term financial liabilities</b>	<b>-</b>	<b>(4,256)</b>	<b>(4,256)</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>(49,867)</b>	<b>(49,867)</b>
<b>31 March 2019</b>			
<b>Financial assets</b>			
Investments	532,897	-	532,897
<b>Long-term financial assets</b>	<b>532,897</b>	<b>-</b>	<b>532,897</b>
Trade and other receivables	-	993	993
Cash and cash equivalents	-	48,568	48,568
<b>Short-term financial assets</b>	<b>-</b>	<b>49,561</b>	<b>49,561</b>
<b>Total financial assets</b>	<b>532,897</b>	<b>49,561</b>	<b>582,458</b>
<b>Financial liabilities</b>			
<b>Total financial liabilities</b>	<b>-</b>	<b>(7,851)</b>	<b>(7,851)</b>

**19. Fair value measurements**

The Company holds investments at fair value through the profit and loss. Refer to Note 28 for the Group's policies with respect to fair value measurements and Note 6 of the Company financial statements.

**20. 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 29 of the consolidated financial statements.

**21. Related party transactions**

The Company may require that one of its members be appointed to the board of a portfolio company in a non-executive role. In certain cases, an administration fee is charged to the portfolio company for the provision of Director services. Fees of £17,000 (2019: £17,000) have been invoiced during the current year. At year-end, there was no balance outstanding (2019:nil). Draper Esprit does not exercise control or management through any of these non-executive positions.

During the year, £1,200,000 (2019: £840,000) was invoiced from Draper Esprit plc to Encore Ventures LLP for overheads. At year-end a balance of £100,000 remained outstanding (2019: £70,000).

During the year, £368,332 (2019: £53,737) was invoiced and received from Draper Esprit VCT for overheads.

During the period, the Company loaned £3.7 million to Esprit Capital Fund No 1 & No 2 LP on an arm's length basis. The loan is repayable on demand and interest is charged at 10% per annum. Interest of £187,152 has been accrued on the loan to 31 March 2020.

During the year, the Group purchased the remaining interest in Encore Ventures LLP – see note 18 for further details.

**22. Post balance sheet events**

- Extended the term of the revolving credit facility with Silicon Valley Bank and Investec by 1 year to 2023 and increased its size by £10.0 million to £60.0 million.
- Zynga Inc. announced their agreement to acquire Peak Games for \$1.8bn, which will, subject to closing, indicate a fair value holding for Draper Esprit of approximately £80.0 million via Earlybird IV (actual returns are subject to completion conditions, including FX movements, and acquirer share price movement with respect to the stock component).
- Simon Cook will be stepping down from the Board from 1 July 2020. Simon will remain with the Company as founding partner and focus on generating new deals and will continue as a board member for a number of portfolio companies.

## Directors, Secretary and Advisers

### Directors

Karen Slatford (Non-executive Chair)  
Martin Davis (Chief Executive Officer)  
– appointed on 4 November 2019  
Simon Cook (Founding Partner) – with effect until 1 July 2020  
Stuart Chapman (Chief Portfolio Officer)  
Grahame Cook (Non-executive Director)  
Richard Pelly (Non-executive Director)  
Ben Wilkinson (Chief Financial Officer)  
– appointed with effect from 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 Euronext Growth 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 Cossec Limited  
Elder House  
St Georges Business Park  
207 Brooklands Road  
Weybridge  
Surrey  
KT13 0TS

### Data Provider

Dealroom.co B.V. ("Dealroom")  
Cornelis Dirkszstraat 27-2  
1056 TP Amsterdam  
the Netherlands

# 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 20 Garrick Street, London WC2E 9BT on Monday 27 July 2020 at 11.00 a.m.

Due to the ongoing COVID-19 pandemic, and the stay at home measures put in place by the UK Government, the Board has decided to run the 2020 AGM as a closed meeting. As a result, members will not be permitted to attend the meeting in person and access will be refused. Quorum will be achieved through the attendance of two Company director shareholders and/or employee shareholders. Under the circumstances, members are encouraged to submit their proxy form to ensure that their votes are registered. The Board strongly advises members to appoint the chairman of the meeting as proxy for all votes.

The AGM will be held 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 2020 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 2020, which, inter alia, sets out the remuneration policy and remuneration paid to Directors during the year.
- 3 That Martin Davis be 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 re-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 £392,429.81, 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 2021 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.

## Notice of Annual General Meeting continued

### SPECIAL RESOLUTIONS

- 11 That, subject to the passing of resolution 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 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 £59,459.06 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 2021 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 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 10, the Directors be and are hereby empowered, in addition to any authority granted under resolution 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 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 £59,459.06, 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 2021 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 11,891,812;
  - (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 2021 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 Cossec Limited**

**Company Secretary of Draper Esprit plc**

26 June 2020

Registered Office: 20 Garrick Street, London WC2E 9BT

**Notes:**

The following notes explain your general rights as a member and your right to vote at the 2020 AGM or to appoint someone else to vote on your behalf. Given the restrictions in place during the COVID-19 pandemic, members are encouraged to submit their proxy form to ensure that their votes are registered and the Board strongly advises shareholders to appoint the chairman of the meeting as proxy for all votes. Please note that appointing a proxy who cannot attend the AGM will effectively void your vote.

- 1 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 23 July 2020 (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 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 23 July 2020 shall be disregarded in determining the rights of any person to vote at the AGM.
- 2 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. Under the current circumstances, the Board strongly advises shareholders to appoint the chairman of the meeting as proxy for all votes. Please note that appointing a proxy who cannot attend the AGM will effectively void your vote.
- 3 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).
- 4 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.
- 5 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.

#### 6 **Electronic proxy appointment through CREST**

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM to be held on 27 July 2020 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or as an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointees by other means.

CREST members and, where applicable, their CREST sponsor(s) or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor(s) or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

- 7 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. Voting on all resolutions will be conducted by way of a poll as the AGM will be a closed meeting and shareholders will not be permitted to attend the AGM in person, with the exception of those permitted to form a quorum.

- 8 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. As the AGM will be held as a 'closed meeting', corporate members are strongly encouraged to complete and return a form of proxy appointing the Chairman of the meeting to ensure their votes are included in the poll.
- 9 As at 24 June 2020, 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 118,918,124 Ordinary Shares, each carrying one vote. Therefore, the total voting rights in the Company as at the Latest Practicable Date is 118,918,124.
- 10 Copies of the Directors' service contracts and letters of appointment are available on request.
- 11 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, or by email at [info@draperesprit.com](mailto:info@draperesprit.com).

### Explanation of the resolutions

*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 2020.

*Resolution 2 – Remuneration and Nomination Committee Report* – shareholders are asked to approve the Remuneration and Nomination Committee Report, which sets out the remuneration policy and remuneration paid to Directors for the financial year.

*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 the performance of 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-election 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 58 to 60 of the Annual Report and Financial Statements 2020 and are also available from the Company's website: <https://draperesprit.com/investors/plc/leadership>. The Board unanimously recommends the election of Martin Davis and the re-election of each of the other Directors.

*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.

*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 2021 and 30 September 2021 (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 £ 392,429.81 (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.

*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 £59,459.06 (representing 5,945,906 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 £59,459.06 (representing 5,945,906 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 2021.

*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 11,891,812 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 Euronext Growth (formerly ESM) on 15 June 2016 and such admission becoming effective in accordance with the AIM Rules and the Euronext Growth 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, Risk and Valuations Committee”</b>	the Audit, Risk and Valuations Committee of the Board.
<b>“BoE”</b>	Bank of England
<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>	the top companies by value that represent approximately 70% of the overall portfolio value.
<b>“COVID”/“COVID-19”/“Coronavirus”/“CV19”</b>	Coronavirus disease, the infectious disease caused by a new strain of coronavirus in 2019/20.
<b>“DEF” / “Digital East Fund”</b>	Digital East Fund 2013 SCA SICAR
<b>“Directors” or “Board”</b>	the Directors of the Company from time to time
<b>“Draper Esprit Funds”</b>	the Esprit Funds and the Encore Funds
<b>“Draper Venture Network”</b>	the self-governed network of 24 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” / “Draper Esprit’s EIS funds”</b>	DFJ Esprit Angels’ EIS Co-Investment Fund, DFJ Esprit Angels’ EIS Co-Investment II, DFJ Esprit EIS III, DFJ Esprit EIS IV, Draper Esprit EIS 5, and Draper Esprit EIS, 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>“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>“Euronext Dublin”</b>	The trading name of the Irish Stock Exchange Plc.



## Glossary continued

<b>“Euronext Growth”</b>	the Euronext Growth securities market (formerly the Enterprise Securities Market) operated and regulated by the Irish Stock Exchange plc (trading as “Euronext Dublin”).
<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>“Group”</b>	The Company and its subsidiaries from time to time and, for the purposes of this document, including Esprit Capital Partners LLP and its subsidiaries and subsidiary undertakings.
<b>“HMRC”</b>	HM Revenue & Customs.
<b>“IFRS” or “IFRSs”</b>	International Financial Reporting Standards, as adopted for use in the European Union.
<b>“IPO”</b>	the Company’s listing on the London Stock Exchange’s AIM market and the Irish Stock Exchange’s (trading as Euronext Dublin) Euronext Growth Dublin market on 15 June 2016.
<b>“IRR”</b>	the internal rate of return.
<b>“NAV”</b>	the value, as at any date, of the assets of the Company and/or Group after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company and/or Group from time to time.
<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 and having its registered office at 1 Embankment Place, London, 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.





Draper Esprit London HQ  
20 Garrick Street  
London, WC2E 9BT  
Tel: +44 (0)20 7931 8800

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