

Draper Esprit plc Annual Investor Day

What's next?

Agenda

9.30 **Welcome and Update**
Simon Cook, Draper Esprit

10.00 **Nigel Toon**
Graphcore

10.15 **Taavet Hinrikus**
Transferwise

10.30 **Hendrik Brandis**
Earlybird

11.00 **Break**

11.30 **Eric Larchevêque**
Ledger

11.45 **Saurav Chopra**
Perkbox

12.00 **Olivier Pailhès**
Aircall

12.15 **Armando Gonzalez**
Ravenpack

12.30 **David Vauthrin**
Finalcad

12.45 **Erik Fairbairn**
PodPoint

Agenda

1.00 Lunch

1.45 Jim Al-Khalili

2.15 Andrew Lynn
Fluidic Analytics

2.30 Tim Brears
Evonetix

2.45 Michael Mueller
Form3

3.00 Craig Beddis
Hadean

3.15 Peter Muhlmann
Trustpilot

3.30 Break

4:00 Seed Funds Panel
Jonathan Sibilia - Draper Esprit
Sofia Hmich - Future Positive Capital
Kerry Baldwin - IQ Capital
Fred Destin - Stride VC
Lasse Lehtinen - Icebreaker
Reshma Sohoni - Seedcamp

4.30 Tim Draper
Draper Venture Network

5.00 Drinks

Venture Capital, Re-Invented

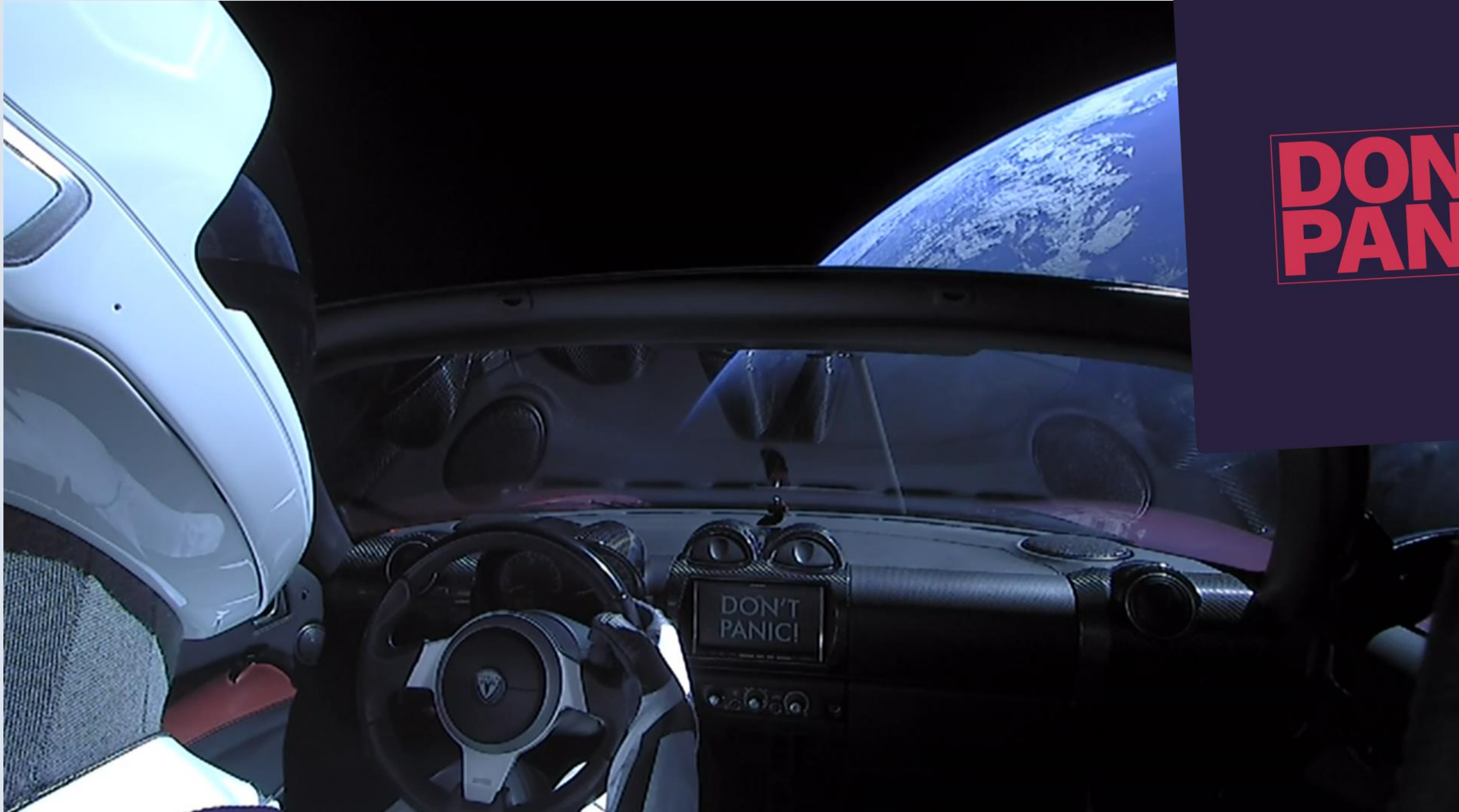


Draper Esprit plc is a European Venture Capital Company. Long-term, globally networked capital for entrepreneurs.

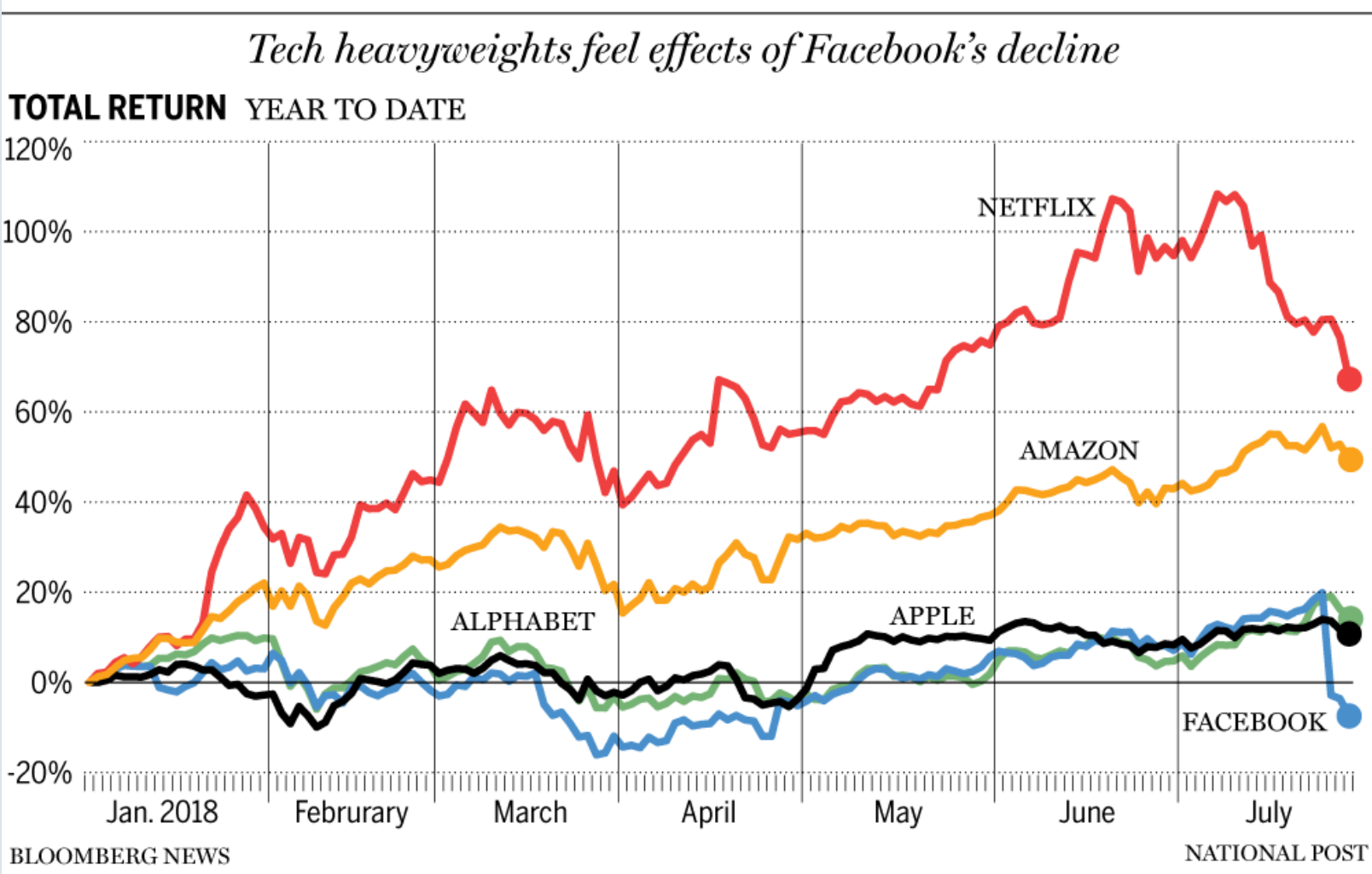
Open to all investors through an evergreen listed vehicle and associated co-investment funds.

What's next?

Simon Cook, CEO



Is technology done?



Source: Bloomberg

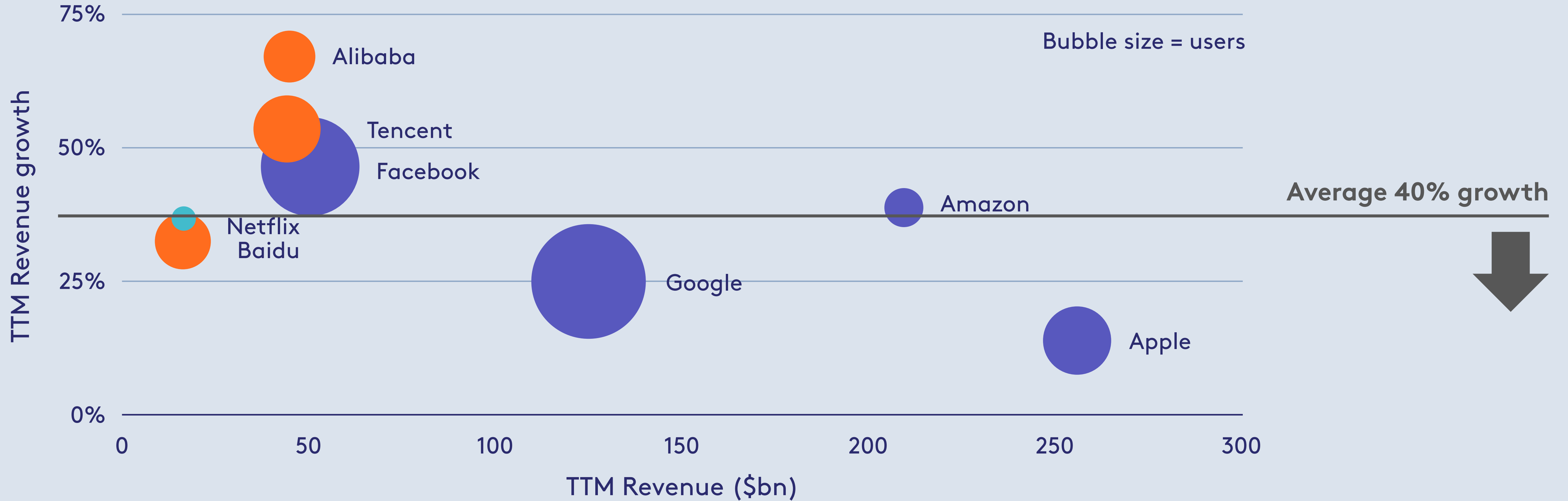


Source: Bloomberg



Value = profits x growth

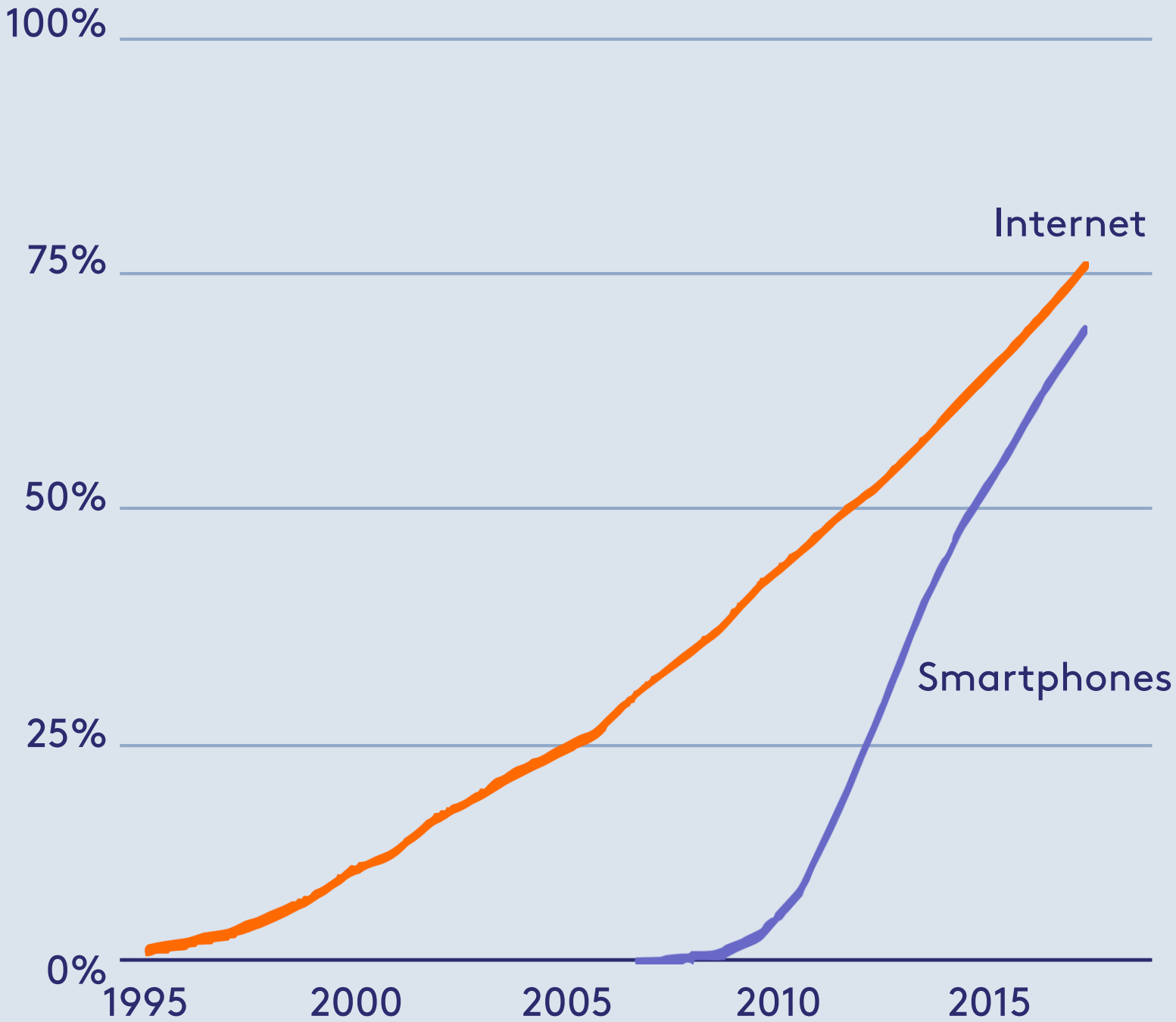
Global company creation



Peak Smartphone? Peak Internet advertising?

Is it the end?

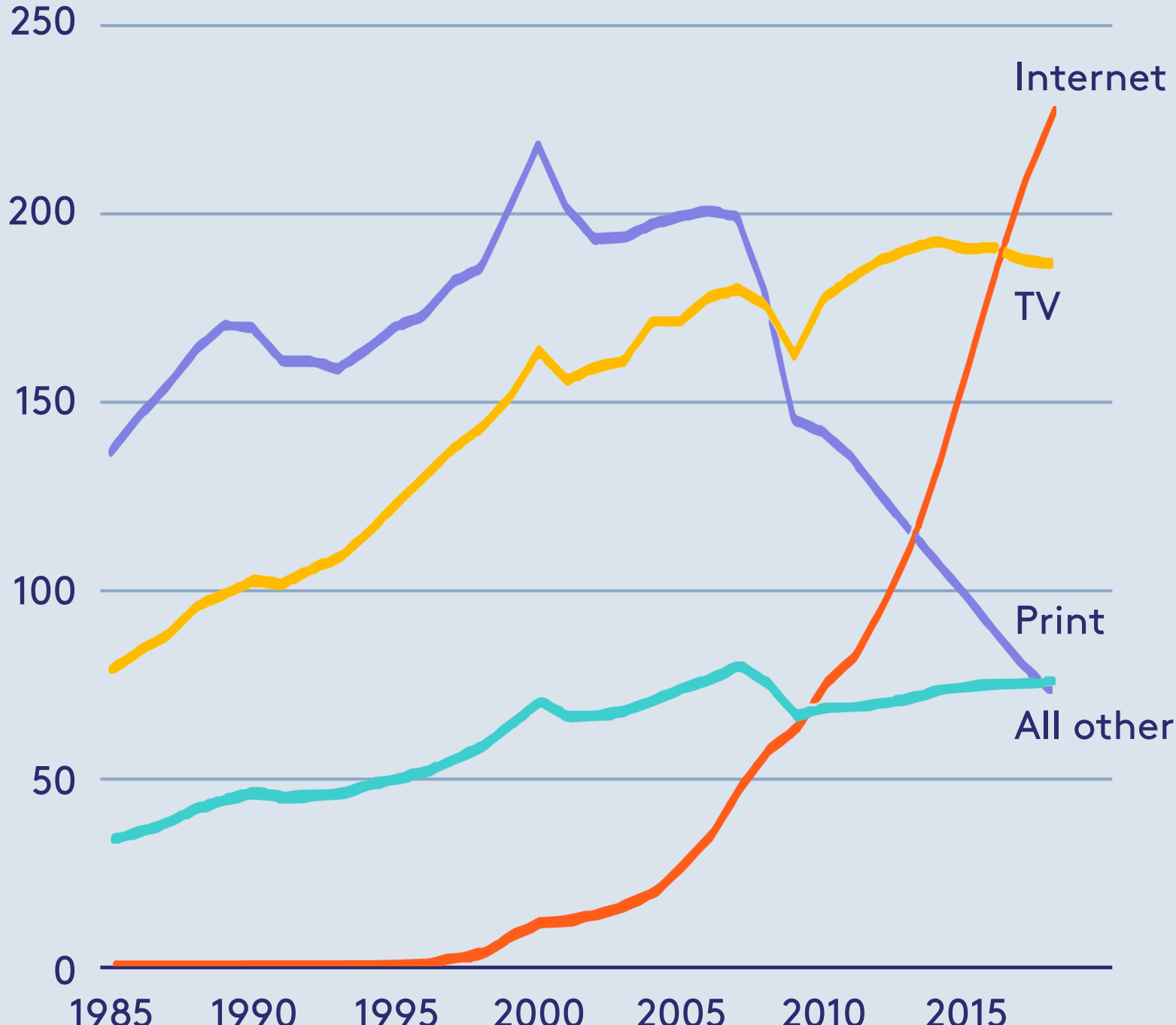
Global adult penetration



©2018 Andreessen Horowitz. Page 2
Source: Apple, Google, a16z, TMW, ITU, World Bank

Digital advertising also looks big...

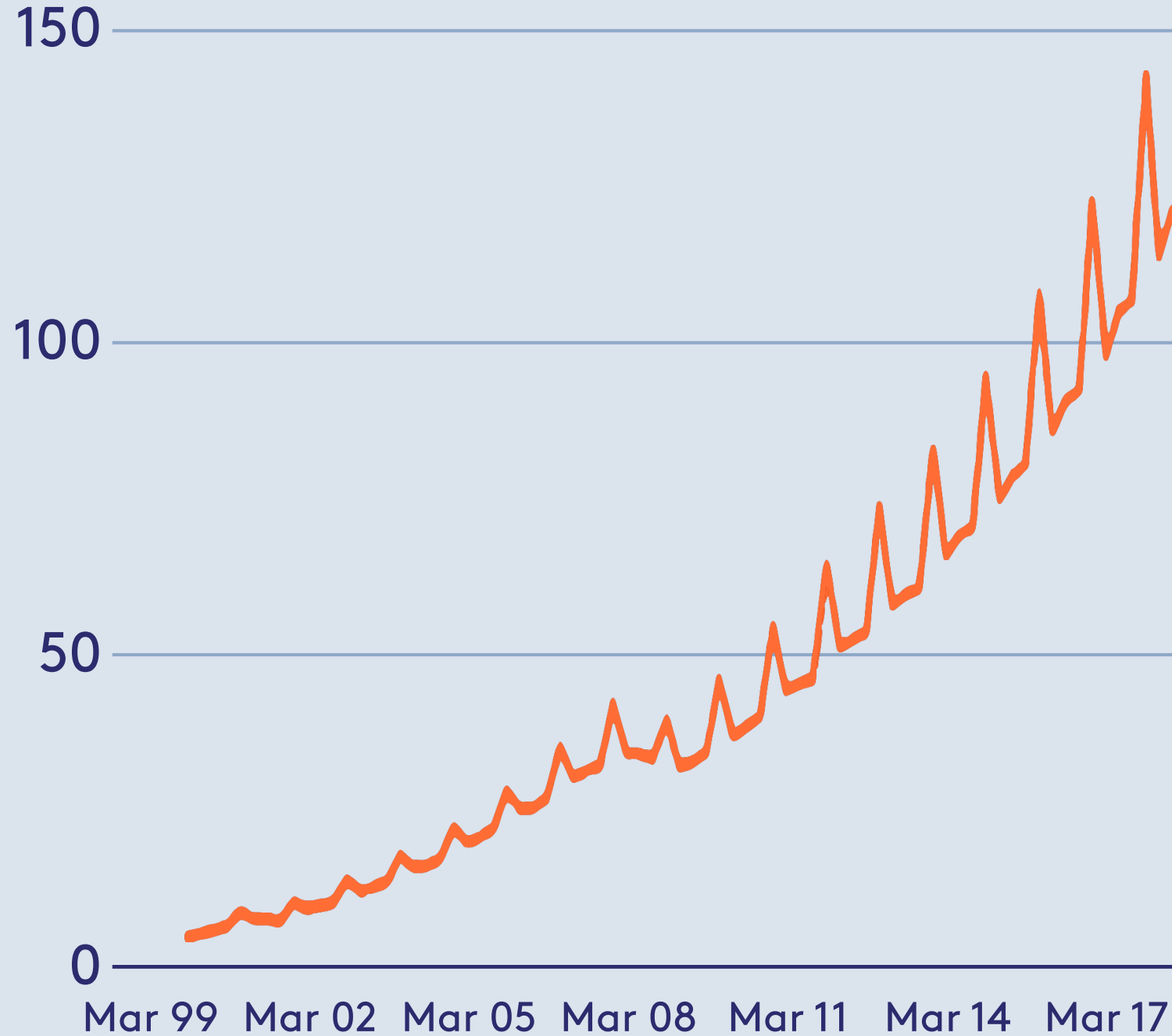
Global advertising, 2018 dollars (\$bn)



©2018 Andreessen Horowitz. Page 13
Source: Zenith

Ecommerce is big in dollar terms

Quarterly US ecommerce revenue (\$bn)



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Source: BLS

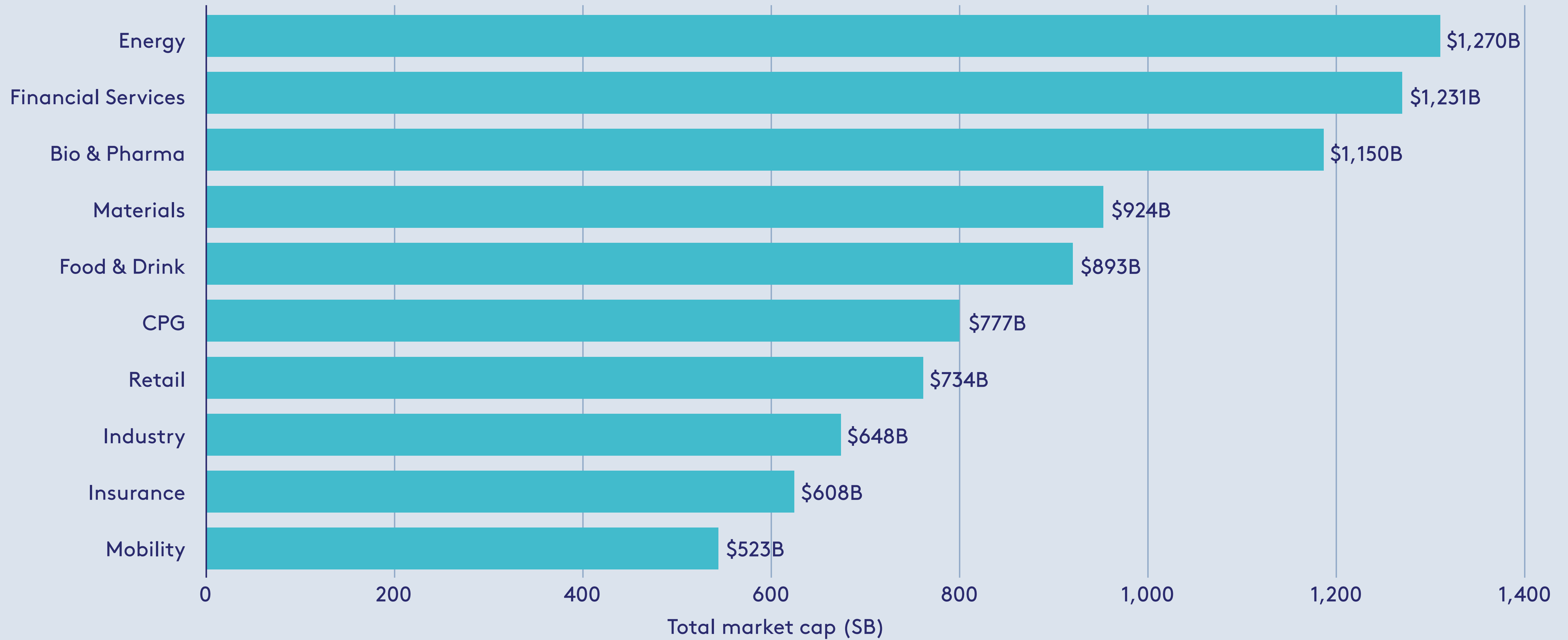
Most spending not yet online

What's the opportunity?

Market size, 2017 (\$tr)



All industries are going digital



Source: S&P Global Market Intelligence, The State of European Tech, Atomico 2018

Only the start

What have we really done so far?

First 20 years

Ecommerce

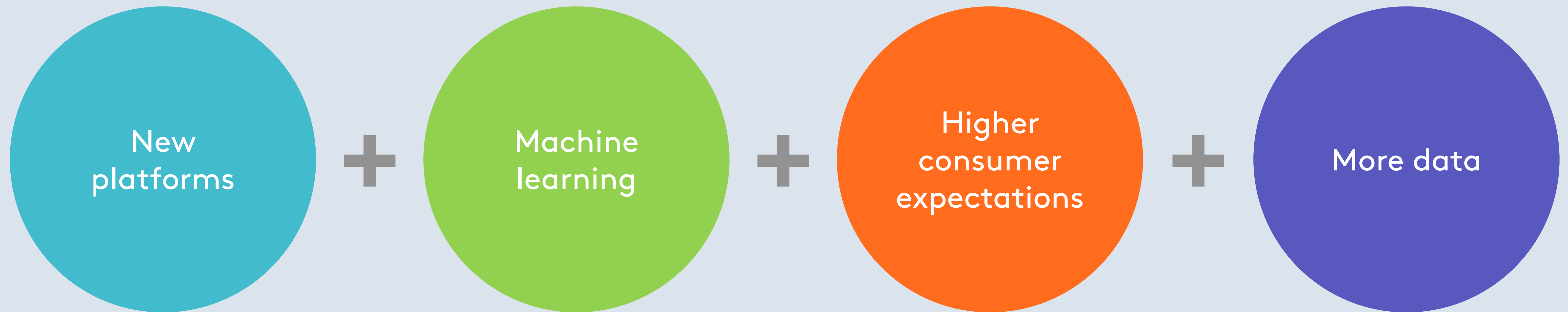
Advertising

Next 20 years

Everything else

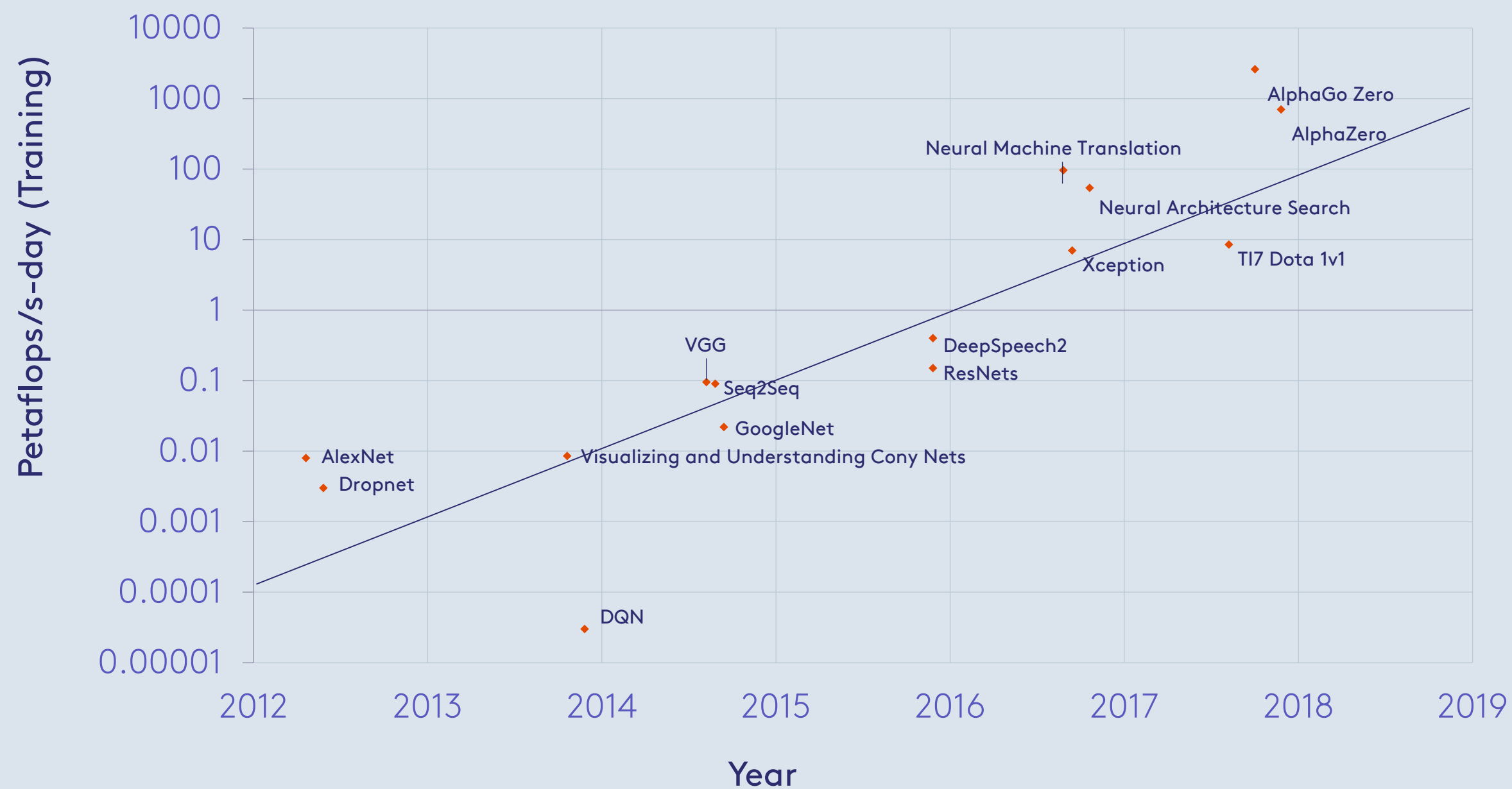
New problems will be tackling new markets & changing them more.

New kinds of solutions = opportunity



New platforms and machine learning will enable new possibilities

AlexNet to AlphaGo Zero: A 300,000x Increase in Compute



Data source: OpenAI

New platforms built on:

- Machine learning,
- Presence computing (voice, visual, AR/VR),
- Massive data, sensors, simulation
- 5g connectivity/latency,
- Decentralised platforms such as blockchain

Our Deeptech/platform companies include:



Higher consumer expectations

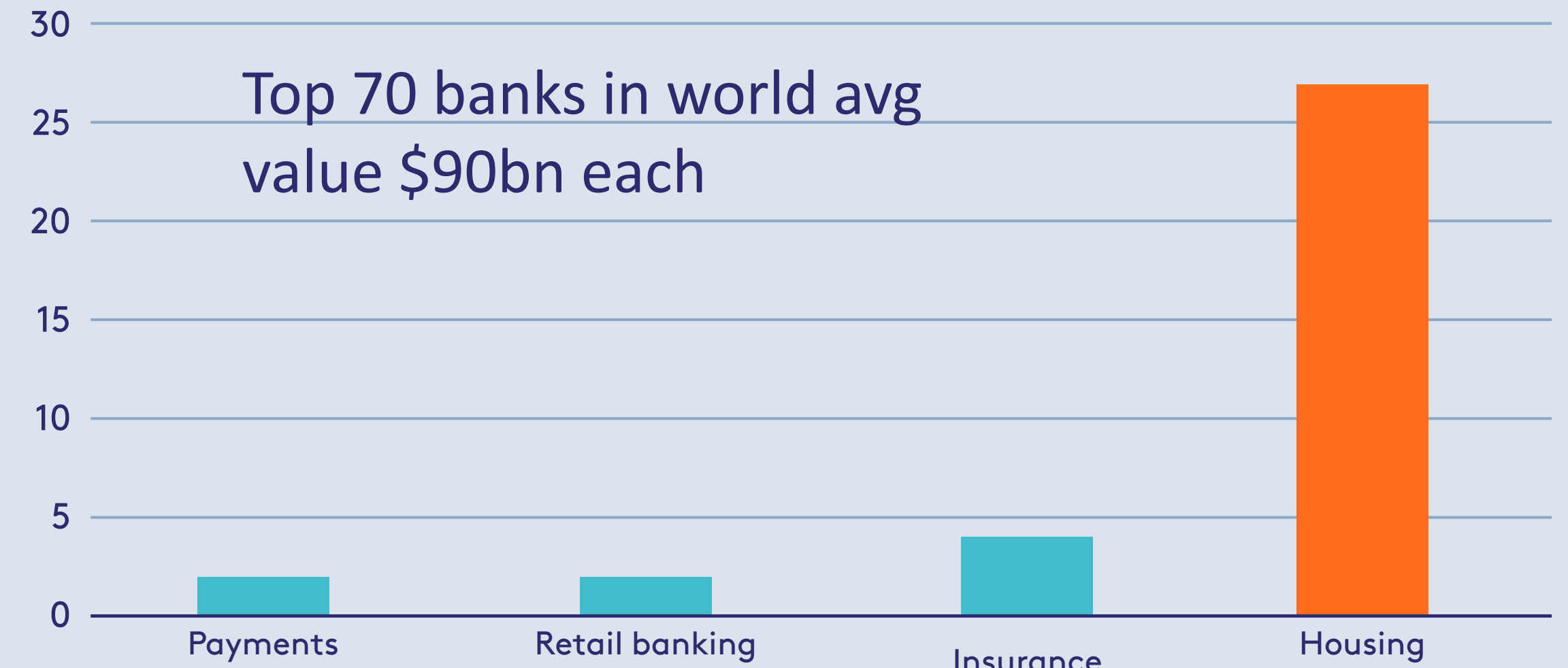
EG: Financial services is ripe for change



Source: TIME 2014

There's a lot of money in money

Global market size, 2017 (\$tr)



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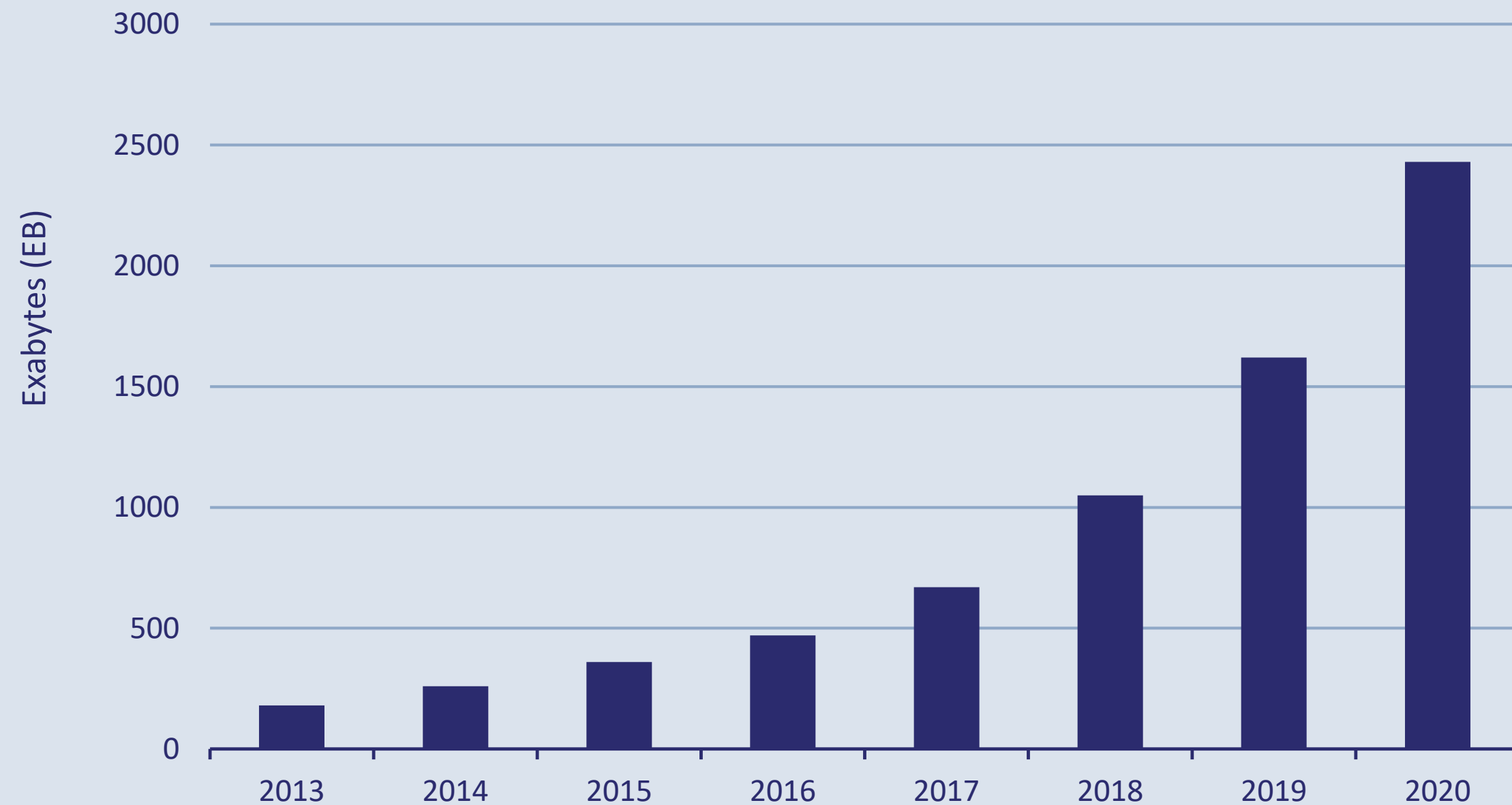
Our Fintech companies include:



More data

EG: Healthcare patients are increasingly empowered by their own data

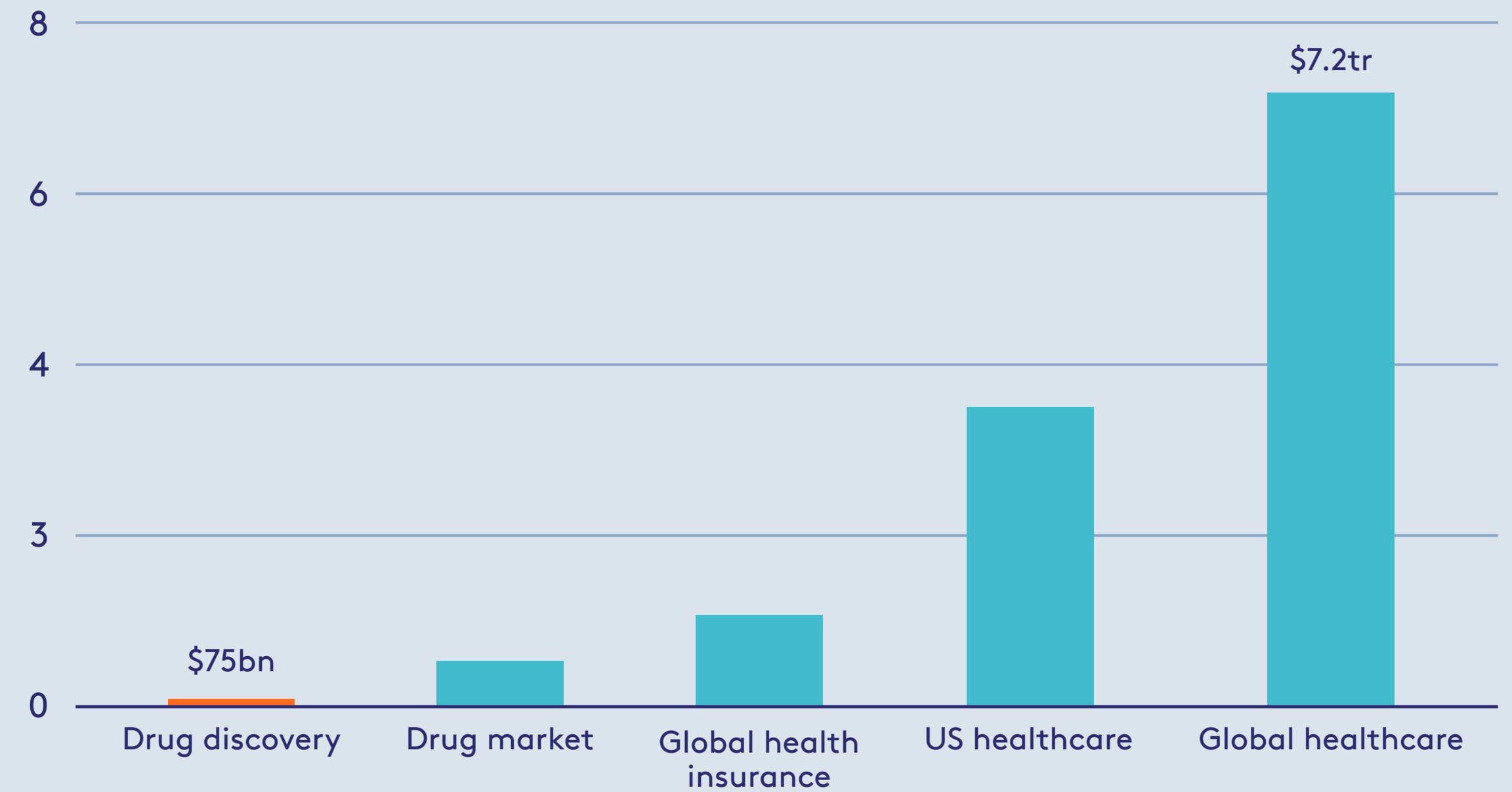
Growth in Healthcare Data



Data source: Accenture 2018

Drug discovery is only the start

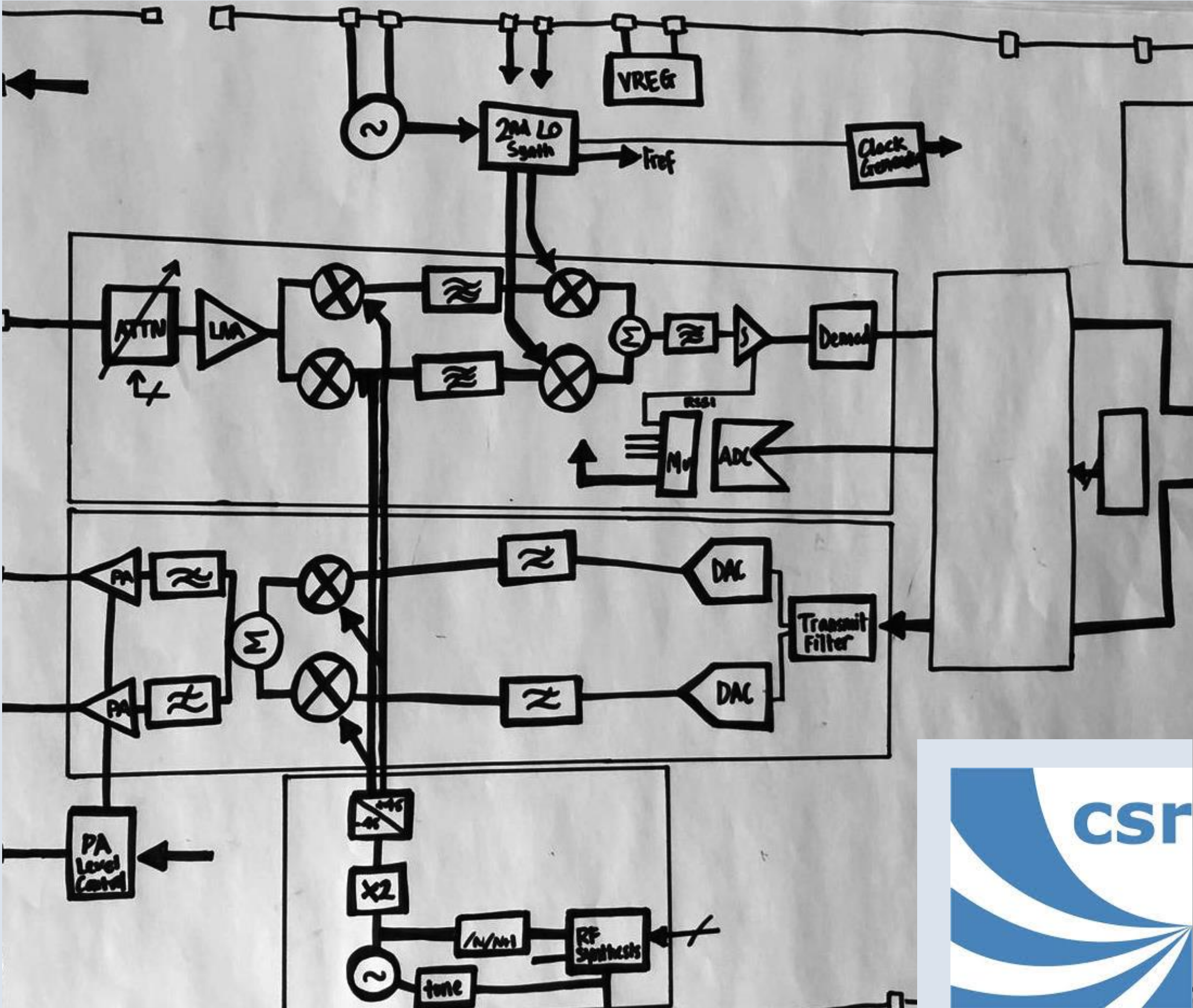
Annual spending, 2017 (\$tr)



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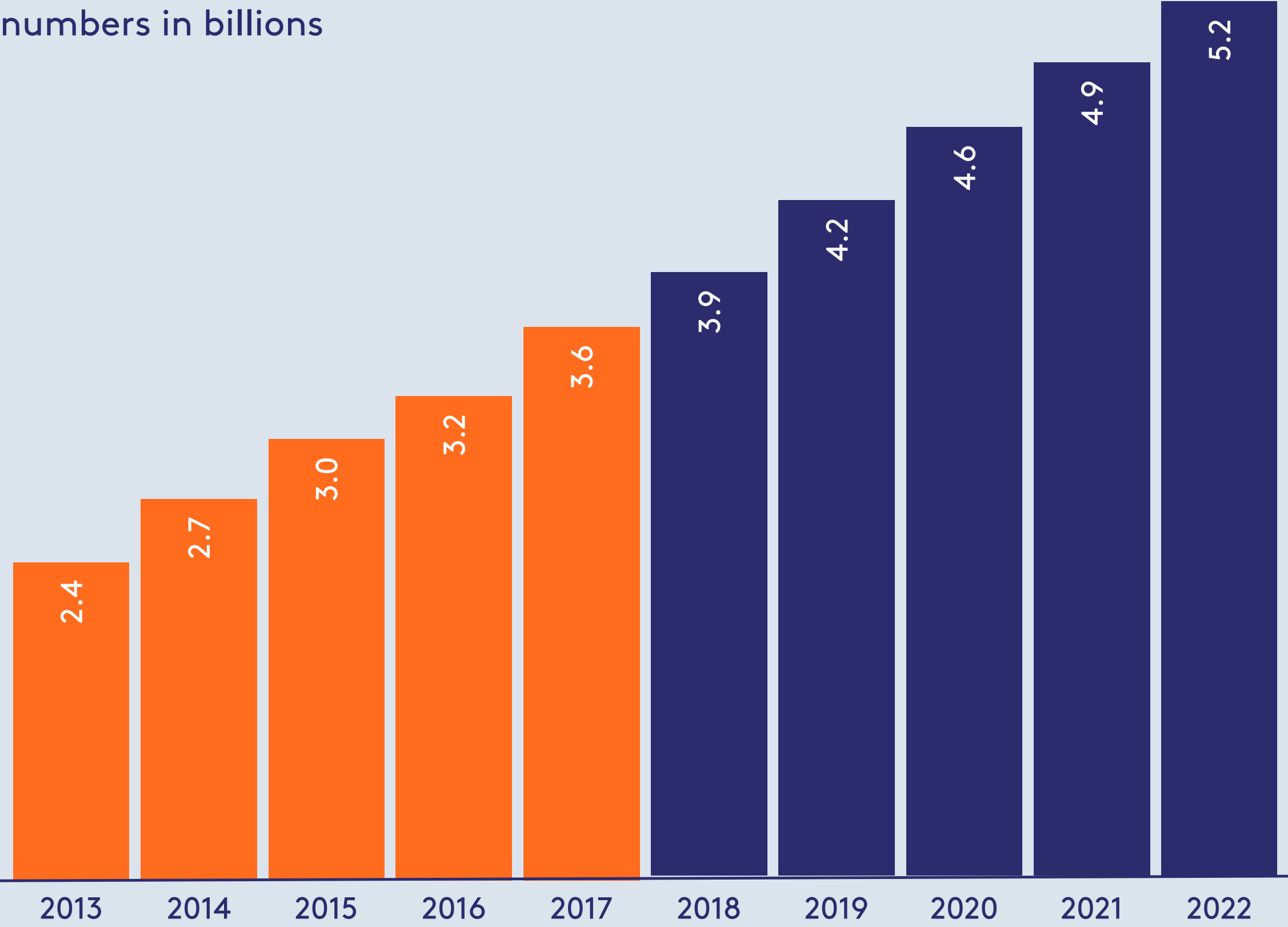
Our Digital Health and Wellness companies inc:

As VCs, our job is to ask what can go right?



Total Bluetooth Device Shipments

numbers in billions

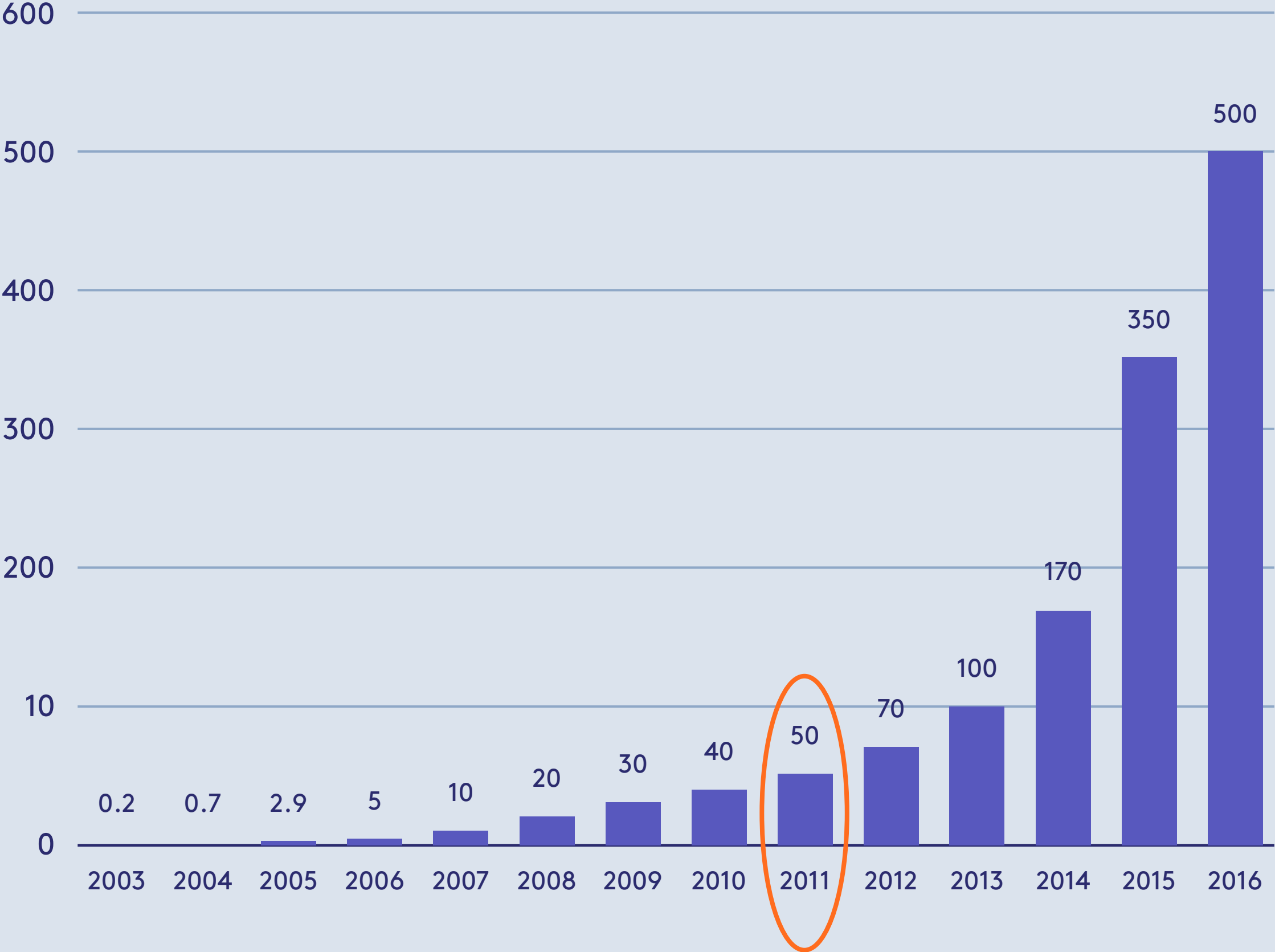


Data Source: Bluetooth Association

We ask: what can go right?

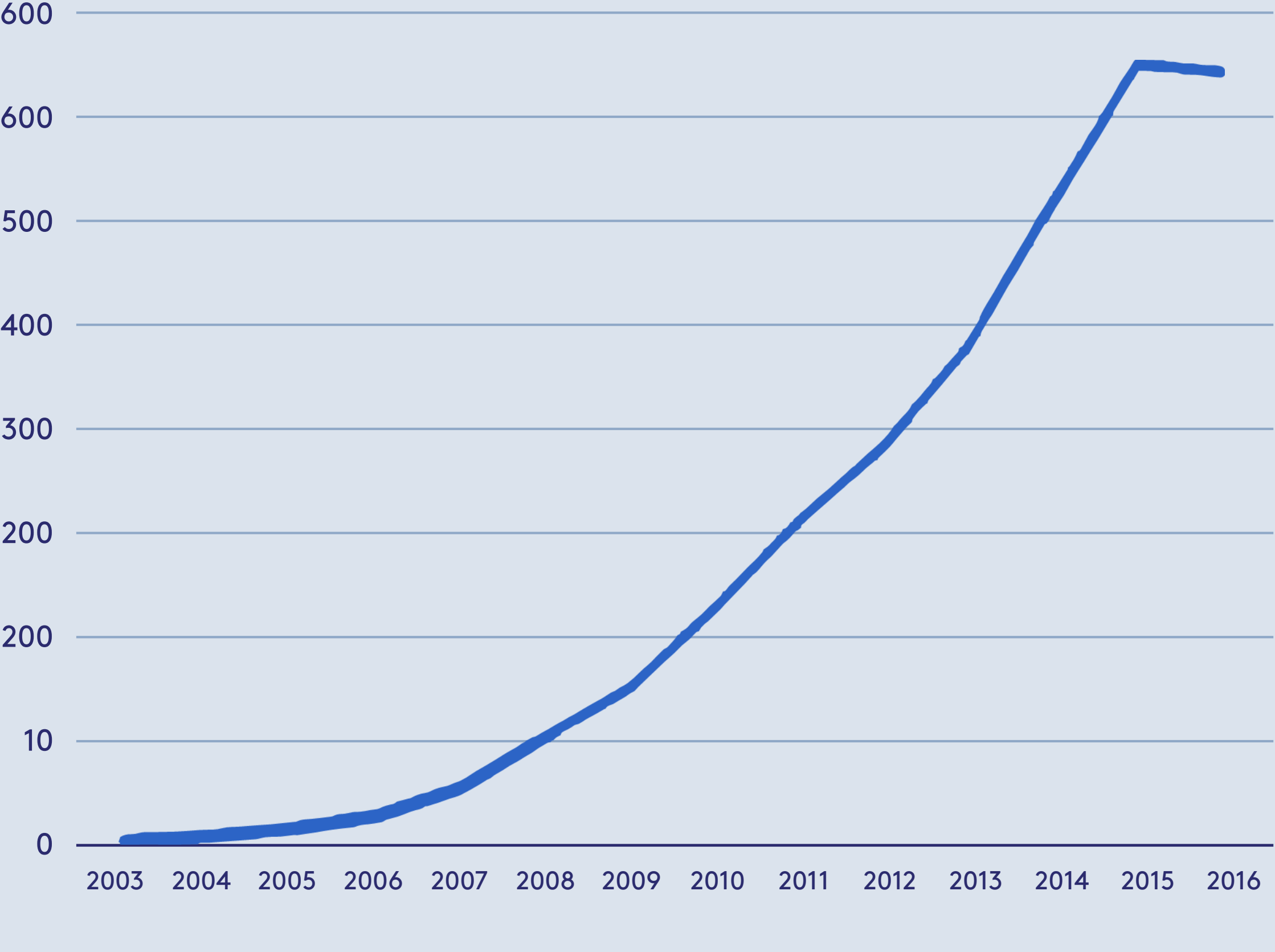


Millions of reviews



Draper Esprit Analysis

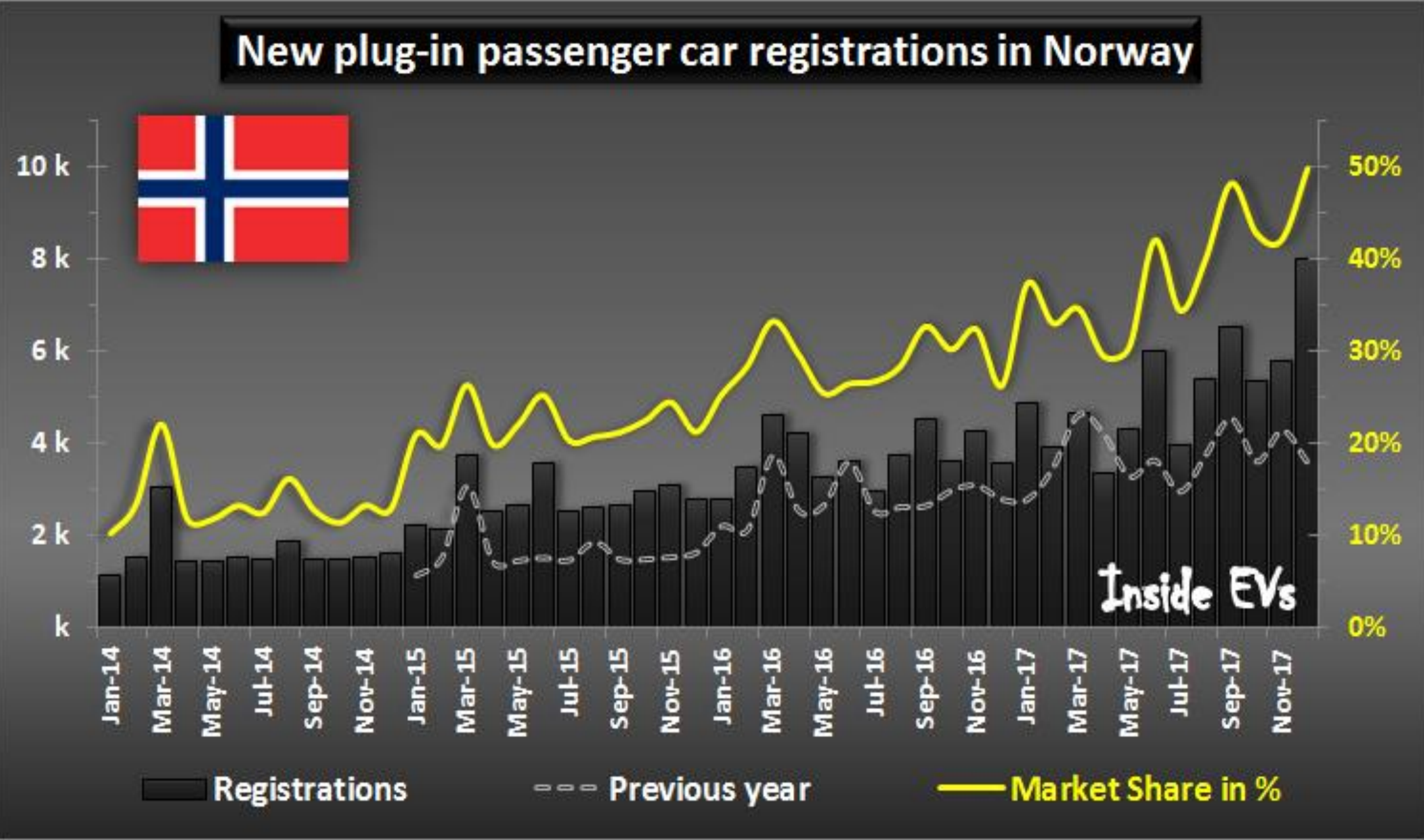
Revenues \$m



Draper Esprit Analysis

We ask: what can go right?

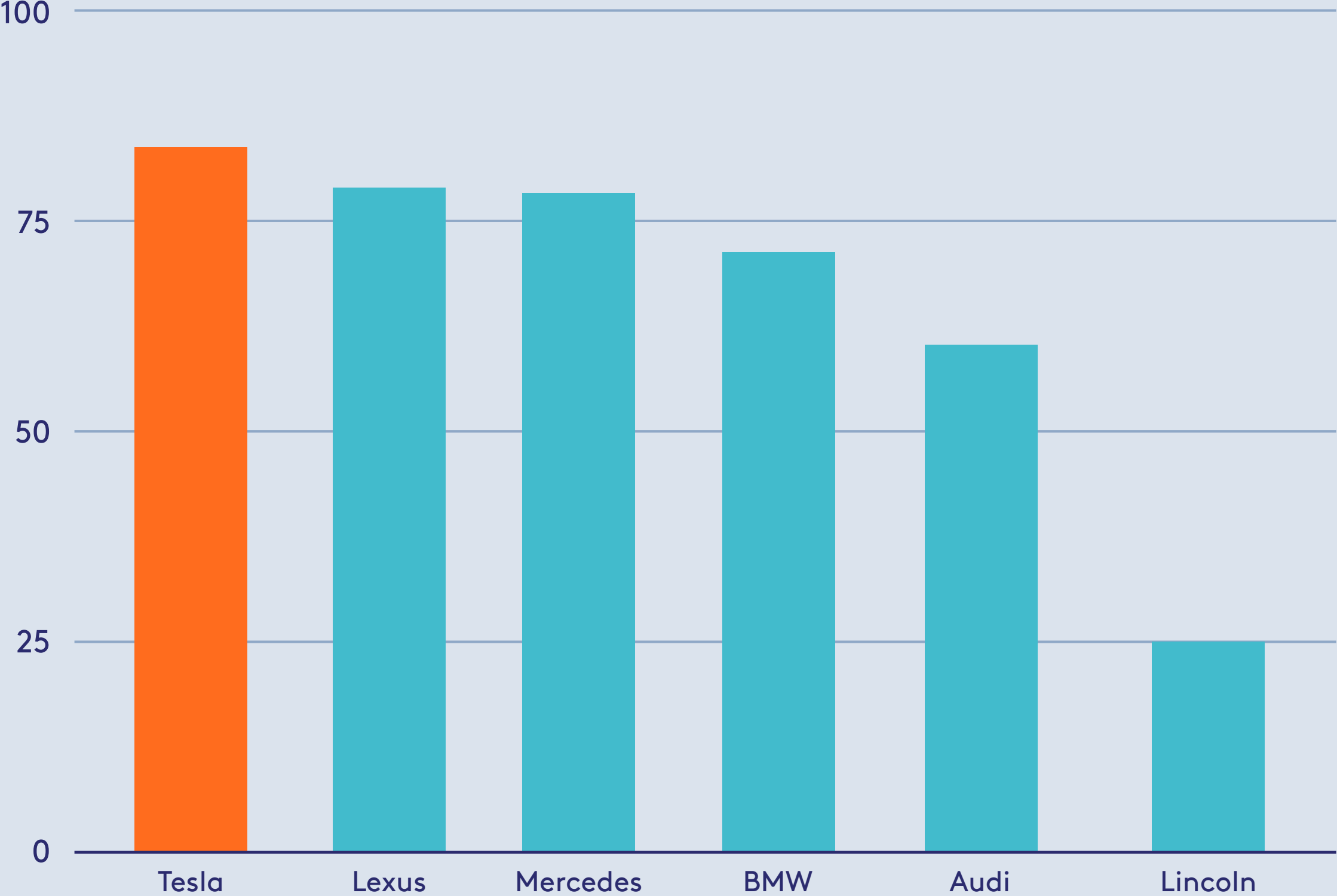
New plug-in passenger car registrations in Norway



Data Source: 2018 Inside EVs

Tesla eat cars?

Q3 2018 US car sales (000)



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BUT:

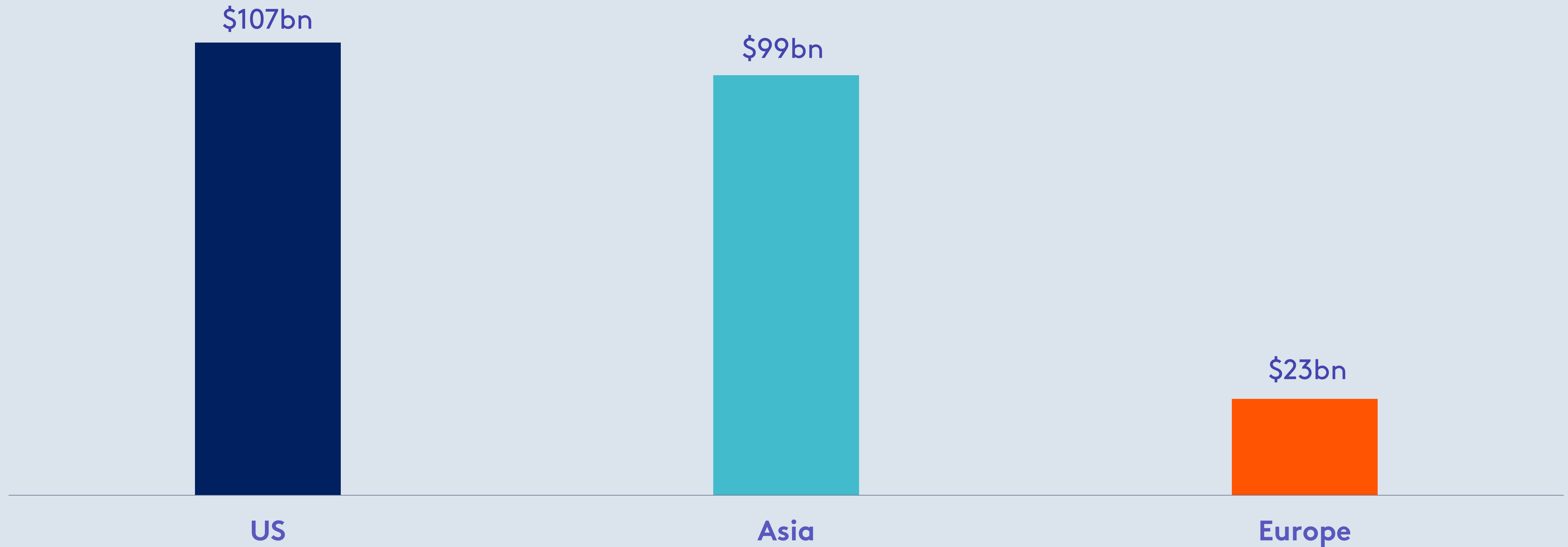
The next wave of technology is so powerful it can not be simply rolled out without all of us considering the impact on wider society.

The technology industry needs to be more inclusive, more closely involved with regulators, all parts of society.

We need to all think of what can go right, and what could go wrong.

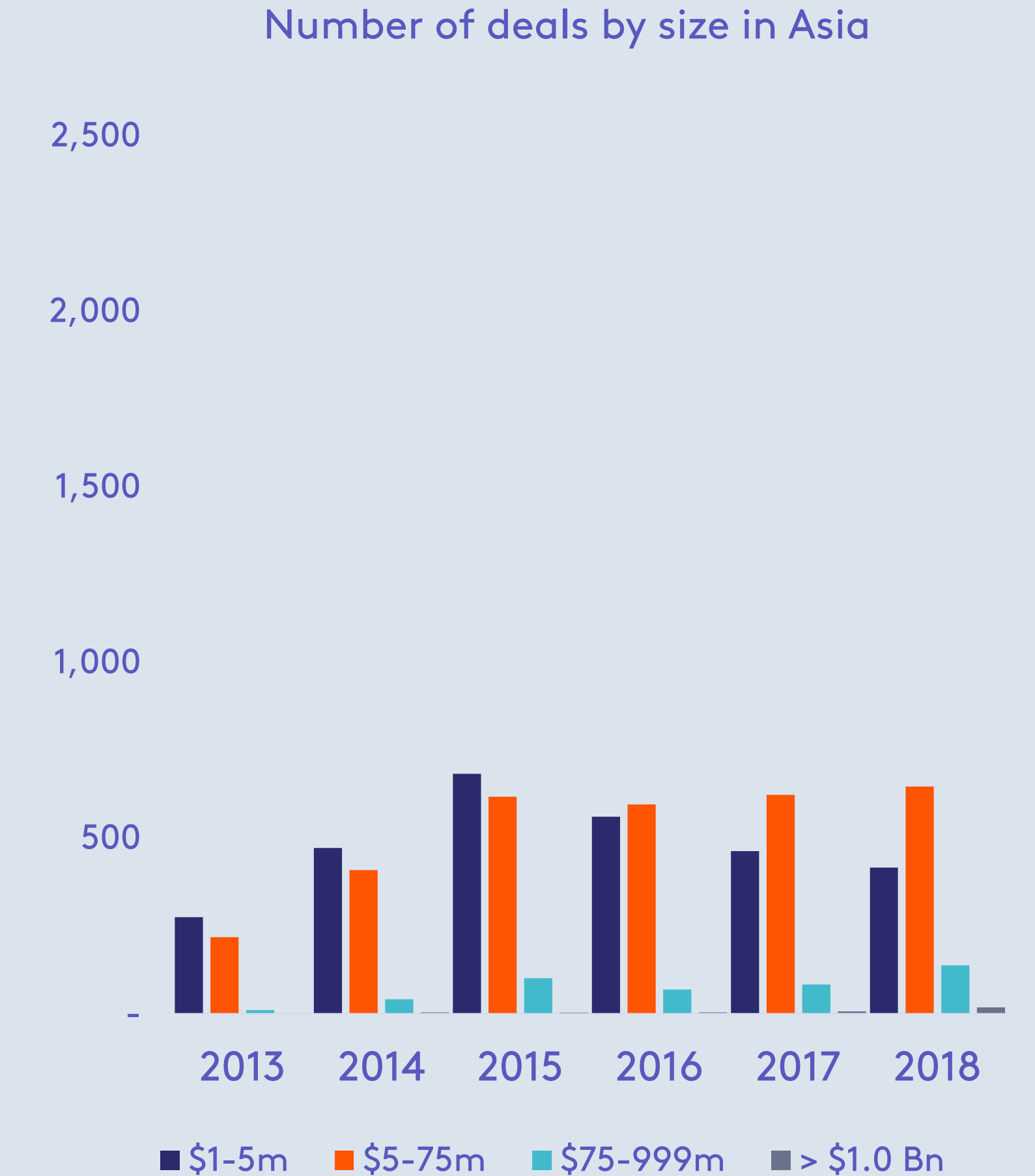
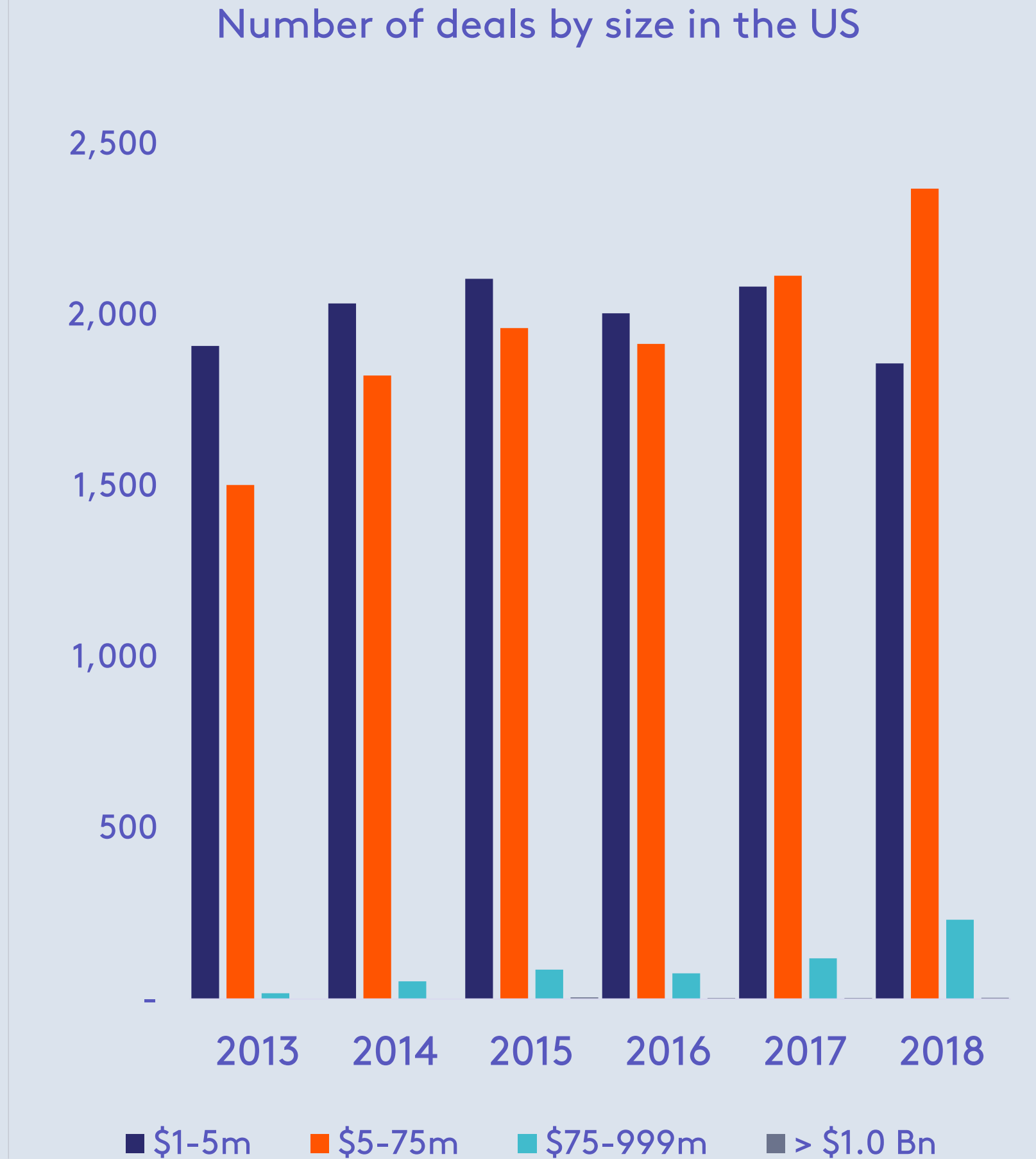
Where is European Venture Capital?

Europe lags behind the US and China for total amount raised in technology in 2018



Data source: Pitchbook 2019

Within VC, Europe is getting better at funding more later stage VC

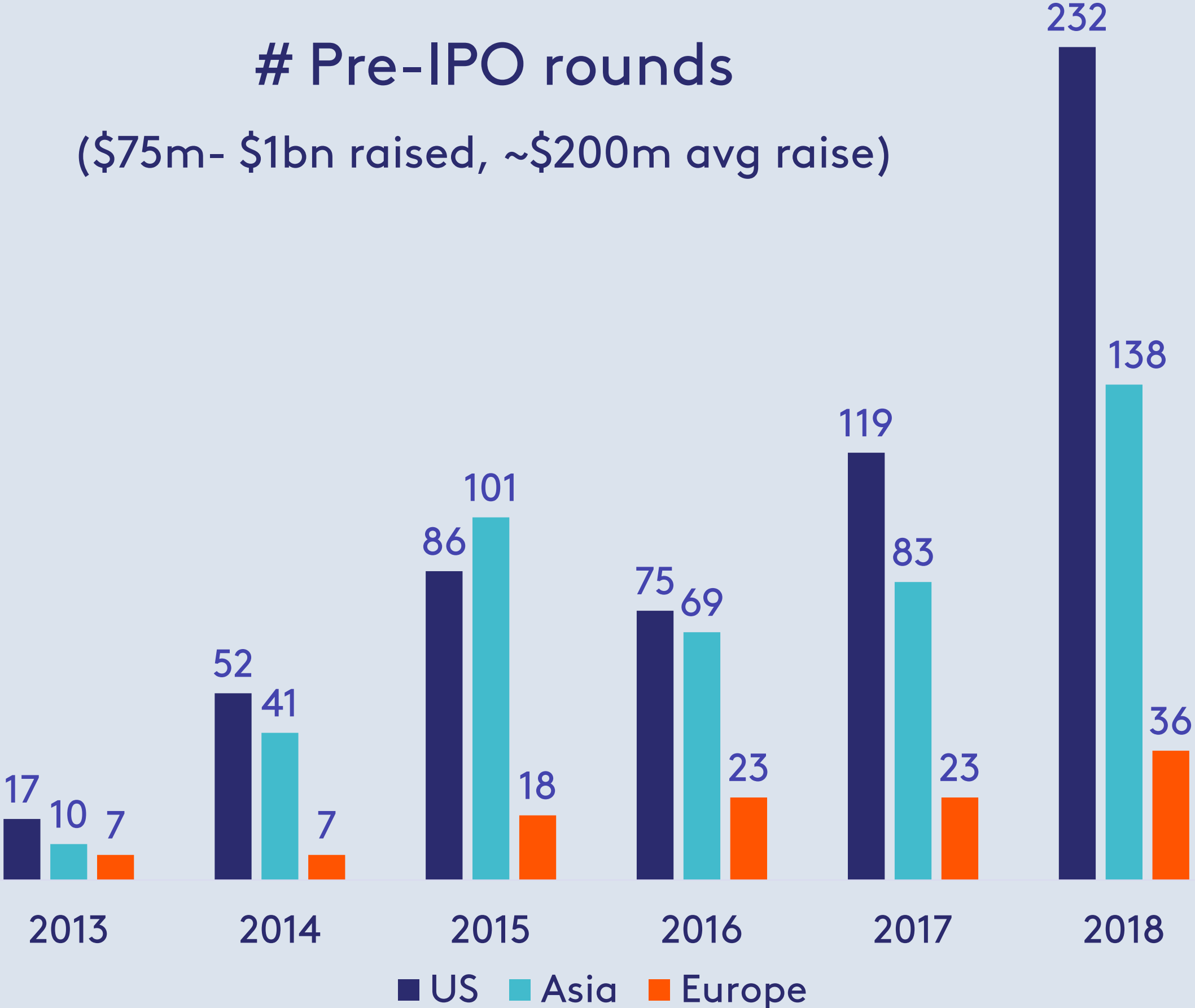


Data source: Pitchbook 2019

Europe behind for larger deals (Pre-IPO & Mega Rounds)

Pre-IPO rounds

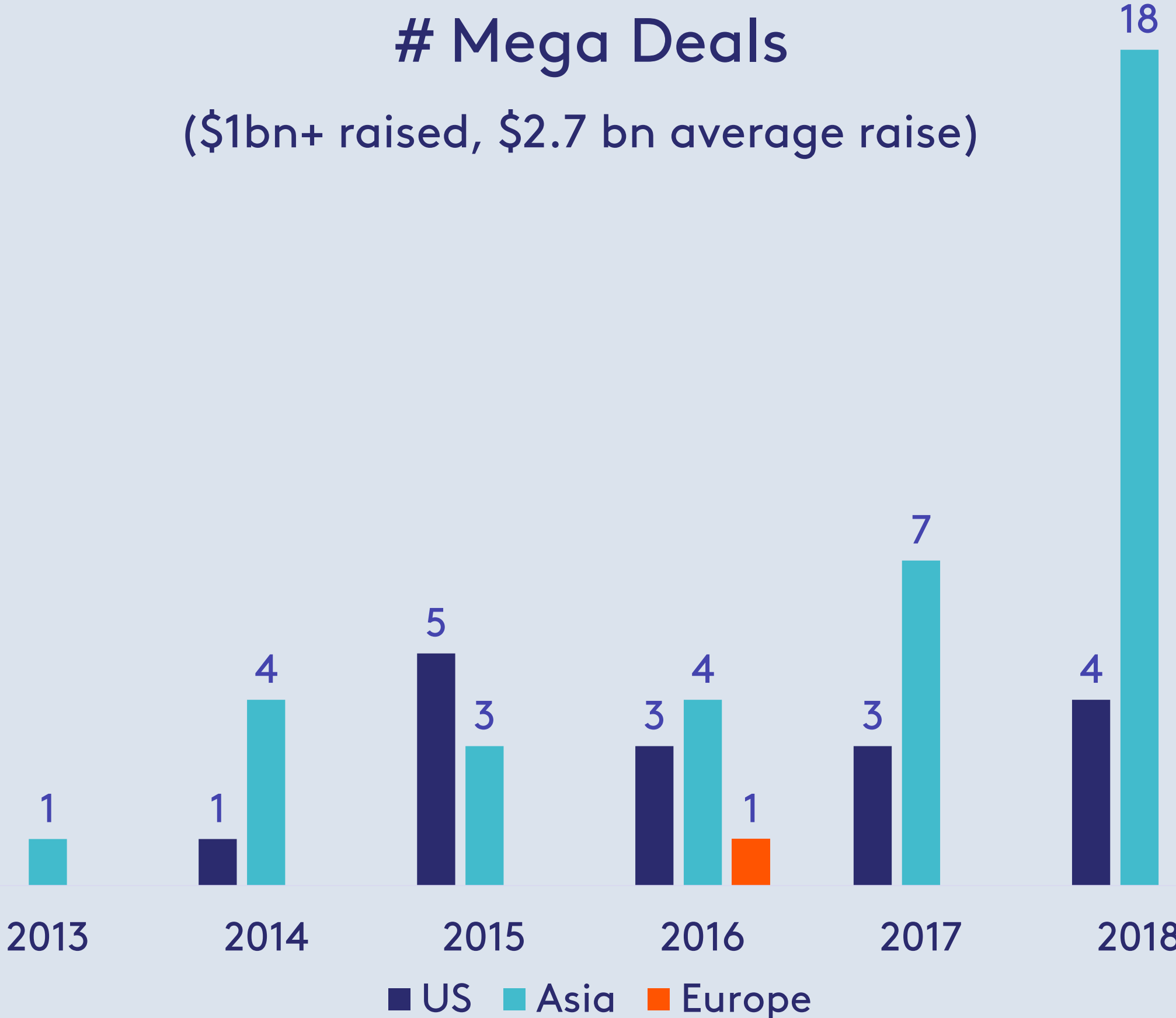
(\$75m- \$1bn raised, ~\$200m avg raise)



Data source: Pitchbook 2019

Mega Deals

(\$1bn+ raised, \$2.7 bn average raise)

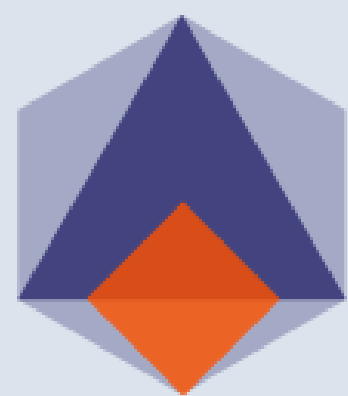


Draper Esprit update

What's next?

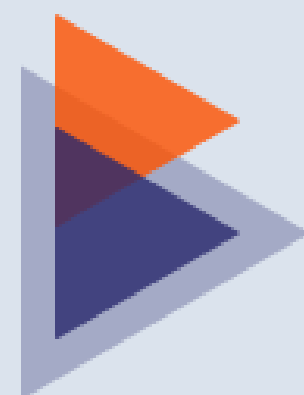
We have built a funding platform to enable tech companies to scale in Europe.

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



Early stage

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



Growth

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



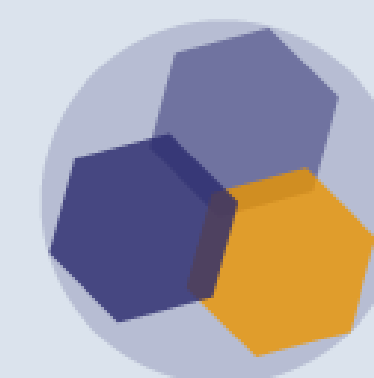
Secondary

Whether it's helping companies find liquidity for their early backers, or a fund that is looking to sell a whole portfolio, we look at the best opportunities in the market.



Follow on

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

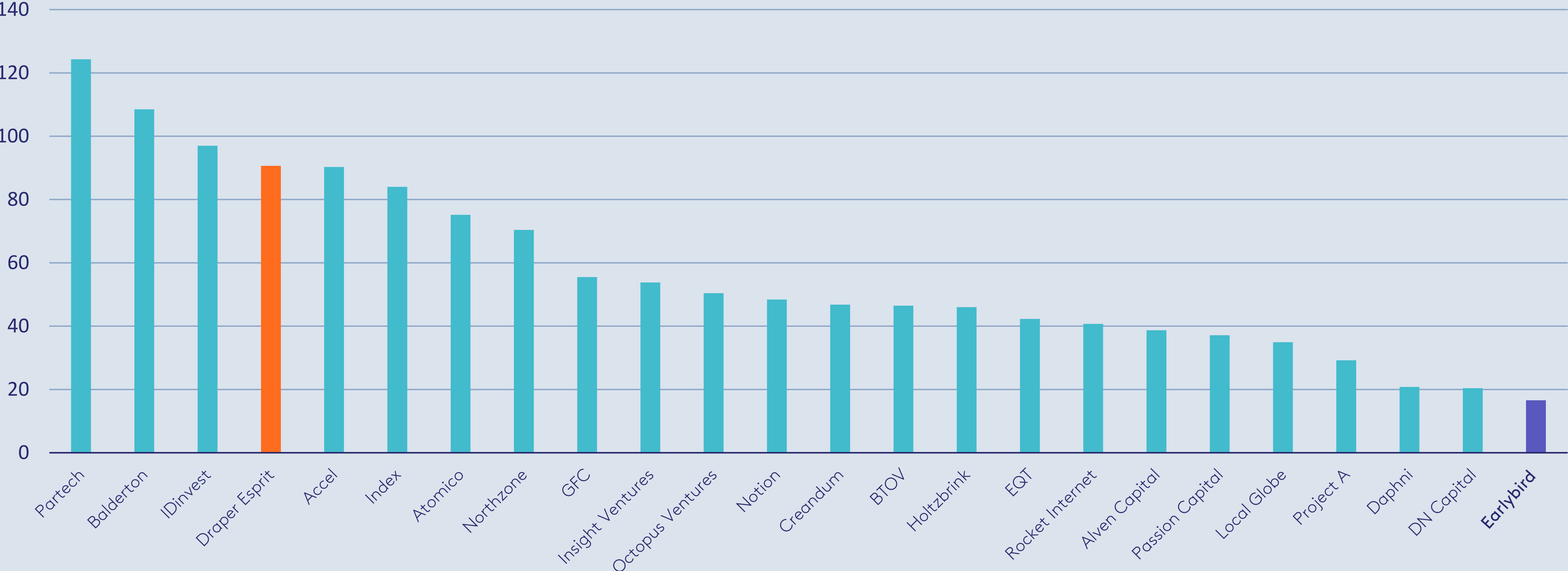


Seed Fund of funds

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

Europe's Largest VCs, 2017

Position in Europe by capital deployed



Pitchbook data as of 08/05/2018

Draper Esprit investment includes co-investment funds

Invest across four areas of digital technology

Draper Esprit actively manages companies in enterprise, digital health, hardware & consumer tech across plc, EIS and VCT.

Enterprise	Digital Health & Wellness	Deeptech/Hardware	Consumer Tech
 	 	 	 
 	 	 	 
 	 	 	 
 	 	 	 
 		 	 
 		 	 
 		 	
			

Investing in a growing team



- Investment team of 17, total employees 33
- Team bring a broad set of experience and skill with a combination of VCs, entrepreneurs, bankers

Strategic partnership with Earlybird

- Strategic Partnership Agreement to share dealflow and resources with Earlybird, leading VC based in Germany
- One of Europe's most active venture capital partnerships with 23 investment professionals
- Manage over one billion Euros and has invested in leading technology companies such as N26, Smava, UI Path and Peak Games



Consistent delivery in the public markets

June 2016

- IPO June 2016 with market cap of £120 million
- Portfolio of 24 companies
- Gross portfolio value of £79 million
- Investing ~£30 million p.a
- NAV £3.00

Year to March 2017

- Market cap of £142 million
- Portfolio of 29 direct investments
- Gross portfolio value of £113 million
- Fundraise of £100 million in May 2017 to scale investments to match opportunities
- Investing ~£60 million p.a
- NAV: £3.43

Year to March 2018

- Market cap of £330 million
- Portfolio of 33 direct investments
 - Additional investments in Seedcamp funds I and II
- Gross portfolio value £244 million
- Investing ~£60 million p.a
- Launch of fund of funds strategy
- NAV £4.2

Year to date FY 2018/19

- Fundraise of £115 million in May 2018
- Strategic Partnership with Earlybird to increase presence in German speaking market
- 40+ direct investments
- Gross portfolio value £354 million at September
- In January 2019, further fundraise of £100 million and acquisition of 27% stake of Earlybird Fund IV and a 5% stake of Digital East Fund.
- Year end 31/3, results in June

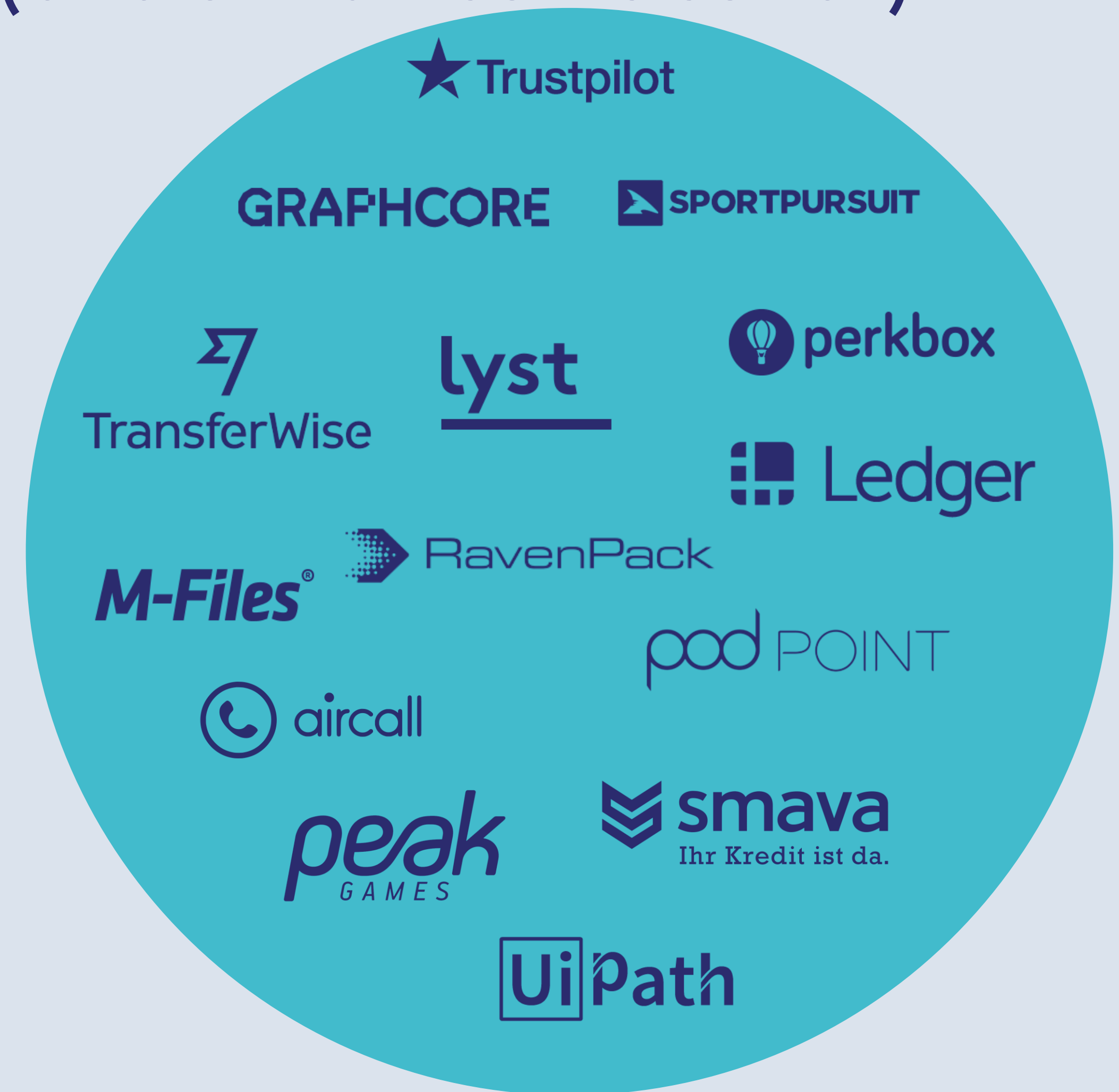
Growth underpins our valuations

Average Core Portfolio Revenues (Until X)

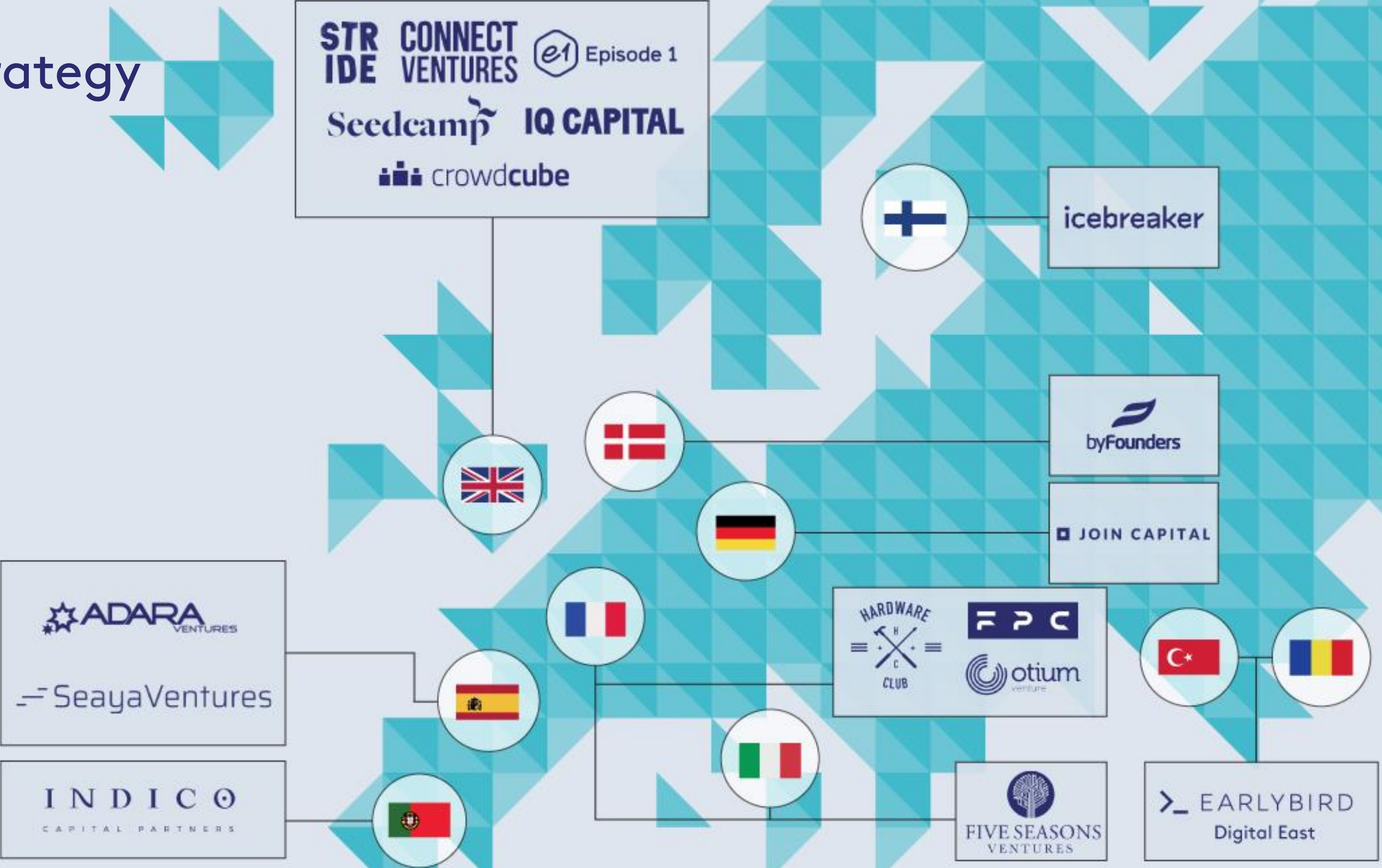


- Core continues to represent ~70% of Gross Portfolio Value
- Core –16 companies with total value £371.0m (£23.2m/\$29.0m average NAV)
- 11% average equity holding in Core companies
- ~66% average gross profit margin
- Average revenue in core and growth rates substantially increased

3 unicorns in our core holdings (and 3 ½ unicorns so far)



Seed fund strategy



DVN: global companies need global networks

As a global network, the Draper Venture Network enables our portfolio to access markets as they shift.



We have partners in Asia, the US, and the Middle East. For both commercial connections and future funding, our portfolio is well supported to internationalise.



EIS/VCT Update

EIS – A year in review

- Over £100m+ now raised for EIS
- Top rated EIS by the Tax Efficient Review for the 5th year running, with the highest ever score (89/100)
- 2018 portfolio highlights below, including over £10m+ of cash proceeds for investors



Acquired By



m\$ Undisclosed

**Gross Return
10x+**



Acquired By



m\$ Undisclosed

Gross Return 9-10x
(subject to final escrow FX)

GRAPHCORE

\$200m investment,
led by



**\$1.7Bn 'unicorn'
valuation**

Important Notice: The figures above relate to past performance and as such are not necessarily an indicator of future results. Returns may vary as a result of FX fluctuations

Increasing EIS fund raising & deployment

- Fund raising £30m-40m p.a. and growing
 - Equivalent to £150m-200m GP-LP fund
- 14 investments completed 2018 + 2019 YTD
- Recommended “panel” product for major banks, wealth managers and advisers, including:



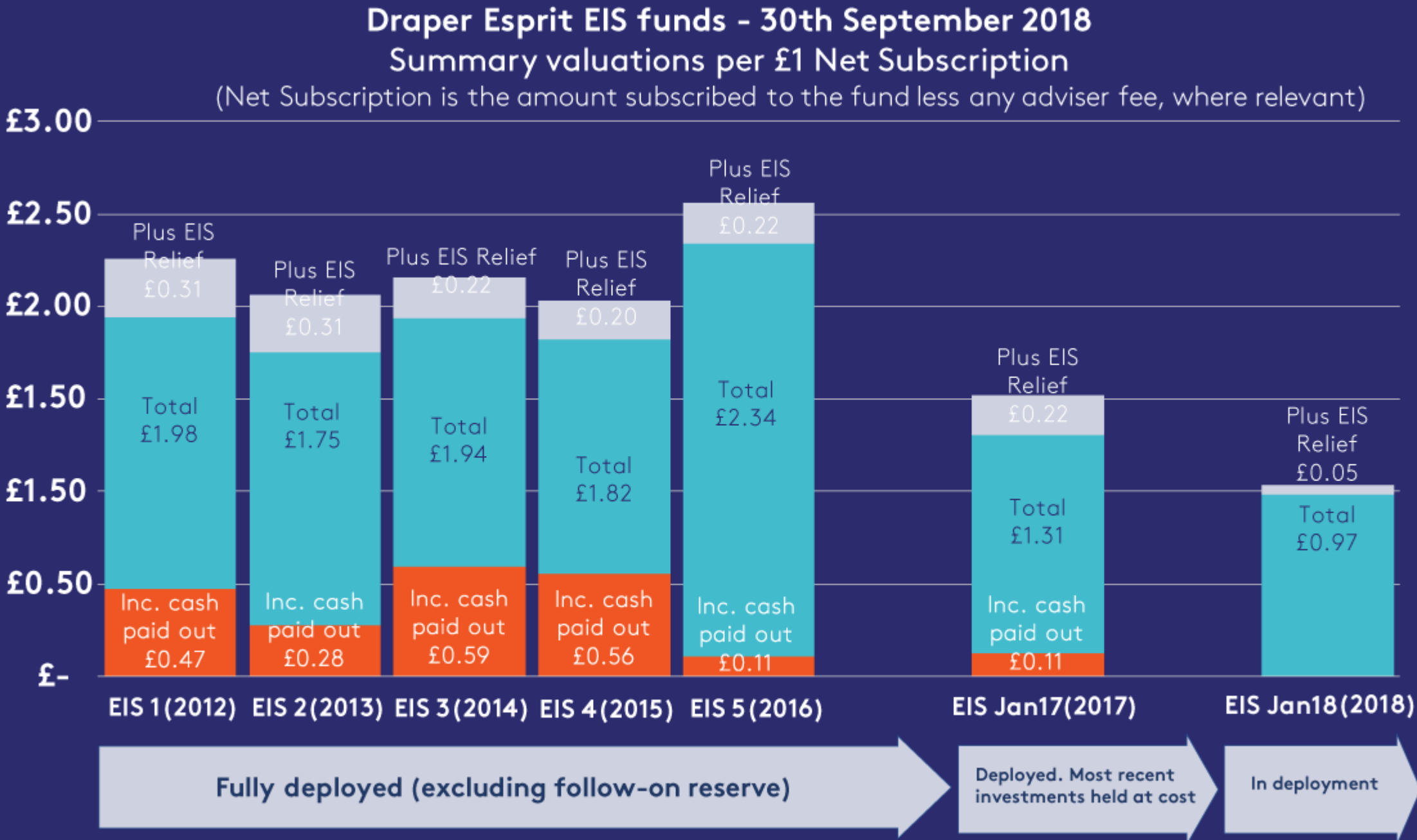
Important Notice: The figures above relate to past performance and as such are not necessarily an indicator of future results. Returns many vary as a result of currency fluctuations. EIS relief is subject to individual circumstances.

Certain exits shown above may still have expected deferred payments (escrow or earn outs) which are included in the figures above at the value as of the exit transaction date.

The figures above show gross returns at the individual investment level. Please see also the fund level returns which include the impact of all fees.

EIS delivering both NAV and cash performance

- Cash exits coming through
- Within the 3-5 year target holding period
- Winner:loss ratio tracking ~ 2:1



Important Notice: The figures above relate to past performance and as such are not necessarily an indicator of future results. Returns many vary as a result of FX fluctuations

Draper Esprit VCT

- Investing alongside Plc and EIS funds
- Portfolio of 14 Draper technology investments and four legacy Elderstreet investments – £41.7m total NAV
- Raising Funds now for 2018/19 tax year – £3.5 million limited capacity left
- Holding period – 5 years
- Potential 5% tax free annual dividends and tax free capital growth
- Immediate 30% initial tax relief
- Contact – William Horlick



William Horlick
Partner VCT



Michael Jackson
Partner VCT



**KEEP
CALM
AND
INVEST IN
TECH**

- Long term capital for UK and Europe's best entrepreneurs
- Multifund platform PLC (ISA), EIS, VCT, Secondary, Seed Fund of Funds
- Strong existing portfolio underpinning 20%+ target returns
- Leading dealflow driving new investments
- Active portfolio management controls and business building skills, pref shares mitigate downside
- European VC market gathering strength – winning firms emerging

Thank you

For further information:
Simon Cook, CEO
Ben Wilkinson, CFO
Richard Marsh, EIS
William Horlick, VCT