

Interim Results

for six months ended 30 September 2018

Draper Esprit plc



Draper Esprit is one of the most active venture capital firms in Europe, developing and investing in disruptive, high growth technology companies.

We believe the best entrepreneurial teams in Europe are capable of building the global businesses of the future. We fuel their growth with long-term capital, access to international networks and decades of experience building businesses.

Interim Financial highlights

£354.0m

Gross Primary Portfolio value increased by 45% to £354.0 million (31 March 2018: £243.5 million).

444p

Hard NAV per share has increased 10% to 444p (31 March 2018: 402p). NAV per share has increased by 8% to 454 pence (31 March 2018: 420p).

20%

Gross Primary Portfolio fair value growth by 20% in the six-month period.

£440.3m

Net Assets, excluding goodwill, of £440.3 million (31 March 2018: £290.9 million).

£115.0m

Additional capital raised of £115.0 million in plc (£111.5 million net) with £103.8 million cash on balance sheet at period end.

Operational highlights

- £65.0 million deployed by plc with a further £10.6 million from EIS/VCT funds into next generation opportunities.
- The Group has invested in 11 new companies (including 5 new portfolio company investments over £1.5 million via the Earlybird partnership) and 6 existing portfolio companies.
- The Company has entered into a strategic partnership with Earlybird Digital West to share dealflow, investment resources and expertise.
- Gross Primary Portfolio fair value growth by 20%.
- Core portfolio holdings have increased by 33%.
- £115.0 million additional capital raised from new and existing shareholders by plc and £21.0 million across the EIS and VCT funds.
- Budgeted increase in core portfolio revenues of 40% to 2018 and 51% to 2019.
- Operating costs net of fee income as a proportion of NAV is less than 0.5%.

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Chief Executive's Review

In the six-month period ended 30 September 2018, the Company continued to successfully execute the strategy of providing early and growth-stage technology companies with the capital, network, and support they need to pursue their global growth plans.

Overview

In a busy period of corporate activity, we successfully raised gross proceeds of £115.0 million in May via a placing and subscription, welcoming a range of new, high-quality investors to our shareholder register, while also raising a further £21.0 million from across Draper Esprit's EIS, VCT and secondary funds.

As part of our broader growth strategy, the Group announced in July that it had entered into a Strategic Partnership Agreement with the Earlybird Digital West group, a German-based investor in early-stage technology businesses across Europe. This has already begun to bear fruit, since the commencement of the strategic partnership, we have made 5 new European portfolio company investments over £1.5 million via the Earlybird partnership.

The past six months have been characterised by an active period of investment, which saw us invest £65.0 million across 17 transactions (11 new, including 5 via the Earlybird partnership, and 6 existing) and a further £10.6 million from co-investment funds, EIS and VCT. We have continued to invest in a variety of exciting, new companies and to increase stakes in the most promising companies in our existing portfolio.

Driven by strict portfolio selection criteria and a disciplined approach, we added two companies to our core portfolio in the period. This was achieved alongside the ongoing and sustainable expansion of Draper Esprit's fund of fund strategy with further commitments to a number of Europe's top seed funds.

Our key financial objective remains the delivery of significant returns to shareholders over the longer term by growing our NAV. We remain on course to exceed our stated objective of a portfolio return of 20% per annum for the full year, with a 20% fair value increase delivered in the six months period to 30 September 2018.

The ongoing and rapid advances in key technology subsectors such as blockchain, digital healthcare, artificial intelligence, and fintech continue to shape our investment strategy and, with an annual deployment rate of over £60.0 million a year from the Company balance sheet, matched by £40.0 million of EIS and VCT co-investment, Draper Esprit remains one of the most active VCs in Europe.

Notable new investments and their markets

Since partnering with Earlybird Digital West, we now have a combined investment team of 40 and are able to leverage our experience and skill to identify the companies whose ideas and vision will disrupt the markets in which they operate. We actively screen thousands of companies each year from across Europe, meeting with over 1,000 firms who we think have the ability to be global leaders in their chosen fields.

During the period, we invested £65.0 million by Plc and a further £10.6 million from our EIS/VCT funds. These included;

- In April, we led the Series B funding with a £9.9 million investment in Aircall, a leading provider of cloud-based call centre software bringing the total funds raised by Aircall to \$40.5 million to date, with the proceeds from the round being used to accelerate the buildout of Aircall's cloud-based phone system.
- In May, we invested £7.4 million in the latest Series C funding round for Revolut, the London headquartered fintech company, taking their total funds raised to \$340.0 million since their launch in 2015, making them one of the fastest growing tech companies in Europe. With over 250,000 daily active users and, a target of 100.0 million customers in the next five years, the business is at the forefront of app-only digital banking.
- In May, we invested £3.7 million in Finnish microsatellite manufacturer ICEYE, as part of a \$34.0 million Series B funding round. The business will use the new capital to expand its custom analytics services for its growing customer base, further developing its satellite technology with the goal of deploying the largest Synthetic Aperture Radar constellation by the end of 2019.
- In July, we invested £2.3 million with a further £4.1 million invested from EIS funds in Endomagetics as part of \$10.0 million Series C funding round led by plc. Endomagetics, is a Cambridge-based surgical guidance company pioneering magnetic sensing equipment that successfully targets and removes cancer. As a result of this investment round, the business is now focused on rapidly expanding its commercial activity in all markets, accelerating its planned product development.
- In August, we led a series A funding round in Roomex, an ambitious global travel software business headquartered in Dublin that saw the business raise €8.0 million. The Company invested £3.0 million with a further £0.6 million invested from our VCT and EIS co-investment vehicles. Having more than doubled the size of its workforce in the past 18 months, the funding will be used to continue to develop the firm's market-leading booking platform while driving expansion into new markets.
- In August, we led a £7.5m Series A funding round in Apperio, the UK-based legal tech start-up providing in-house legal teams complete visibility of their legal spend. The Company invested £1.5 million with a further £0.5 million invested from

“From Draper Esprit’s perspective, we have entered the second half of the financial year with good momentum. Our model continues to work and with Net Asset Value continuing to grow substantially, we are on target to hit our portfolio return of 20% per annum.”

EIS funds and the investment will be used to grow their sales and customer success teams, and expand into a new office in Holborn, London, the heart of London’s legal district.

Alongside Earlybird, we invested £25.0 million, including the following:

- We invested £2.3 million in Berlin-based CrossLend, the digital marketplace for loans, as part of a larger €14.0 million round. CrossLend’s business model aims to remove hurdles to a European Capital Markets Union. The Berlin-based business plans to establish a European Debt Exchange enabled by their recent partnership with solarisBANK and ABN AMRO.
- We invested £2.7 million in UK-based Fraugster, the antifraud solution for e-commerce businesses as part of a €4.7 million round. The company leverages artificial intelligence to eliminate payment fraud. Unlike rival products, Fraugster learns from each transaction in real-time and can foresee attacks before they happen.
- We have invested £1.6 million in the Switzerland-based Shapeshift, the cryptocurrency exchange which offers global trading of a variety of digital assets via web and mobile platforms, as part of a \$10.4 million round. The company supports dozens of blockchain tokens including Bitcoin, Ethereum, Monero, Zcash and Dash.
- We invested £1.9 million in Targomo, a provider of real-time geospatial mobility analytics as part of a €4.3 million round. Targomo’s technology takes location intelligence to a new level using algorithms to understand problems such as route planning, property valuation, and site analyses. The product enables users to visualise results with clear maps and diagrams.
- We invested £2.3 million in Medidate, Germany’s first virtual clinic provider, the leading platform for premium lifestyle surgeries. The unique concept entails a broad regional network of partner clinics and own locations of the highest standards while at the same time focusing on a superior patient journey and customer experience.

In addition, an aggregate of £7.1 million was invested in the following companies via our partnership with Earlybird; Allthings, Bitwala, Everoad, Movinga, Crossengage, Xain, Inkitt, Service Partner ONE, Tradico, and Lexoo.

Follow-on and secondary investments

As our business grows, so does our ability to increase our stakes in existing portfolio companies, doubling down on those companies who have demonstrated their credentials as disruptive European firms with global growth ambitions.

During this period, we invested £9.8 million in follow-on investments, including increasing our holdings in Ravenpack (£3.4 million), a big data analytics platform for hedge funds, banks and asset managers, Perkbox (£3.7 million), the digital employee engagement platform and a core portfolio holding, and Verve (£1.3 million), the advocacy platform for live events.

Earlybird Digital West agreement

As announced in July, our strategic partnership with Earlybird Digital West will see Draper Esprit share dealflow, investment resources and expertise to co-invest together in high growth European technology companies.

With a team of 23 investment professionals, Earlybird has invested in leading technology companies such as N26, Smava, UI Path, and Peak Games.

The Strategic Partnership Agreement creates one of the most active venture capital partnerships in Europe. Together, Draper Esprit and Earlybird have the equivalent of a €1.0 billion+ fund, with the capability to deploy up to €200.0 million a year in 15-20 Seed, Series A, B and C stage technology companies.

As part of this strategic partnership, Draper Esprit has now invested £25.0 million alongside Earlybird Fund VI in 15 promising companies which sit as a part of our emerging portfolio. We are committed to invest a further c.€17.0 million (£15.0 million) per annum over the next four years with a total commitment of approximately £76.0 million into the fund. As a 50% LP we have shown the individual investments on a direct basis above.

Disposals

In April 2018, we announced the sale of our portfolio company Tails.com, the direct-to-consumer, tailor-made dog nutrition business to Purina Petcare, a subsidiary of Nestlé SA. The transaction was executed at a valuation supportive of NAV as at 31 March and represents an attractive return for Draper Esprit.

The Group’s high-quality portfolio of companies is regularly the subject of inbound interest from potential trade and private equity buyers with ongoing discussions regarding potential realisations.

Chief Executive's Review continued

Seed funds

The expansion of our fund of fund strategy serves to consolidate our existing relationships with the best Seed funds in Europe and fuels the ecosystem of future primary investment opportunities. During the period further commitments were made to a number of Europe's top seed funds including IQ Capital (Cambridge, UK), Seaya Ventures (Spain), Stride Capital (UK), and Five Seasons Ventures (France).

Since 1 April 2018 the Group has invested £1.7 million and made further commitments to 10 new fund of funds vehicles taking the total committed to date to over £25.0 million across 14 funds, increasing our opportunity to source the best deals from across Europe and providing us with the oversight and access to seed stage companies who are in growth mode. Such commitments will be drawn down over a five-year period.

Outlook

In the six-month period ended 30 September 2018, the Company continued to successfully execute the strategy of providing early and growth-stage technology companies with the capital, network, and support they need to pursue their global growth plans. Backing European technology start-ups who we believe have the potential to become global leaders in their respective sectors and markets, while simultaneously providing our investors with access to these high growth technology companies, remain the central principles that underpins our business.

We continue to see a strong pipeline of potential investments and maintain significant cash reserves. Our disciplined approach to pricing, deployment and valuation of our current portfolio remains central to our strategy and allows us to continue to look for companies with strong IP, networks, and competitive advantages. We believe that the European technology market continues to show growth and that the lack of scale-up capital available is an important gap to close as companies look to compete globally.

From Draper Esprit's perspective, we have entered the second half of the financial year with good momentum. Post-period, we have completed the secondary portfolio acquisition to acquire the DFJ Europe X fund for £25.9 million (\$33.7 million) to increase stakes in existing core portfolio companies, including Trustpilot, Graze, Sports Pursuit, M-Files and Lyst. In addition, there are four new investments expected to complete in the near-term, which will commit over £20.0 million in aggregate from the Company (over £30.0 million from the Group including £9.5 million from co-investment funds), and ongoing discussions for potential realisations. Our model continues to work and with Net Asset Value continuing to grow substantially, we remain on target to hit our portfolio return of 20% per annum.

Nevertheless, we are mindful of the prevailing market backdrop and are committed to maintaining a prudent approach to new opportunities, only partnering with those businesses that fulfil our strict investment criteria. Equally, the uncertainty around

Brexit is something we are mindful of and the ability for UK-based companies to access the best and brightest talent from around the world remains critical. However, being dual listed in both London and Ireland provides us with continued flexibility to access Europe in a post Brexit environment.

Longer-term, the strategically significant developments of the first half of the current financial year that saw us raise additional funds and partner with Earlybird Digital West, enables us to continue finding the most promising technology companies from across the continent. Meanwhile, our low net cost base and access to off balance sheet capital through our co-investment vehicles, EIS and VCT funds, puts the plc in a strong position regardless of capital market conditions. Our model of adding accretive secondary portfolio acquisitions to the portfolio also enables us to access the best companies and generate value through economic cycles.

We are in a good position and our model of offering investors access to investments in high-growth private technology businesses, continues to bear fruit.

Simon Cook

CEO

Portfolio review

A period of enhanced deployment and strong growth in the core portfolio has driven an increase in the Gross Primary Portfolio. The gross value of the Company’s investment holdings before deductions for carry and any deferred tax, increased by £110.5 million to £354.0 million (£243.5 million at 31 March 2018). The 45% uplift reflects a 20% increase in the fair value of the portfolio and further investments of £65.0 million. The fair value increase of £47.7 million is driven by a strong performance in the core portfolio which has grown in fair value by 33% particularly through valuation uplifts in Trustpilot (£15.2 million), Graphcore (£14.3 million), Lyst (£5.2 million) and Ravenpack (£4.5 million). Continued high average revenue growth across the core portfolio underpins these uplifts with commercial milestones being achieved in the key movers. Positive currency movements in the period have contributed £10.1 million to the fair value gains. A period of increased deployment has seen follow on investments in Perkbox, Ravenpack and Verve, and new investments in Aircall, Iceye, Endomagnetics, Apperio and Roomex.

At the period end the current portfolio held by the Group consists of significant minority interests in 36 companies (and an additional 15 held via Earlybird) (31 March 2018: 31 companies).

The core portfolio companies reflect those investments with a fair value above £9.0 million, in the period both Aircall and Ravenpack have moved into core holdings to bring the number of core holdings, which account for approximately 70% of the total portfolio value, to twelve. The remaining value is spread across 39 emerging investments which have the potential to grow into the core holdings of the future.

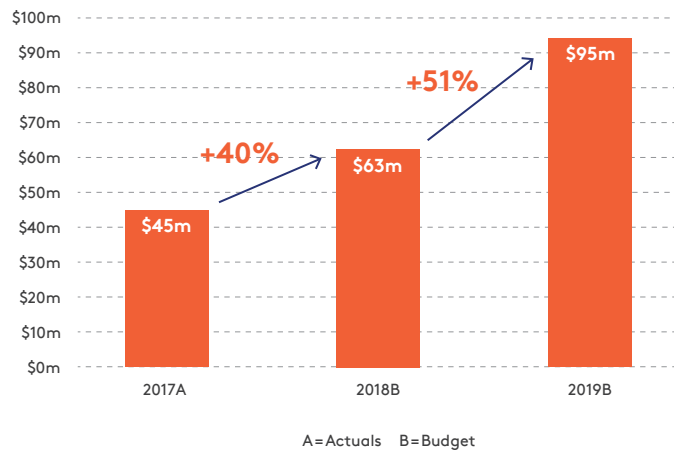
The core portfolio, comprising: Graze, Trustpilot, M-Files, Ledger, Podpoint, Lyst, Sportpursuit, Perkbox, Graphcore, Ravenpack, Transferwise, and Aircall, represents a value of £235.1 million and exhibits an average turnover in excess of US\$63.0 million, growing in aggregate over 40% annually from 2018 and projecting further growth in excess of 51% into 2019.

Gross Portfolio Progression — by Portfolio Company (£ millions)

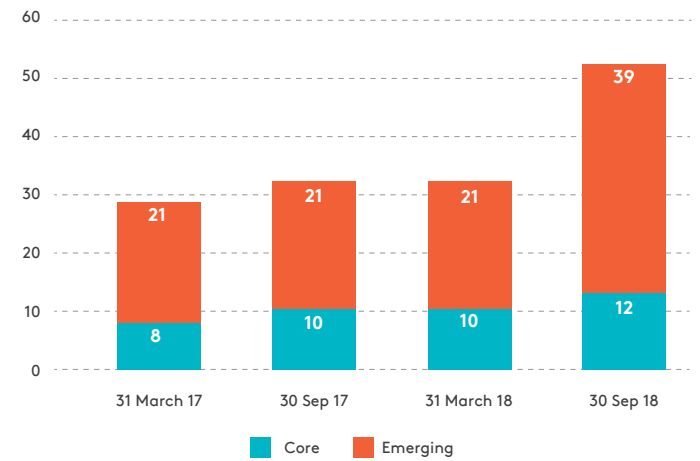


Portfolio review continued

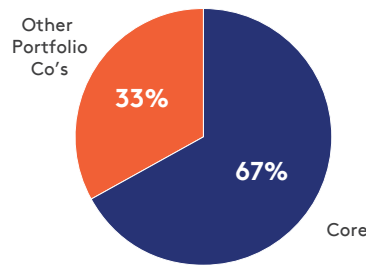
Average Core Portfolio Revenues (\$ millions)



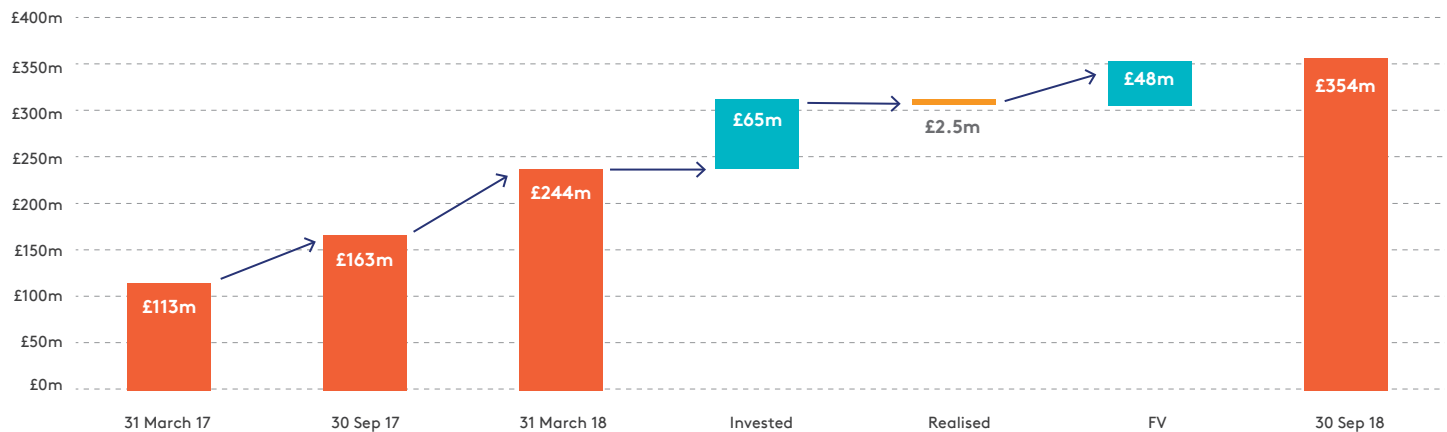
Number of portfolio companies



Sept 2018 Gross Portfolio Split



Gross Portfolio Value Progression (£ millions)



Core Portfolio updates

Graphcore

During the period, Graphcore, the machine intelligence chip company, has made great progress. In May the company stated publicly that they have shipped their C2 IPU (Intelligence Processing Unit) cards to early access customers. They also publicly demonstrated the C2 IPU-Accelerator cards at the International Conference for Machine Learning in Stockholm in July for the first time.

The team are also scaling significantly, with around 40 new hires across the business. Senior hires include John Walsh, who joined as Senior Vice President of Operations in April, and Sophie Fromont, who joined as Senior Vice President of People in September. In addition to their Bristol HQ and engineering centre in Oslo, Norway, they officially launched an office in Palo Alto in July.

Trustpilot

Trustpilot, the online review site, announced in October 2018 that it has reached 50 million reviews on its platform, consolidating its position as the leading online review platform for businesses and customers. In June, the company also launched a successful brand refresh, alongside plans for changes and upgrades to its platform after a year of research and collaboration with consumers. Trustpilot will now offer companies new features for customer engagement and has launched its "Find Reviewer" tool, which enables companies and reviewers to engage with each other more freely and directly.

The company has also now secured partnerships with leading ecommerce platforms, Magento (based in the US) and PrestaShop (based in Paris) alongside leading digital knowledge platform, Yext (based in the US). The partnerships will enable Trustpilot to expand its business further while improving user experience by providing them with more opportunity to gain insights.

Lyst

In May, Lyst, the global fashion search platform, raised a \$60.0 million round of funding, led by LVMH. The latest round of funding was to fuel international expansion; the company has already launched new sites in French, German, Spanish and Italian. In 2017, Lyst provided enhanced search services to more than 70 million fashion shoppers. The company is now profitable and has seen revenues grow over 400% in the past three years since it raised its last funds.

Pod Point

During the period, Pod Point, the electric charge point supplier, announced new preferred supplier partnerships with Jaguar Land Rover, Nissan Norway and Mitsubishi, bringing their total automotive relationships to a total of ten.

Significant client wins over the same period included construction company Kier Group, the Barking Riverside development, McDonalds UK, pub chain Fuller's, Chester Zoo, Interstate Hotels and Resorts, as well as Barnet and Waltham Forest councils.

Over the six-month period Pod Point continued to expand their team and now employ more than 170 people. They have also established a network assurance team to keep the network operating at optimal levels, thereby maximising client satisfaction and retention rates. These efforts are clearly paying off, with Pod Point recently voted one of the best networks in a Zap Map survey of almost 1,700 drivers.

Ledger

During the period, Ledger, the hardware security wallet for cryptocurrencies and blockchain applications, launched two new products: the Ledger Vault, a security solution for financial institutions and Ledger Live, the standalone companion computer app for Ledger devices. The company also made significant firmware improvements to both their hardware wallets, the Ledger Nano S and the Ledger Blue, in order to continue augmenting the security of the wallets.

In May, the team also announced a joint-venture named Komainu with global investment bank, Nomura, and pioneer investment house, Global Advisors. Komainu is being established to bring together the traditional and disruptive worlds of asset custody, paving the way for secure and compliant institutional investment in digital assets. It provides infrastructure and an operational framework to the wider investment management industry and enable investors to embed or implement a consistent set of best practice standards within their businesses.

Ledger has also diversified its strategy by partnering with Engie, the French multinational electric utility business, to develop the first blockchain hardware product which will secure data at the source of energy production.

M-Files

During the period, M-Files, the next-generation intelligent information management platform, announced it had signed a €27.0 million financing agreement with the European Investment Bank. The company will use the loan for international growth, partner channel expansion and accelerating R&D in Europe. M-Files plans to expand its offices in the UK, Germany, France, Australia and the US, as well as increase investment in its intelligent information management platform. The company has also launched its services in Denmark, announced a successful integration with Microsoft Dynamic NAV and has announced Apex Oil as a new customer.

RavenPack

During the period, Draper Esprit invested a further £3.4 million into the big data analytics platform, RavenPack, and the company now sits within our core portfolio. The company has recently closed deals with several large financial institutions, including Citi Bank. Meanwhile, they launched their new search tool, enabling users the ability to search across 20 years of news, social media and other textual content to generate insight for investing, trading, risk management and compliance. Combined with RavenPack's sentiment scoring and analytics, RavenPack can now empower

Core Portfolio updates continued

their clients with a better understanding of events and how markets might react to them.

Perkbox

During the period, Perkbox, the employee engagement platform, has expanded their team with both several key hires (including ex Yahoo! Veteran, Paul Schulz as CTO) and has grown the size of its tech team from 32 to 65 employees in order to accelerate product development cycles. New clients to join the platform include Whole Foods, Jigsaw, Levi's, Twinings and Eurofins.

The company has also announced a number of new partners, including Boxx, a paid-for subscription service providing world class workouts, and Pensionbee, an online pension manager.

In September, Perkbox launched a new platform: Perkbox Insight, which measures the sentiment of people within the business. By providing employees with a structured feedback mechanism, Perkbox believes this will enable companies to solve problems before they escalate into larger issues.

Post period end, in October, the company also announced the opening of its office in Paris to enable companies in France to access their product.

Aircall

During the period, Aircall, the cloud-based call centre, raised \$29.0 million from Draper Esprit, alongside Balderton Capital, NextWorld Capital, eFounders and NewFund. The proceeds will be used to accelerate the buildout of its cloud-based phone system, including seamless integrations into all the software tools used by modern businesses. Aircall will also dedicate portions of the funds to acquire top talent to supplement its growing teams in both the US and Europe.

Graze.com

During the period, Graze, the multichannel snack company, relaunched their snack brand to help consumers "reimagine the way they snack." Graze teamed up with leading creative agency, Jones Knowles Richtie, to develop a brand which challenges the negative perception around snacking and drive additional healthier products to market. Graze are able to launch a new product from concept to shelves in just 48 hours, due to their tech-enabled factory and data-driven approach. Launched as a subscription service in 2007, and in UK retail in 2015, Graze is now stocked by Waitrose, WHSmith, Tesco, Sainsbury's, as well as thousands of stores across the US.

Sportspursuit

Sportspursuit, the UK-based sport-specific ecommerce site, partnered with Eurosport, the Discovery-owned sports broadcaster, to launch a platform for sports fans to purchase clothing, footwear, equipment and accessories. The Eurosports shop is now live in France, Germany and the UK via dedicated local-language microsites, there are already plans to extend this to Belgium, Monaco, Austria and Switzerland.

TransferWise

During the period, TransferWise, the international money transfer platform, became the first fintech company to hold a settlement account, allowing the company direct access to Bank of England's Real Time Gross Settlement. Through the settlement account, TransferWise became the first tech company to become a direct member of the Faster Payment Scheme. TransferWise also launched their European wide borderless debit card in April and in June, they announced a partnership with UK neobank Monzo, and France's second largest bank, BCPE.

TransferWise continues to demonstrate strong growth. In September, the company also released their FY18 annual report, showing 75% revenue growth to £117.0 million and £6.2 million net profit after tax. They now have over 4 million customers, 1300 employees, and transfer £3.0 billion a month for customers worldwide.

Core Portfolio updates continued

Gross Portfolio Value Table

Investment	Fair Value of Investments 30-Mar-18 £m	Investments £m	Realisations £m	Movement in Fair Value £m	Draper Esprit (Ireland) Limited £m	Fair Value of Investments 30-Sep-18 £m	Interest FD* at reporting date
Trustpilot	34.3	-		15.2	-	49.5	C
Graphcore	23.4	-		14.3	-	37.7	B
Lyst	18.3	-		5.2	-	23.5	C
Perkbox	17.5	3.7		0.5	-	21.7	C
Ledger	17.7	-		-	-	17.7	B
M-Files	14.4	-		0.8	-	15.2	B
SportPursuit	13.4	-		0.1	-	13.5	D
Ravenpack	5.5	3.4		4.5	-	13.4	D
Transferwise	12.2	-		0.9	-	13.1	A
Graze	10.0	-		-	-	10.0	B
Aircall	-	9.9		-	-	9.9	D
Podpoint	9.9	-		-	-	9.9	C
Remaining Portfolio	64.6	48.0	(2.5)	6.3	0.3	116.6	
Total	241.2	65.0	(2.5)	47.7	0.3	351.7	-
Co-invest assigned to plc	2.3	-	-	-	-	2.3	-
Gross Portfolio Value	243.5	65.0	(2.5)	47.7	0.3	354.0	-
Carry external	(11.2)	-	-	(5.5)	-	(16.7)	-
Portfolio deferred tax	(1.8)	-	-	(0.7)	-	(2.5)	-
Trading carry & co-invest	1.4	-	-	(0.1)	-	1.3	-
Net portfolio value	231.9	65.0	(2.5)	41.5	0.3	336.2	-

* 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%

Interim Financial Review

The six-month period ended 30 September 2018 has delivered an equity raise of £115.0 million gross to further strengthen the balance sheet, scale the Company and enhance the shareholder base. With a strong balance sheet, the Company has been able to provide further support to the private high growth technology companies to which it invests, to take advantage of opportunities to create value and increase the breadth of operations.

Investment in the period of £65.0 million has been above the £60.0 million per annum stated target and includes £25.0 million invested into Earlybird Digital West VI. The increased deployment reflects the high quality of investment opportunities the Company has seen during the period and the impact of scaling the business as the balance sheet grows.

The Gross Primary Portfolio of £354.0 million (£243.5 million at 31 March 2018) has increased as a consequence of the £65.0 million of investment and the fair value growth of £47.7 million in the portfolio. The Gross Primary Portfolio is subject to deductions for the fair value of the carry liabilities and deferred tax to generate the net investment value of £336.2 million (£231.9 million at 31 March 2018) which is reflected on the condensed consolidated interim statement of financial position as financial assets held at fair value through the profit or loss. The Gross Portfolio Value Table has been generated to reflect gross and net movement in value of the portfolio during the period.

The net fair value gain on investments of £41.5 million is reflected in the condensed consolidated interim statement of comprehensive income. A deferred tax provision of £2.5 million continues to be recognised in the period 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 against the investments in the condensed consolidated interim statement of financial position. Carry balances of £16.7 million are accrued to previous and current employees of the Group based on the current fair value at the period-end and deducted from the Gross Primary Portfolio.

Net assets have increased by 49.7% to £449.9 million (£300.5 million at 31 March 2018) in the period and net assets excluding goodwill have grown by 51% to £440.3 million (£290.9 million at 31 March 2018). The increase in the balance sheet assets reflects the positive portfolio performance, particularly in the core portfolio, and the equity raise undertaken in the period of £115.0 million (£111.5 million net of fees) from both existing and new institutional investors. 27,380,952 new shares were issued on 14 June 2018 to trading on AIM and ESM.

In the period, a change in the underlying accounting treatment of the Company's acquisition of Esprit Capital Partners LLP ("ECP") in June 2016 has led to a reduction in the goodwill carried on the balance sheet of £10.8 million. This is not indicative of an impairment to the goodwill or the inherent value of ECP but a change to present approximately half of the original consideration (8 million shares at 300p per share) as a contingent payment. The reduction in the goodwill is matched by a reduction in the merger reserve on the consolidated statements of financial position of £10.8m and the consolidated statements of comprehensive

income reflects an equivalent charge over the current and restated reporting periods. The prior period consolidated statements of financial position and consolidated statements of comprehensive income comparatives have been restated to reflect how the reduced goodwill would have impacted the accounts in those periods. There are no ongoing charges related to this accounting change.

During the period the Company entered into a Strategic Partnership Agreement to share dealflow and resources to co-invest in high growth technology companies across Europe and have invested £25.0 million in the period of a total commitment to invest approximately £76.0 million over a four-year period to 2022. The Company has also acquired a minority stake in the Management Company of the Earlybird Fund VI for a total consideration of £0.6 million. The consideration has been satisfied by cash and the issue of 64,820 new ordinary shares of one pence each in the capital of the Company to the Earlybird Digital West partners.

Period-end cash balances of £103.8 million include the cash balance of £56.6 million at 31 March 2018, the subsequent equity raise of £111.5 million net of fees, investments in the period of £65.0 million in the portfolio and the operating costs of the business.

Investment income for the year comprises the £41.5 million of unrealised investment gains (gains are unrealised as they have not been disposed of at period end and are held within Draper Esprit (Ireland) Limited, which is accounted for as an investment company) and fee income of £2.5 million which is generated from management fees and director fees. At the year-end 31 March 2018 performance fees were recognised of £3.5 million, of which £1.0 million was attributable to the plc with the remainder reflected in non-controlling interests. Under the new IFRS 15 accounting standard there has been a change in the test for recognition and this revenue has not been recognised in the current period; it is anticipated that these balances will now be recognised at the point of cash realisation. General administrative costs of £3.3 million (£2.4 million at 30 September 2017), predominantly relate to employment, professional and office expenses, while investment and acquisition costs of £0.2 million (£0.4 million 30 September 2017) relate directly to portfolio investment costs.

Ben Wilkinson
CFO

Directors' Responsibilities Statement

The Directors confirm that to the best of our knowledge:

- (a) The condensed consolidated interim financial statements, which has been prepared in accordance with IAS 34 'Interim Financial Reporting', give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- (b) The interim review includes a fair review of the information required by DTR 4.2.7R (disclosure of related parties' transactions and changes therein); and
- (c) The principal risks and uncertainties faced by the Group for the remaining six months of the year are consistent with those outlined in the Group's most recent annual financial statements for the year ended 31 March 2018, reflecting the information required by DTR 4.2.7R.

This responsibility statement was approved by the Board on 5 November 2018 and signed on its behalf by:

B. Wilkinson

Chief Financial Officer

5 November 2018

Independent Review Report to Draper Esprit plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Draper Esprit plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results of Draper Esprit plc for the 6-month period ended 30 September 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim statement of financial position as at 30 September 2018;
- the condensed consolidated interim statement of comprehensive income for the period then ended;
- the condensed consolidated interim statement of cash flows for the period then ended;
- the condensed consolidated interim statement of changes in equity for the period then ended; and
- the notes to the condensed consolidated interim financial statements.

The interim financial statements included in the Interim Results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income

for the period ended 30 September 2018

	Notes	Unaudited Period Ended 30 Sep 2018 £'000s	Unaudited Period Ended 30 Sep 2017 £'000s Restated*	Audited Year Ended 31 Mar 2018 £'000s Restated*
Unrealised gains on investments held at fair value through the profit and loss	10	41,518	23,170	66,603
Fee income		2,513	1,309	7,163
Total investment income		44,031	24,479	73,766
Operating expenses				
General administrative expenses		(3,333)	(2,441)	(5,785)
Depreciation and amortisation		(79)	(81)	(160)
Share based payments—resulting from company share option scheme		(550)	(182)	(490)
Share based payments—resulting from acquisition of subsidiary		(1,990)	(2,203)	(4,406)
Investment and acquisition costs		(185)	(372)	(424)
Operating profit from operations		37,894	19,200	62,501
Finance income/(expense)	6	1,262	(470)	(1,418)
Operating profit/(loss) before tax		39,156	18,730	61,083
Exceptional items		(34)	–	(229)
Income taxes		12	(4)	43
Profit for the year/period		39,134	18,726	60,897
Share of profit attributable to non-controlling interests		(307)	(293)	(3,131)
Profit from continuing operations		38,827	18,433	57,766
Other comprehensive income/(expense):				
Other comprehensive expense		–	–	–
Total comprehensive income/(loss) for the year/period		38,827	18,433	57,766
Earnings per share attributable to (restated):				
Equity holders of parent (pence)	7	39	26	81

*Certain amounts shown here do not correspond to the Annual Report for the year ended 31 March 2018 and the Interim Report for the period ended 30 September 2017 and reflect adjustments made, refer to Note 4(b) and Note 8.

The notes on pages 20 to 33 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2018

	Notes	Unaudited As at 30 Sep 2018 £'000s	Unaudited As at 30 Sep 2017 £'000s Restated*	Audited As at 31 Mar 2018 £'000s Restated*	Audited As at 31 Mar 2017 £'000s Restated*
Non-current assets					
Intangible assets	8	10,181	10,283	10,232	10,335
Investments in associates	9	258	258	258	260
Financial assets held at fair value through the profit or loss	10	336,200	154,982	231,910	105,971
Property, plant and equipment		235	260	229	152
Total non-current assets		346,874	165,783	242,629	116,718
Current assets					
Trade and other receivables		2,394	907	4,840	527
Cash and cash equivalents		103,821	92,043	56,641	24,892
Total current assets		106,215	92,950	61,481	25,419
Current liabilities					
Trade and other payables		(2,531)	(2,032)	(2,948)	(1,550)
Total current liabilities		(2,531)	(2,032)	(2,948)	(1,550)
Non-current liabilities					
Deferred tax	12	(641)	(720)	(651)	(716)
Total non-current liabilities		(641)	(720)	(651)	(716)
Net assets		449,917	255,981	300,511	139,871
Equity					
Share capital	13	991	716	716	407
Share premium account	13	299,717	188,229	188,229	93,248
Merger relief reserve	13	13,097	13,097	13,097	13,097
Share-based payments reserve—resulting from company share option scheme	14	1,163	294	613	123
Share-based payments reserve—resulting from acquisition of subsidiary		10,824	6,631	8,834	4,428
Retained earnings		123,985	46,897	86,230	28,464
Equity attributable to owners of Draper Esprit Plc		449,777	255,864	297,719	139,767
Non-controlling interests		140	117	2,792	104
Total equity		449,917	255,981	300,511	139,871
Net assets per share (pence) (restated)	7	454	357	420	343

*Certain amounts shown here do not correspond to the Annual Report for the years ended 31 March 2018 and 31 March 2017 and Interim Report for the period ended 30 September 2017 and reflect adjustments made, refer to Note 4(b) and Note 8.

The condensed interim financial statements were approved by the Board of Directors and authorised for issue on 5 November 2018.

B. Wilkinson
Chief Financial Officer

The notes on pages 20 to 33 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

for the period ended 30 September 2018

	Notes	Unaudited As at 30 Sep 2018 £'000s	Unaudited As at 30 Sep 2017 £'000s	Audited As at 31 Mar 2018 £'000s
Cash flows from operating activities				
Operating profit before tax		39,156	18,730	60,897
Adjustments to reconcile operating profit to net cash flows used in operating activities:				
Exceptional costs		(34)	–	–
Revaluation of investments held at fair value through the profit and loss	10	(41,518)	(23,170)	(66,603)
Depreciation and amortisation		79	93	160
Share-based payments—resulting from company share option scheme	14	550	171	490
Share-based payments—resulting from acquisition of subsidiary		1,990	2,203	4,406
Foreign exchange movements		(1,262)	–	1,530
(Increase)/decrease in trade and other receivables		(1,138)	(452)	(4,314)
Increase/(decrease) in trade and other payables		(417)	352	1,401
Net cash used in operating activities		(2,594)	(2,072)	(2,033)
Tax paid		–	–	(107)
Net cash (outflow) from operating activities		(2,594)	(2,072)	(2,140)
Cash flows from investing activities				
Purchase of property, plant and equipment		(56)	–	(204)
Loans repaid from underlying investment vehicles	10	2,487	1,534	15,338
Purchase of investments	10	(64,950)	(27,375)	(74,674)
Net cash outflow from investing activities		(62,519)	25,789	(59,540)
Cash flows from financing activities				
Interest received		54	52	112
Cash paid to non-controlling interests		(457)	(278)	(443)
Proceeds from issue of share capital at a premium		115,035	100,000	100,000
Equity issuance costs		(3,547)	(4,710)	(4,710)
Net cash inflow from financing activities		111,085	95,012	94,959
Net increase in cash & cash equivalents		45,972	67,151	33,279
Cash and cash equivalents at beginning of period		56,641	24,892	24,892
Exchange differences on cash and cash equivalents		1,208	–	(1,530)
Cash and cash equivalents at end of period/year		103,821	92,043	56,641

*Certain amounts shown here do not correspond to the Annual Report for the years ended 31 March 2018 and 31 March 2017 and Interim Report for the period ended 30 September 2017 and reflect adjustments made, refer to Note 4(b) and Note 8.

The notes on pages 20 to 33 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

for the period ended 30 September 2018

Unaudited	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve – resulting from company share option scheme £'000s	Share-based payments reserve – resulting from acquisition of subsidiary £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non- controlling interests £'000s	Total equity £'000s
Balance at 31 March 2018	716	188,229	13,097	613	8,834	86,230	297,719	2,792	300,511
Adjustment for transitioning to IFRS 15 (note 3)	–	–	–	–	–	(1,072)	(1,072)	(2,502)	(3,574)
Comprehensive Income for the year									
Profit for the period	–	–	–	–	–	38,827	38,827	307	39,134
Amounts paid to non-controlling interest	–	–	–	–	–	–	–	(457)	(457)
Total comprehensive income for the period	–	–	–	–	–	38,827	38,827	(150)	38,677
Contributions by and distributions to the owners:									
Issue of share capital (note 13)	275	–	–	–	–	–	275	–	275
Share premium (note 13)	–	111,488	–	–	–	–	111,488	–	111,488
Merger relief reserve	–	–	–	–	–	–	–	–	–
Share based payments—resulting from company share option scheme (note 14)	–	–	–	550	–	–	550	–	550
Share based payments—resulting from acquisition of subsidiary	–	–	–	–	1,990	–	1,990	–	1,990
Balance at 30 September 2018	991	299,717	13,097	1,163	10,824	123,985	449,777	140	449,917

Unaudited (restated*)	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve – resulting from company share option scheme £'000s	Share-based payments reserve – resulting from acquisition of subsidiary £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non- controlling interests £'000s	Total equity £'000s
Balance at 31 March 2017	407	93,248	13,097	123	4,428	28,464	139,767	104	139,871
Comprehensive Income for the year									
Profit for the period	–	–	–	–	–	18,433	18,433	–	18,433
Amounts paid to non-controlling interest	–	–	–	–	–	–	–	13	13
Total comprehensive income for the period	–	–	–	–	–	18,433	18,433	13	18,446
Contributions by and distributions to the owners:									
Issue of share capital (note 13)	309	–	–	–	–	–	309	–	309
Share premium (note 13)	–	94,981	–	–	–	–	94,981	–	94,981
Merger relief reserve	–	–	–	–	–	–	–	–	–
Share based payments—resulting from company share option scheme (note 14)	–	–	–	171	–	–	171	–	171
Share based payments—resulting from acquisition of subsidiary	–	–	–	–	2,203	–	2,203	–	2,203
Balance at 30 September 2017	716	188,229	13,097	294	6,631	46,897	255,864	117	255,981

Condensed Consolidated Interim Statement of Changes in Equity

for the period ended 30 September 2018

Audited (restated*)	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve – resulting from company share option scheme £'000s	Share-based payments reserve – resulting from acquisition of subsidiary £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non-controlling interests £'000s	Total equity £'000s
Balance at 31 March 2017	407	93,248	13,097	123	4,428	28,464	139,767	104	139,871
Comprehensive Income for the year									
Profit for the period	–	–	–	–	–	57,766	57,766	3,131	60,897
Amounts paid to non-controlling interest	–	–	–	–	–	–	–	(443)	(443)
Total comprehensive income for the period	–	–	–	–	–	57,766	57,766	2,688	60,454
Contributions by and distributions to the owners:									
Issue of share capital (note 13)	309	–	–	–	–	–	309	–	309
Share premium (note 13)	–	94,981	–	–	–	–	94,981	–	94,981
Merger relief reserve	–	–	–	–	–	–	–	–	–
Share based payments—resulting from company share option scheme (note 14)	–	–	–	490	–	–	490	–	490
Share based payments—resulting from acquisition of subsidiary	–	–	–	–	4,406	–	4,406	–	4,406
Balance at 31 March 2018	716	188,229	13,097	613	8,834	86,230	297,719	2,792	300,511
Audited (restated*)	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve – resulting from company share option scheme £'000s	Share-based payments reserve – resulting from acquisition of subsidiary £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non-controlling interests £'000s	Total equity £'000s
Balance at 31 March 2016	50	–	–	–	–	(3)	47	–	47
Comprehensive Income for the year									
Profit for the period	–	–	–	–	–	28,487	28,487	330	28,817
Acquired reserves due to non-controlling interest	–	–	–	–	–	(20)	(20)	20	–
Amounts paid to non-controlling interest	–	–	–	–	–	–	–	(246)	(246)
Total comprehensive income for the period	–	–	–	–	–	28,467	28,467	104	28,571
Contributions by and distributions to the owners:									
Issue of share capital (note 13)	357	–	–	–	–	–	357	–	357
Share premium (note 13)	–	93,248	–	–	–	–	93,248	–	93,248
Merger relief reserve	–	–	13,097	–	–	–	13,097	–	13,097
Share based payments—resulting from company share option scheme (note 14)	–	–	–	123	–	–	123	–	123
Share based payments—resulting from acquisition of subsidiary	–	–	–	–	4,428	–	4,428	–	4,428
Balance at 31 March 2017	407	93,248	13,097	123	4,428	28,464	139,767	104	139,871

*Certain amounts shown here do not correspond to the Annual Report for the years ended 31 March 2018 and 31 March 2017 and Interim Report for the period ended 30 September 2017 and reflect adjustments made, refer to Note 4(b) and Note 8.

The notes on pages 20 to 33 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

for the period ended 30 September 2018

1. General information

Draper Esprit Plc is a public limited company incorporated and domiciled in England and Wales. On 15 June 2016, the Company listed on the London Stock Exchange's AIM market and the Irish Stock exchange's ESM market.

The Company is the ultimate parent company in which results of all subsidiaries are consolidated. The condensed consolidated interim financial statements for the period ended 30 September 2018 comprise the condensed consolidated interim financial statements of the Company and its subsidiaries (together, "the Group"). The information for the six-month period ended 30 September 2018 and 2017 do not constitute statutory accounts as described in section 80 of the Companies Act 2006. Comparative figures for the year ended 31 March 2018 are taken from the full statutory accounts, except where restated, which contained an unqualified audit opinion.

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

2. Standards not affecting the reported results or financial position

IFRS 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay lease payments are recognised. The only exceptions are short-term and low value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments, see note 15. As at 30 September 2018, the Directors have determined that commitments of £1.4 million with respect to the Company's registered office (note 15) would be recognised on the balance sheet as a liability in accordance with IFRS 16.

3. Adoption of new and revised standards

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been applied from 1 April 2018.

IFRS 15 Revenue from Contracts with Customers

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

The core principal of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

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

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

	Previously reported £000's	IFRS 15 reclassification £000's	Restated £000's
Performance fee revenue (recognised in year ending 31 March 2018)	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
Accrued Revenue	3,574	(3,574)	0

IFRS 9, Financial Instruments

In the current period, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for the 1) classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. There is no material impact on the Group in relation of the implementation of IFRS 9.

Notes to the Condensed Consolidated Interim Financial Statements

for the period ended 30 September 2018

1) Classification and measurement

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

2) Impairment of financial assets

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

– Trade and other receivables

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

4. Significant accounting policies

Basis of accounting

The condensed consolidated interim financial statements are for the six month period ended 30 September 2018 and have been prepared on a going concern basis in accordance with IAS 34 'Interim Financial Statements' (IAS 34). They are unaudited and do not include all of the information required in statutory annual financial statements in accordance with the IFRSs as adopted by the EU and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2018.

The condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 5 November 2018.

a) Significant accounting policies

Other than the adoption by the Group of IFRS 9 and IFRS 15, which is discussed in further detail above, as well as the restatement discussed in 4(b) below, the condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted by the Group's most recent annual financial statements for the year ended 31 March 2018.

b) Prior period restatements

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

The impact on the net assets in the condensed consolidated interim statement of financial position as at 31 March 2017, 31 March 2018, and 30 September 2017 was £10.8 million. The impact on profit for the period ended 31 March 2018 in the consolidated statement of comprehensive income was £4.4 million (30 September 2017: £2.2 million). For further details of the restatement, see the primary statements and note 8.

5. Critical accounting estimates and judgements

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

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Statements

for the period ended 30 September 2018

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

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

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

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 cashflows expected from the cash generation unit (CGU) and a suitable discount rate in order to calculate present value. The carrying amount of the restated goodwill as at the statement of financial position date was £9.7 million, which was recognised during the year ending 31 March 2017 in accordance with IFRS 3 Business Combinations.

c) Control assessment

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

6. Finance income/(expense)

	Period ended 30 September 2018 £'000s	Period ended 30 September 2017 £'000s	Year ended 31 March 2018 £'000s
Net foreign exchange gain/loss	1,208	(521)	(1,530)
Interest income on cash and cash equivalents	54	51	112
Net finance expense	1,262	(470)	(1,418)

Notes to the Condensed Consolidated Interim Financial Statements

for the period ended 30 September 2018

7. Earnings per share and net asset value

The calculation of basic earnings per share is based on the profit attributable to shareholders and the number of shares.

30 September 2018	Profit after tax £'000s	No. of shares '000	Pence per share
Basic earnings per ordinary share	38,827	99,058	39.2
30 September 2017 Restated (note 4b & 8)	Profit after tax £'000s	No. of shares '000	Pence per share
Basic earnings per ordinary share	18,433	71,612	25.7
31 March 2018 Restated (note 4b & 8)	Profit after tax £'000s	No. of shares '000	Pence per share
Basic earnings per ordinary share	57,766	71,612	80.7

Net asset value per share is based on the net asset attributable to shareholders and the number of shares at the relevant reporting date.

30 September 2018	Net assets £'000s	No. of shares '000	Pence per share
Net asset value per ordinary share	449,917	99,058	454
30 September 2017 Restated (note 4b & 8)	Net assets £'000s	No. of shares '000	Pence per share
Net asset value per ordinary share	255,981	71,612	357
31 March 2018 Restated (note 4b & 8)	Net assets £'000s	No. of shares '000	Pence per share
Net asset value per ordinary share	300,511	71,612	420

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8. Intangible assets

	Goodwill ¹ £'000s	Customer contracts ² £'000s	Total £'000s
30 September 2018 Restated (note 4b & 8)			
Cost			
Cost carried forward as at 1 April 2018	9,653	818	10,471
Cost as at 30 September 2018	9,653	818	10,471
Accumulated amortisation			
Amortisation carried forward as at 1 April 2018	–	(239)	(239)
Charge for the period	–	(51)	(51)
Accumulated amortisation as at 30 September 2018	–	(290)	(290)
Net book value:			
As at 30 September 2018	9,653	528	10,181
30 September 2017 Restated (note 4b & 8)			
Cost			
Cost carried forward as at 1 April 2017	9,653	818	10,471
Additions during the period	–	–	–
Cost as at 30 September 2017	9,653	818	10,471
Accumulated amortisation			
Amortisation carried forward as at 1 April 2017	–	(136)	(136)
Charge for the year	–	(52)	(52)
Accumulated amortisation as at 30 September 2017	–	(188)	(188)
Net book value:			
As at 30 September 2017	9,653	630	10,283
31 March 2018 Restated (note 4b & 8)			
Cost			
Cost carried forward as at 1 April 2017	9,653	818	10,471
Additions during the year	–	–	–
Cost as at 31 March 2018	9,653	818	10,471
Accumulated amortisation			
Amortisation carried forward as at 1 April 2017	–	(136)	(136)
Charge for the year	–	(103)	(106)
Accumulated amortisation as at 31 March 2018	–	(239)	(239)
Net book value:			
As at 31 March 2018	9,653	579	10,232

1 Goodwill of £9.7 million (restated - see below for further details) arose on the acquisition of all the capital interests in Esprit Capital Partners LLP, a Venture Capital manager based in the UK, on 15 June 2016 and represents the value of the acquired expertise and knowledge of the fund managers. The directors have identified the fund managers as the cash-generating unit ("CGU") being the smallest group of assets that generates cash inflows independent of cash flows from other assets or groups of assets. The fund managers are responsible for generating deal flow and working closely with investee companies creating value and maximising returns for the Group. The Group tests goodwill annually for impairment comparing the recoverable amount using value-in-use calculations and the carrying amount. Value-in-use calculations are based on future expected cash flows generated by the CGU from management fees that would be received if the portfolio of assets were managed by an independent third party under commercial terms over the next eight years. 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, and the percentage of management fees. The discount rate used was 10% and the management fees were charged at 2% of portfolio assets.

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

Notes to the Condensed Consolidated Interim Financial Statements

for the period ended 30 September 2018

Acquisition of Esprit Capital Partners LLP

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

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

The acquisition was settled by issuing 8,000,000 shares of Draper Esprit plc. The fair value of the equity shares issued was based on the market value of Draper Esprit plc's traded shares on the acquisition date. Certain Directors each received 2,911,311 ordinary shares pursuant to the terms of the of the Esprit Capital Acquisition Agreement on 15 June 2016 and agreed to immediately each sell 681,156 ordinary shares. In the period, a change in the underlying accounting treatment of the Company's acquisition of Esprit Capital Partners LLP ("ECP") in June 2016 has led to a reduction in the goodwill carried on the balance sheet of £10.8 million. In accordance with IFRS 3, Business Combinations, £10.8 million (3,607,668 shares at £3.00 each) was reclassified to the consolidated statement of changes in equity as a contingent payment to the members of Esprit Capital Partners LLP and charged to the consolidated statement of comprehensive income over 2.5 years in accordance with the Lock-in And Vesting Deed dated 10 June 2016 and subsequent Waiver Agreement. This is not indicative of an impairment to the goodwill or the inherent value of ECP but a change to present approximately half of the original consideration (8 million shares at 300p per share) as a contingent payment.

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

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

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for the period ended 30 September 2018

9. Investments in associates

On 24 November 2016, Draper Esprit acquired a 30.77% stake in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited with an option to acquire the balance of the Elderstreet shares. The initial consideration of £0.26 million was satisfied by the issue of 73,667 new ordinary shares of 1 pence each in the capital of the Company.

10. Investments

The Group holds investments through investment vehicles it manages. The investments are predominantly in unlisted securities and are carried at fair value through the profit and loss. The Group's valuation policies are set out in detail in the annual audited consolidated financial statements for the year ended 31 March 2018. 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.

	Unaudited As at 30 Sept 2018 £'000s	Unaudited As at 30 Sept 2017 £'000s	Audited As at 31 Mar 2018 £'000s
As at 1 April	231,910	105,971	105,971
Investments made in the period ^{1,2}	65,259	27,375	74,674
Loans repaid from underlying investment vehicles	(2,487)	(1,534)	(15,338)
Unrealised gains on the revaluation of investments	41,518	23,170	66,603
As at period end	336,200	154,982	231,910

1 Investments made in the period of £65.0 million (including stamp duty and fees of £0.3 million) 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 The investments made in the period include non-cash consideration of £0.3 million.

11. Operating segments

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. The Group has one operating segment identified, the investment portfolio of the Group, which is monitored closely, and strategic decisions are made on the basis of the investment portfolio performance.

12. Deferred tax

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

	Period ended 30 Sept 2018 £'000s	Period ended 30 Sept 2017 £'000s	Year ended 31 Mar 2018 £'000s
Arising on business combination	(105)	(154)	(100)
Arising on co-invest and carried interest	(536)	(566)	(578)
Other timing differences	–	–	27
At the end of the period	(641)	(720)	(651)

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13. Share capital and share premium

Ordinary share capital

30 September 2018 - Allotted and fully paid	Number	Pence
At the beginning of the period	71,611,773	1
Issue of share capital during the period for cash ¹	27,380,952	1
Issue of share capital during the period as consideration for investment purchase ²	64,820	1
At the end of the period	99,057,545	1

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

30 September 2017 - Allotted and fully paid	Number	Pence
At the beginning of the period	40,747,576	1
Issue of share capital during the period for cash	30,864,197	1
At the end of the period	71,611,773	1

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

Share premium

Allotted and fully paid	Period ended 30 Sept 2018 £'000s	Period ended 30 Sept 2017 £'000s	Year ended 31 Mar 2018 £'000s
At the beginning of the period	188,229	93,248	93,248
Premium arising on the issue of ordinary shares [^]	115,035	100,000	100,000
Transfer to merger relief reserve ^{^^}	-	-	-
Equity issuance costs	(3,547)	(5,019)	(5,019)
At the end of the period	299,717	188,229	188,229

[^] The premium on ordinary shares in the period arises from the issue of 27,380,952 new ordinary shares of 1 pence each on the 14 June 2018 and the issue of 64,820 new ordinary shares of 1 pence each on the 4 July 2018.

^{^^} Merger relief reserve: In accordance with the Companies Acts 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 8,000,000 ordinary shares for 300 pence (net of contingent consideration payments) each in Draper Esprit plc as consideration for the acquisition of 100% of the capital interests in Esprit Capital Partners LLP on 15 June 2016.

Notes to the Condensed Consolidated Interim Financial Statements

for the period ended 30 September 2018

14. Share-based payments

	Date of Grant	Number of CSOP Options	Number of approved Options	Vesting period	Exercise Price (pence)	Fair value per granted instrument (pence)
Draper Esprit plc 2016 Company Share Option Scheme (CSOP)	28-Nov-16	1,618,967	101,400	3 years	355	64.1
Draper Esprit plc 2016 Company Share Option Scheme (CSOP)	28-Nov-16	152,528	–	5 years	355	89.3
Draper Esprit plc 2016 Company Share Option Scheme (CSOP)	11-Nov-17	180,000	–	3 years	359	89.8
Draper Esprit plc 2016 Company Share Option Scheme (CSOP)	28-Nov-17	116,016	–	5 years	387	97.9
Draper Esprit plc 2016 Company Share Option Scheme (CSOP)	28-Nov-17	1,191,913	48,926	3 years	387	70.9
Draper Esprit plc 2016 Company Share Option Scheme (CSOP)	30-Jul-18	1,205,600	–	3 years	492	152.9
Draper Esprit plc 2016 Company Share Option Scheme (CSOP)	30-Jul-18	102,750	101,400	5 years	492	186.4

On 30 July 2018, 1,205,600 and 102,750 shares under option were granted to employees of the company, Directors and Trusts. The share price at grant dates was 492 pence. The share-based payment charge for the period is £550,360 (year ended 31 March 2018: £490,234).

In the period to 30 September 2018, 34,648 options lapsed. 23,099 had an exercise price of 355 on grant date and 11,549 had an exercise price of 387 on grant date.

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

The Black Scholes Option Pricing Model has been used for valuation purposes. All options are settled in shares. Volatility is expected to be in the range of 20-30% based on an analysis of the Company's and peer groups share price. The risk-free rate used was 0.73% and 1.57% and was taken from zero coupon United Kingdom government bonds on a term consistent with the vesting period. There are no performance conditions attached to these share options.

15. Leases

Operating leases – lessee

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

	Period ended 30 Sept 2018 £'000s	Period ended 30 Sept 2017 £'000s	Year ended 31 Mar 2018 £'000s
Not later than one year	333	333	333
Later than one year but not later than five years	1,110	1,332	1,332
Later than five years	–	444	278
Total operating leases	1,443	2,109	1,943

Notes to the Condensed Consolidated Interim Financial Statements

for the period ended 30 September 2018

16. Financial assets and liabilities

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

	Designated FVTPL [^] £'000s	Amortised cost £'000s	Total £'000s
30 September 2018			
Financial assets			
Investments	336,200	–	336,200
Long-term financial assets	336,200	–	336,200
Trade and other receivables	–	2,394	2,394
Cash and cash equivalents	–	103,821	103,821
Short-term financial assets	–	106,215	106,215
Total financial assets	336,200	106,215	442,415
Financial liabilities			
Trade and other payables	–	(2,531)	(2,531)
Total financial liabilities	–	(2,531)	(2,531)
30 September 2017			
Financial assets			
Investments	154,982	–	154,982
Long-term financial assets	154,982	–	154,982
Trade and other receivables	–	907	907
Cash and cash equivalents	–	92,043	92,043
Short-term financial assets	–	92,950	92,950
Total financial assets	154,982	92,950	247,932
Financial liabilities			
Trade and other payables	–	(2,032)	(2,032)
31 March 2018			
Financial assets			
Investments held by the Company	213,625	–	213,625
Investments held by other group vehicles	18,285	–	18,285
Long-term financial assets	231,910	–	231,910
Trade and other receivables	–	4,840	4,840
Cash and cash equivalents	–	56,641	56,641
Short-term financial assets	–	61,481	61,481
Total financial assets	231,910	61,481	293,391
Financial Liabilities			
Trade and other payables	–	(2,949)	(2,949)
Total financial liabilities	–	(2,949)	(2,949)

[^] All financial assets measured at FVTPL are classified as level 3 in the fair value hierarchy.

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17. Fair value measurements

This section should be read with reference to note 5(a) and note 16. The Group classifies financial instruments measured at fair value through the profit and loss according to the following fair value hierarchy:

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

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

Significant unobservable inputs for Level 3 valuations

The Group's investments are all classified as Level 3 investments. The Group may base valuations on earnings or revenues where applicable, market comparables, price of recent investments in the investee companies, or on net asset values. The Group mainly uses most recent investment price as a proxy for fair value where available. Where such data is not available or no longer appropriate a revenue multiple is used. See note 5(a) where valuation policies are discussed in more detail.

The table below analyses financial instruments, measured at fair value, into a fair value hierarchy based on the valuation techniques used to determine fair value.

30 September 2018

	Fair value measurements at the end of the reporting period using:			
	30 September 2018 £'000s	Quoted prices for similar instruments (Level 1) £'000s	Directly observable market inputs other than Level 1 inputs (Level 2) £'000s	Inputs not based on observable market data (Level 3) £'000s
Last Round	177,353	–	–	177,353
Comparatives	158,847	–	–	158,847
Total	336,200	–	–	336,200

30 September 2017

	Fair value measurements at the end of the reporting period using:			
	30 September 2017 £'000s	Quoted prices for similar instruments (Level 1) £'000s	Directly observable market inputs other than Level 1 inputs (Level 2) £'000s	Inputs not based on observable market data (Level 3) £'000s
Last Round	40,524	–	–	40,524
Comparatives	114,459	–	–	114,459
Total	154,982	–	–	154,982

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31 March 2018

	Fair value measurements at the end of the reporting period using:			
	31 March 2018 £'000s	Quoted prices for similar instruments (Level 1) £'000s	Directly observable market inputs other than Level 1 inputs (Level 2) £'000s	Inputs not based on observable market data (Level 3) £'000s
Last Round	114,707	–	–	114,707
Comparatives	117,203	–	–	117,203
Total	231,910	–	–	231,910

The impact on condensed consolidated interim statement of comprehensive income of assets measured at fair value is £41.5 million.

A portion of the Group's investments are valued using price-revenue or price-earnings multiples. Due to the nature of this valuation methodology, it is subject to the risk of fluctuations within the market. Presented below is an analysis of the theoretical impact of 10% volatility in the multiples used:

	30 September 2018 £'000s	30 September 2017 £'000s	30 March 2018 £'000s
Investments—FV based on comparatives	158,847	114,459	117,203
10% decrease in price	142,962	103,013	105,483
10% increase in price	174,732	125,905	128,923

18. Financial instruments risk

Financial risk management

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

Market risk—Foreign currency

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

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

	30 Sept 2018 £'000s	30 Sept 2017 £'000s	31 Mar 2018 £'000s
Foreign currency exposures—Investments			
Investments—exposures in USD/EUR	138,176	77,227	80,399
10% decrease in GBP	124,359	69,504	72,359
10% increase in GBP	151,994	84,949	88,439

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:

	30 Sept 2018 £'000s	30 Sept 2017 £'000s	31 March 2018 £'000s
Foreign currency exposures—Cash			
Cash denominated in EUR	15,720	12,937	9,355
10% decrease in EUR:GBP	14,148	11,643	8,419
10% increase in EUR:GBP	17,292	14,231	10,290

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Cash denominated in USD	5,075	7,411	9,116
10% decrease in USD:GBP	4,568	6,670	8,205
10% increase in USD:GBP 10% increase in EUR:GBP	5,583	8,152	10,032

Market risk—Price risk

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

Theoretical impact of a fluctuation in equity prices of +/-10% would be as follows:

Equity risk exposure	30 Sept 2018 £'000s	30 Sept 2017 £'000s	31 Mar 2018 £'000s
Investments – FV based on comparatives	158,847	114,459	117,203
10% decrease in price	142,962	103,013	105,483
10% increase in price	174,732	125,905	128,923

Liquidity risk

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

All Group payable balances at balance sheet date and prior periods fall due for payment within one year.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers, placing deposits. The Group's trade receivables are amounts due from the investment funds under management, or underlying portfolio companies. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at 30 September is summarised below;

Class of financial assets impacted by credit risk, carrying amounts	30 Sept 2018 £'000s	30 Sept 2017 £'000s	31 March 2018 £'000s
Trade and other receivables	2,394	907	324
Cash at bank and on hand	103,821	92,043	56,641

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

Capital management

The Group's objectives when managing capital are to

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

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

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

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19. Related party transactions

The Group has various related parties stemming from relationships with Limited Partnerships managed by the Group, its investment portfolio, its advisory arrangements (board seats) and its key management personnel. In addition, the Company has related parties in respect of its subsidiaries in the form of management fees and expense recharges.

During the period, the Company received fees relating to administrative expenses from Encore Ventures LLP, a 71.2% owned subsidiary, totalling £420,000 (Sept 2017: £104,000, March 2018: £208,800). At the date of the condensed consolidated interim statement of financial position, the amount due was £350,400 (£8,508 as at 30 September 2017, £7,691 as at 31 March 2018).

During the period, the Company received fees from Elderstreet Draper Esprit VCT, an associate, totalling £108,536 (£155,918 as at 30 September 2017, £ 235,808 as at 31 March 2018).

The Company also enters into transactions with its portfolio companies, as at the period end the amount due to these was £41,796 (£0 as at 30 September 2017, £225 as at 31 March 2018) and due from them was £36,202 (£58,656 as at 30 September 2017, £144,475 as at 31 March 2018).

20. Ultimate controlling party

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

21. Subsequent events

Market position and dealflow continues to build with 4 new investments expected to complete in the near term, where we will deploy over £20.0 million in aggregate from the Company (over £30.0 million from the Group including £9.5 million from co-investment funds) along with ongoing discussions for potential realisations.

Secondary portfolio acquisition to acquire the DFJ Europe X fund for £25.9 million (\$33.7 million) to increase stakes in existing core portfolio companies with an estimated NAV increase of 9 pence per share.

There are no further post balance sheet events requiring comment.

Glossary

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

“Act”	the UK Companies Act 2006
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“Audit Committee”	the audit committee of the Board
“Core Portfolio”	the top companies by value that represent approximately 70% of the overall portfolio value
“Company” or “Draper Esprit” or “plc”	Draper Esprit plc, a company incorporated in England and Wales with registered number 09799594 and having its registered office at 20 Garrick Street, London, WC2E 9BT,
“Directors” or “Board”	the directors of the Company from time to time
EIS	the Draper Esprit EIS (Enterprise Investment Scheme) funds are unauthorised alternative investment fund facilitating investment in companies which qualify for EIS Relief.
“FCA”	the UK Financial Conduct Authority
“Gross Portfolio Value” or “Gross Primary Portfolio”	Gross portfolio value is the value of the portfolio of investee companies held by funds controlled by the Company before accounting for deferred tax, external carried interest and amounts co-invested.
“PricewaterhouseCoopers”	PricewaterhouseCoopers LLP, a limited liability partnership registered in England and Wales with registered number OC303525 and having its registered office at 1 Embankment Place, London, WC2N 6RH
“Group”	the Company and its subsidiaries from time to time and, for the purposes of this document, including Esprit Capital and its subsidiaries and subsidiary undertakings
“IFRS” or “IFRSs”	International Financial Reporting Standards, as adopted for use in the European Union
“IPO”	the listing of the Company on the London Stock Exchange’s AIM market and the Irish Stock exchange’s ESM market on 15 June 2016
“IRR”	the internal rate of return
“Net Asset Value”	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time
“Hard NAV”	the value, as at any date, of the assets of the Company after deduction of goodwill, and all liabilities determined in accordance with the accounting policies adopted by the Company from time to time.
“Ordinary Shares”	ordinary shares of £0.01 pence each in the capital of the Company
“International Private Equity and Venture Capital Valuation Guidelines”	the International Private Equity and Venture Capital Valuation Guidelines, as amended from time to time
“VC”	venture capital
“VCT”	a VCT (venture capital trust) is a UK closed-ended collective investment scheme.



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