

Venture Capital Reinvented

Draper Esprit Plc
Annual report
and accounts
Year ended 31 March

2021

Registration number 09799594

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We are Draper Esprit. We make more possible.

We invest across the UK and Europe in private high-growth technology companies with global ambitions. We do this because we believe the future is being built, today, by Europe's best entrepreneurs.



 PAGE 20 SHOWCASES THE AREAS OF TECH WE INVEST IN, AND WHY

 PLEASE SEE PAGES 34-35 FOR OUR PORTFOLIO

We fuel growth.

We work with companies that have proven their model and are ready to scale, fast.

£128m


Cash invested in next generation companies during the year

 PLEASE SEE PAGE 22 FOR OUR INVESTMENT CRITERIA.

We think supporting the best entrepreneurs goes beyond investing capital.

We offer support and guidance as our portfolio companies grow. We actively manage our investments and put decades of valuable experience to good use.

We combine a wealth of wisdom and experience with youthful energy and ideas to provide support and guidance for our portfolio companies.

 TURN TO PAGE 25 TO SEE HOW WE SUPPORT COMPANIES FOR GROWTH.

We are different.

Our public listing and multifund model allows us to provide entrepreneurs with backing across their company's life cycle, fuelling the best businesses for longer.

Entrepreneurs backed by multiple capital sources on their growth journey.

 PLEASE SEE PAGE 24 FOR OUR POOLS OF CAPITAL.



We have reinvented venture capital.

Now any investor can back Europe's fastest growing tech companies.

71

Ambitious private technology companies in our portfolio*

 PLEASE SEE PAGES 14-17 TO DISCOVER THE MARKET TRENDS WHICH ARE DRIVING US FORWARD.

* Number of companies includes direct portfolio companies and those via our partnership with Earlybird over the threshold of £1m of value to Draper Esprit.

We create value.

For entrepreneurs and for our investors. Draper Esprit investment helps make more possible.

Entrepreneurs:
We provide a more flexible approach to funding, to back the best teams for longer.

£206m

Cash proceeds from exits this year, over £300m realised since IPO.

PLEASE SEE PAGES 32-33 FOR HOW WE CREATE VALUE FROM OUR LONG-TERM INVESTMENTS

PLEASE SEE PAGES 30-31 FOR THE VALUE OF OUR ACTIVE MANAGEMENT AND INVESTOR EXPERIENCE

We are the venture growth house that unlocks potential for both entrepreneurs and investors.

Investors:
We give investors access to the fastest growing private technology companies.

Performance highlights

£984m

Gross Portfolio Value
(31 March 2020: £703m)

743p

NAV per share
(31 March 2020: 555p)

£1,033m

Net Assets
(31 March 2020: £660m)

£161m

available Plc cash, as well as £43m available from EIS/VCT funds (31 March 2020: £34m, with c.£50m from EIS/VCT funds)

51%

Gross Portfolio Value fair value growth (year to 31 March 2020: 10%)

£206m

Cash Realisations (year to 31 March 2020: £40m)

£128m

invested, and a further £34m from EIS/VCT funds (year to 31 March 2020: £90m from Plc and £38m from EIS/VCT funds).

£267m

Profit after tax (year to 31 March 2020: £40m)

<1%

Operating costs (net of fee income) as a percentage of NAV

£107m

Net funds raised during the year

Some of the measures above are Alternative Performance Measures ('APMs') – see Note 29 for further details.

Operational highlights

- Significant cash proceeds of £206m received during the year from realisations (full and partial) and escrows, which were predominantly generated by the exits from Peak Games, TransferWise and Decibel, and the partial disposals of Trustpilot and UiPath.
- Invested £128m in the year, increasing the investment cadence in H2 with £96m of investments made.
- Invested into 9 new companies (as well as 3 new via Earlybird) and 18 existing companies (as well as 3 via Earlybird)*.
- Committed to 15 new seed funds via our seed fund of funds programme, bringing the overall seed fund of funds portfolio to 35 funds.
- Acquisition in February 2021 of the shares not previously owned in Elderstreet Holdings Limited, holding company of Elderstreet Investments Limited which is manager of Draper Esprit VCT funds, further scaling the Group.
- Continued to build the infrastructure for scaling, welcoming six new team members into the Partnership and Platform teams that support the investment function.
- Continued to progress our ESG roadmap, including approval of our ESG Policy, assessment of our portfolio against the UN Sustainable Development Goals and development of ESG KPIs (see pages 60-70 for further details).

Post year-end

- Increased and extended our revolving credit facility with SVB and Investec by an additional one year from £60m to £65m.
- Invested a further £48m post year-end to 11 June 2021, including investments into Manna, FintechOS, Cervest, Ledger, and Lyst.
- Refreshed fund of funds programme, with the approval by the Board and Investment Committee of an additional £75.0 million investment budget. Commitments deployed over 5 years.
- In line with the growth and maturity of the business, our intention is to move our listing to the Premium Segment of the Official List and to trading on the London Stock Exchange's Main Market as well as to the secondary listing segment of the Official List of Euronext Dublin and to trading on the regulated market of Euronext Dublin.

* Reporting threshold for Earlybird of £1m.

Chair's introduction



Karen Slatford

Chair

Financial Year 2021 has been unprecedented on a global basis for society, for all businesses and for the technology sector. The challenges of Brexit and the uncertainties of the US election seem insignificant compared with the global Coronavirus pandemic.

Looking back over the last 12 months, I don't think anyone would have predicted the pandemic's longevity and far-reaching impact nor the role technology has played in driving digital transformation, creating new opportunities, sustaining the economy and supporting people through successive lockdowns.

I am delighted by the way the team at Draper Esprit managed through these challenging times, accelerating the investment cadence, supporting our portfolio and continuing to improve and strengthen our approach to making investments. At times like these, small gestures and tokens of support for our community make a big difference as well as the determination to continue in "business as usual" mode as much as possible. I was delighted to receive a comforting bar of chocolate by post from Draper Esprit (thank you, Stuart) early on in the first lockdown and even more thrilled to see our annual Investor Day go ahead in early 2021, using the digital events platform provided by one of our portfolio companies, Hopin.

The team has made a number of investments in exciting new companies including Cazoo, Ravelin, PrimaryBid, CoachHub, Riverlane, Focal Point, and Agora and supported some of our other portfolio companies such as Peak Games, Trustpilot, Decibel, and UiPath through major financial milestones. In terms of business performance, we have had an exceptional year with a 51% increase in Gross Portfolio fair value. While the technology market remains buoyant, we continue to search for high quality and exciting investment opportunities with the highest potential to shape the future.

During the year, one of our two founders, Simon Cook, moved to the West Coast of Canada and while he continues as a member and supporter of the extended Draper Esprit family, he will no longer be an active contributor on a day-to-day basis. We will miss Simon's vision, drive and creativity, and wish him every success. Stuart Chapman, our other founder continues to be a member of our Board and our Chief Portfolio Officer, a sounding board and mentor to newer members of the team and to the portfolio companies he works with.



The Company's scale, its sustained track record of delivering growth even through times as uncertain as this year, and the impressive maturity of many of the businesses in the core portfolio reflect the firm belief that the listed VC model is good for both shareholders and the companies we invest in."

FY2021 represents Martin Davis' first full year as CEO; a year of outstanding performance but also a year in which Martin has been laying the foundations for further sustainable growth. During the year we have fully integrated the EIS fund, Encore Ventures, and the VCT fund, Elderstreet Investments. We are pleased to welcome both teams and to be able to work and co-invest more seamlessly together.

Among many other activities, Ben Wilkinson has sponsored the Company's increasing focus on sustainability, which is also becoming an even more critical part of what Draper Esprit offers to companies and investors. We are committed to contributing towards a future that is sustainable, fair, and accessible.

In line with the growth and maturity of the business, our intention is to move our listing to the Premium Segment of the Official List and to trading on the London Stock Exchange's Main Market as well as to the secondary listing segment of the Official List of Euronext Dublin and to trading on the regulated market of Euronext Dublin.

The Board believes the Company has grown and matured since IPO and that the Main Market is the most appropriate platform for the Company's future development. It is hoped that this will further raise Draper Esprit's profile, as well as potentially increase liquidity and enable its shares to be acquired by a wider group of investors.

In preparation for a Main Market listing, we are looking for additional Non-Executive Board Members to strengthen our team and bring more diversity of thought and experience to the Board.

It is almost exactly five years since Draper Esprit listed on AIM. The Company's scale, its sustained record of delivering growth even through times as uncertain as this year and the impressive maturity of many of the businesses in the portfolio reflect the firm belief that the listed VC model works well both for shareholders and our investee companies.

Karen Slatford

Chair

CEO's statement



We have increased our funding capacity and continued to build the infrastructure required to grow while maintaining the integrity of the investment process and our ability to support our portfolio companies as they scale."

Martin Davis

Chief Executive Officer

Overview

The period under review was my first full year as CEO and an unprecedented year for the world in that it saw the first global pandemic of the digitally-connected age.

The challenges and the opportunities brought by the pandemic have, by now, been well covered. We took early steps to implement measures to safeguard employees and ensure increased dialogue with portfolio companies but the real story for us was one of opportunity and acceleration, as we predicted in last year's annual report. We continued to perform well because of the accelerated transition to digital, something our portfolio companies foresaw, and our investment strategy enabled. This led to new investment opportunities as well as opportunities for companies within our existing portfolio to succeed.

Our structure provided us with a stable foundation during a year of uncertainty and we are proud of our strong financial performance across all our key measures.

I joined a highly successful business with a proven track record and have focused in the year on developing and further implementing our ambitious strategy to scale and evolve the business. We are intent on backing entrepreneurs to invent the future by accelerating our support to UK and European high-growth technology businesses in need of longer-term investment via our balance sheet and growing our third-party funds alongside the growth in the Plc balance sheet, which we have continued to build during the year.

We have increased our funding capacity and continued to build the infrastructure required to grow while maintaining the integrity of the investment process and our ability to support our portfolio companies as they scale. We have developed a platform that offers exposure across the Venture Capital value chain, including early-stage funds, direct investments, and via other investment vehicles and have broadened this further during the year.

We all now hope that an end to the pandemic is in sight and we see no cause for our likely gradual emergence from Covid-19 restrictions into a changed world to alter the fundamental dynamics of our growth. Companies in our existing and emerging portfolio have benefited from the accelerated transition to digital and we anticipate this structural shift will continue as global economies emerge into the post-Covid-19 environment.

Operating review

Our vision is to be the VC of choice for the visionaries inventing our future. Our funding enables entrepreneurs from high growth digital technology businesses to build their companies. Our investment platform also provides the support needed over and above the capital invested, including board representation and access to a high-quality network of specialists.

For investors, that means access to high-growth, privately owned technology companies as we continue on our mission to expand access to venture capital.

We made significant strides in building and developing the infrastructure for growth. As at 31 March, the Group manages £1.3 billion of assets (including third party funds), which provides us with a strong and scalable platform. Of these Assets Under Management ('AUM'), £294.6 million relates to AUM from third party funds. Our co-investment strategy allows us to lead more deals and increase the total size of investment in portfolio companies. Draper Esprit is building multiple investment strategies (seed funds, series A and growth) to increase third party AUM and fee income alongside the growth of the Company balance sheet.

During the year, we also continued to rationalise our EIS and VCT business with our acquisition of the manager of Draper Esprit VCT Plc, Elderstreet Investments Limited, in February 2021.

We have continued to build and bed in our internal dual platform, Partnership team and Platform team as introduced in last year's annual report, to put in place the resource to support our continued growth.

The Partnership team, which focuses on deals, portfolio companies and their founders, has continued to grow with a new principal, Dr Inga Deakin, joining in the year and Will Turner joining at the start of the financial year as a Managing Partner, Growth. We now have seven partners and principals with varying specialisms across our four key sectors of consumer technology, enterprise technology, digital health & wellness, and hardware & deeptech.

The Platform team, which focuses on supporting deal flow and collaborating with the entrepreneur community, other investors, and the wider ecosystem, grew across the three segments of Marketing, Deal Execution and Dealflow. We welcomed three new team members to Dealflow, in addition to Robby Glass, Legal Counsel to Deal Execution, and James Clark as Marketing Director.

We also continued to progress with our Environmental, Social & Governance ('ESG') roadmap, as set out in more detail below. We see ESG and sustainability as a journey, and aim to ensure that our learnings along the way benefit our portfolio companies, our investors and our wider community and stakeholders.

Financial performance

We are proud of our strong financial performance across all our key measures: fair value growth; cash realisations; investments; and available capital resources.

Fair value growth

We achieved Gross Portfolio fair value growth of £359.2 million. This increase in fair value of the gross portfolio of 51% is significant relative to the targeted 20% gross portfolio returns through the cycle.

Cash realisations and available capital resources

During the period, we generated £206.3 million of cash through realisations. This included the disposals of Decibel, Transferwise and Stripe, and via our partnership with Earlybird, the disposals of Peak Games, Social bakers, NFON, Ubitricity and the partial disposals of Trustpilot and UiPath.

We ended the year with a strong cash position following these realisations and our oversubscribed October placing, which raised £110.0 million (gross). At 31 March 2021, we had £160.7 million of Draper Esprit Plc cash (including restricted cash of £2.3 million), along with £42.6 million of EIS/VCT fund cash, and £60.0 million of undrawn debt from our revolving credit facility. This provides us with the ability to continue to increase our investment cadence and take advantage of the enhanced near-term investment opportunities we see.

Investments

We expressed our intention at the time of our October placing to increase deployment to c.£120.0 million per annum to capture a greater share of the technology investment opportunities we see. We have already exceeded the targeted rate having invested £128.0 million overall, with an increase from £32.3 million deployed in the first half to £95.7 million in the second. This breaks down as £51.1 million for new companies, £34.1 million for existing companies, £30.5 million for Earlybird drawdowns, and £12.3 million for fund of funds drawdowns. A further £33.8 million was invested via the EIS/VCT funds during the year.

Sustainability

During the year, we continued to progress with our ESG roadmap. We recognise the importance of focus on ESG at all levels and continue to monitor progress at the Board.

Our activities during the year included the approval by the Board of our ESG Policy, which includes a target set of ESG standards for our portfolio companies, the introduction of our updated investment checklist including ESG risk assessment, ESG training for the investment team, mapping the portfolio to the UN Sustainable Development Goals, and the first submission of UN PRI reporting. We continue into the new financial year with our carbon reduction/balancing, TCFD and diversity projects. Please see further details in the Sustainability section on pages 60-70.

Summary and opportunity

We have used the year to further scale our AUM and further develop our infrastructure, teams, and processes. This positions us well for the enhanced near-term investment opportunities we see on many fronts. These include:

- direct follow-on opportunities which we have already identified within our core and emerging companies and new deal flow beyond our portfolio;
- larger rounds as European technology companies continue to mirror US investment trends, which we can lead more often thanks to our balance sheet and co-investment structure;
- a potential growth fund for growth stage (Series B+) dealflow, using third-party funds alongside our own to provide a greater ability to lead deals and secure influence and allocation;
- the next Earlybird fund, Earlybird Fund VII, which will continue to target Series A investments in Germany and other parts of continental Europe; and
- our Fund of Funds programme, which also allows us to identify potential dealflow opportunities from within seed stage portfolios.

Outlook

While remaining mindful of continuing uncertainty in the environment in which we operate due to the ongoing Covid-19 pandemic, we look positively to the new financial year and anticipate increasing our investment cadence to over £150.0 million per annum, continuing to build our model, including with third-party funding, further enhancing our dealflow processes and continuing to build our team. We target 20% fair value growth through the cycle and, given the higher growth this year, our target for the coming financial year will be 15%.

The market for technology companies has certainly been buoyant this year and we apply a degree of caution to the anticipated growth for the coming year. However, our model has proven to be resilient across market environments and we see further opportunity to scale the business. In line with the growth and maturity of the business, our intention is to move our listing to the Premium Segment of the Official List and to trading on the London Stock Exchange's Main Market as well as to the secondary listing segment of the Official List of Euronext Dublin and to trading on the regulated market of Euronext Dublin. Preparations to transfer our listing are well advanced and we expect to complete the move within the next couple of months.

Strategic report



STRATEGIC REPORT

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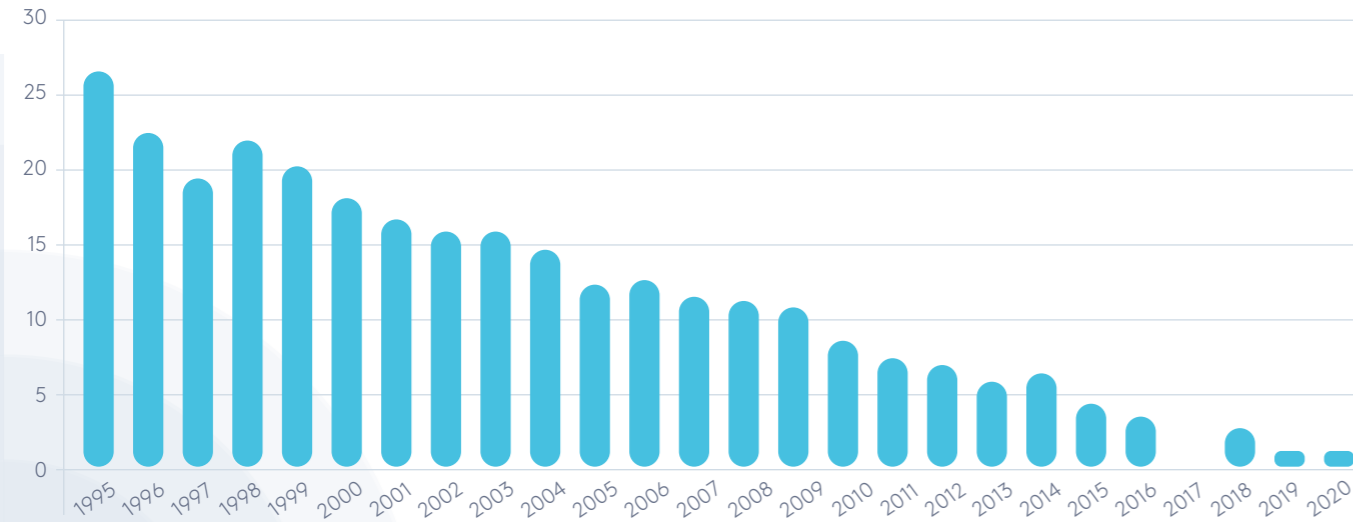
Market context

Bifurcation in Private Markets at Growth Stage - Rise of the "Popcorns"

In our results reports last year, we highlighted a long-term trend of growth stage companies staying private longer.

This demonstrates the desire and ability for certain companies to remain private while growing to global scale before going public. This has been a global trend, driving the creation of Unicorn companies (private companies valued at greater than US\$1bn).

Average years to Unicorn by year founded



Data source: Dealroom. Data as at 31 March 2021.

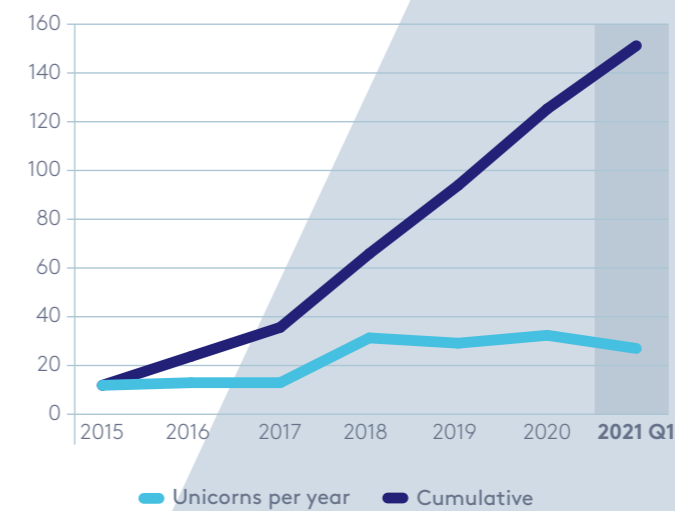
In the last 12 months we have identified a new variant of these types of unicorn companies (dubbed "Popcorns") which scale to billion-dollar valuations and beyond at unprecedented rates. A combination of factors appears to have driven this, including: unprecedented revenue growth created by certain companies, the ability of outstanding founders to assemble expert teams, availability of capital driven in part by greater involvement of US investors in European deals, and peerless execution by the teams involved. The chart above demonstrates how the time taken to reach 'Unicorn' status has fallen in recent years. Over the last 18 months, the speed has increased as companies - including Cazoo and Hopin from our own portfolio - have dramatically increased their valuations a result of accelerated execution. Such companies are exceedingly rare, but their potential to deliver outsized returns is dramatic. It is the skill of the investor to identify such opportunities and then invest at a point where value creation is maximised.

Some of the circumstances driving such valuation increases may well be peculiar to the pandemic. The pre-pandemic status quo has disappeared, a range of technologies have demonstrated their potential, consumer habits have permanently changed, and certain types of businesses have been able to take outsized advantage of new opportunities. Amidst this, while there are record levels of capital to deploy into such companies, technology investment fundamentals remain - companies need capital to scale quickly to fill a market opportunity, rigorous discipline is needed to source and invest in the right deals, and investors either need access to back highly experienced entrepreneurs or will need to work closely with less experienced teams to enable them to benefit. We expect the numbers of "Popcorns" to increase and for venture capitalists to compete in this environment, strong relationships with seed stage investors, availability of capital, speed of deployment, and finally a proven hands-on experience in working with entrepreneurs are essential.



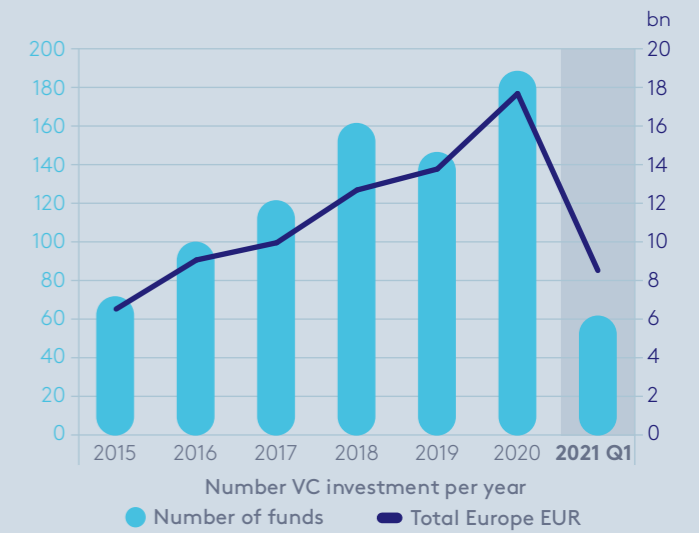
Cazoo

EU Unicorn fundraising



Data source: Dealroom. Data as at 31 March 2021.

EU VC funds raised – number and total amounts



Data source: Dealroom. Data as at 31 March 2021.

Reference to EU above includes UK

PLEASE SEE THE NEXT PAGE TO SEE THESE TRENDS IN NUMBERS

Market context

CONTINUED



Revolut

Seed Fund Story

Much of the growth in capital in the European VC market has come at the later stage rounds and therefore receives much of the attention, but it would be remiss not to consider the earliest stage of institutional investment – Seed.

In recent years there has been some discussion about how European seed rounds appear to be “drying up” leading to discussions of a Seed funding gap. Looking at market data there has certainly been a drop in the volume of deals at earlier stage with seed stage deals impacted more than late-stage deals.

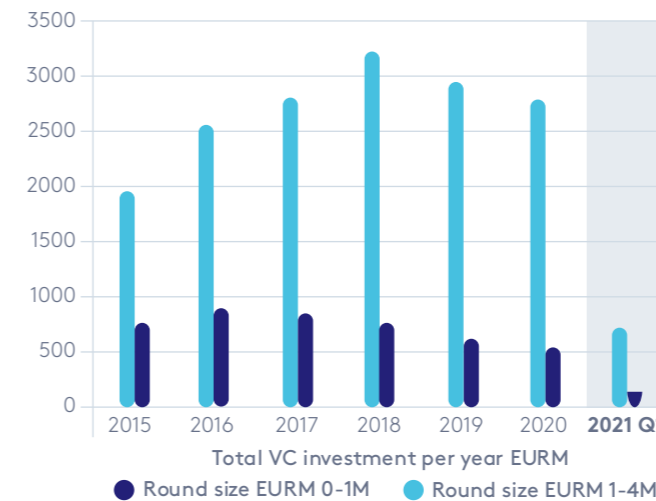
Some of this may be a data error: data on angel investments at seed stage are less thorough than data for VC investments. So if angel investments are increasing in the seed space, replacing what had previously been VC seed deals, we would expect to see numbers appear to fall.

However, as the chart on the previous page notes, a record number of VC funds have been formed or raised, particularly at seed and early stage, so the venture market for seed stage deals is more competitive than ever. Furthermore, as recent deal data on companies like Hopin and UiPath has demonstrated, successful investments at seed stage can deliver outstanding returns at growth stage. Draper Esprit addresses this part of the market by investing in seed funds across Europe. Seed VCs within the Draper Esprit Fund of Funds portfolio like Seedcamp (TransferWise, UiPath, Revolut), Earlybird (Peak Games, UiPath) and Stride (Cazoo) have demonstrated the value of skilled seed stage investors and the importance of backing them with sufficient capital to support the brightest companies. It is in this way we understand the connection between the need to back the best companies at early stage as well as those at later stage – however quickly they scale.

European VC Market Update

Overall the investment environment in European VC remains incredibly robust with total value of investment remaining strong despite the pandemic.

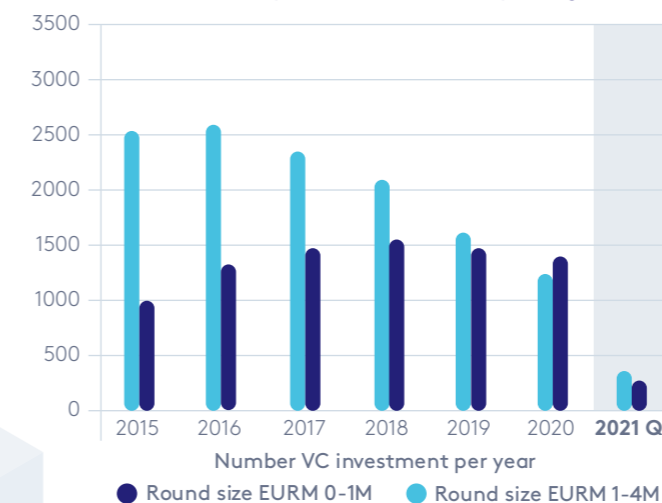
Value of deals by round size – Early Stage



Data source: Dealroom. Data as at 31 March 2021.

While the number of the very earliest stage VC deals (<€1m) has declined, we have witnessed rapid growth in deals >€4m. Considering the data in all charts in totality, it becomes clear that, while numbers of deals have been relatively steady, the value of these deals has increased considerably.

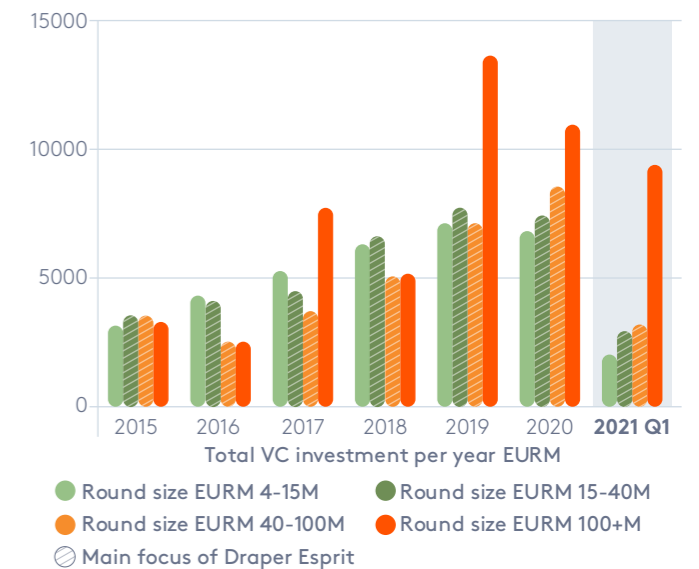
Number of deals by round size – Early Stage



Data source: Dealroom. Data as at 31 March 2021.

Activity in Q1 2021 is already on track to exceed 2020, indeed capital raising amongst the largest deals has nearly exceeded 2020 levels in a single quarter.

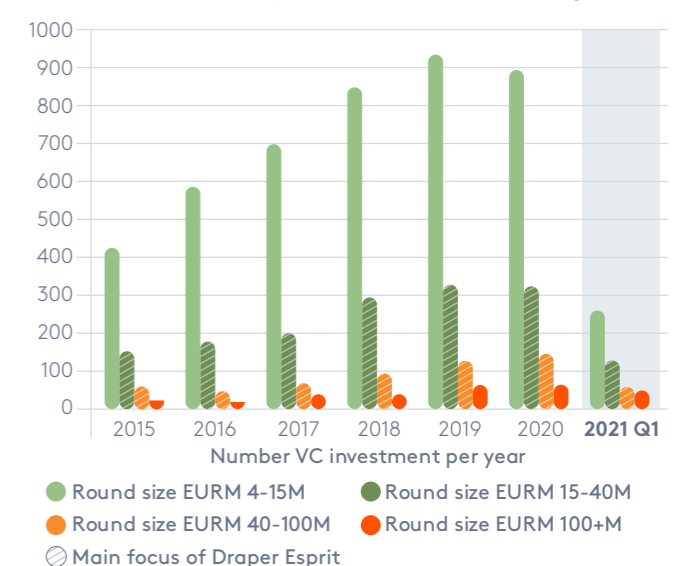
Value of deals by round size – Later Stage



Data source: Dealroom. Data as at 31 March 2021.

Most of this activity occurs at stages later than Draper Esprit would typically invest, but demonstrates the importance of backing the right teams at the right time to benefit from this outstanding value accretion.

Number of deals by round size – Later Stage



Data source: Dealroom. Data as at 31 March 2021.

Reference to EU above includes UK

How we create sustainable value:

Our value chain

1

What we invest in

We invest in high-growth private technology companies across Europe in four key sectors: Consumer technology, Enterprise technology, Hardware & DeepTech and Digital health & wellness.

PLEASE SEE PAGE 20 FOR WHAT WE LOOK TO INVEST IN

2

Finding opportunities

Our brand, people, networks, seed stage fund of funds programme and Earlybird partnership offer a large pipeline of promising private technology companies from across Europe.

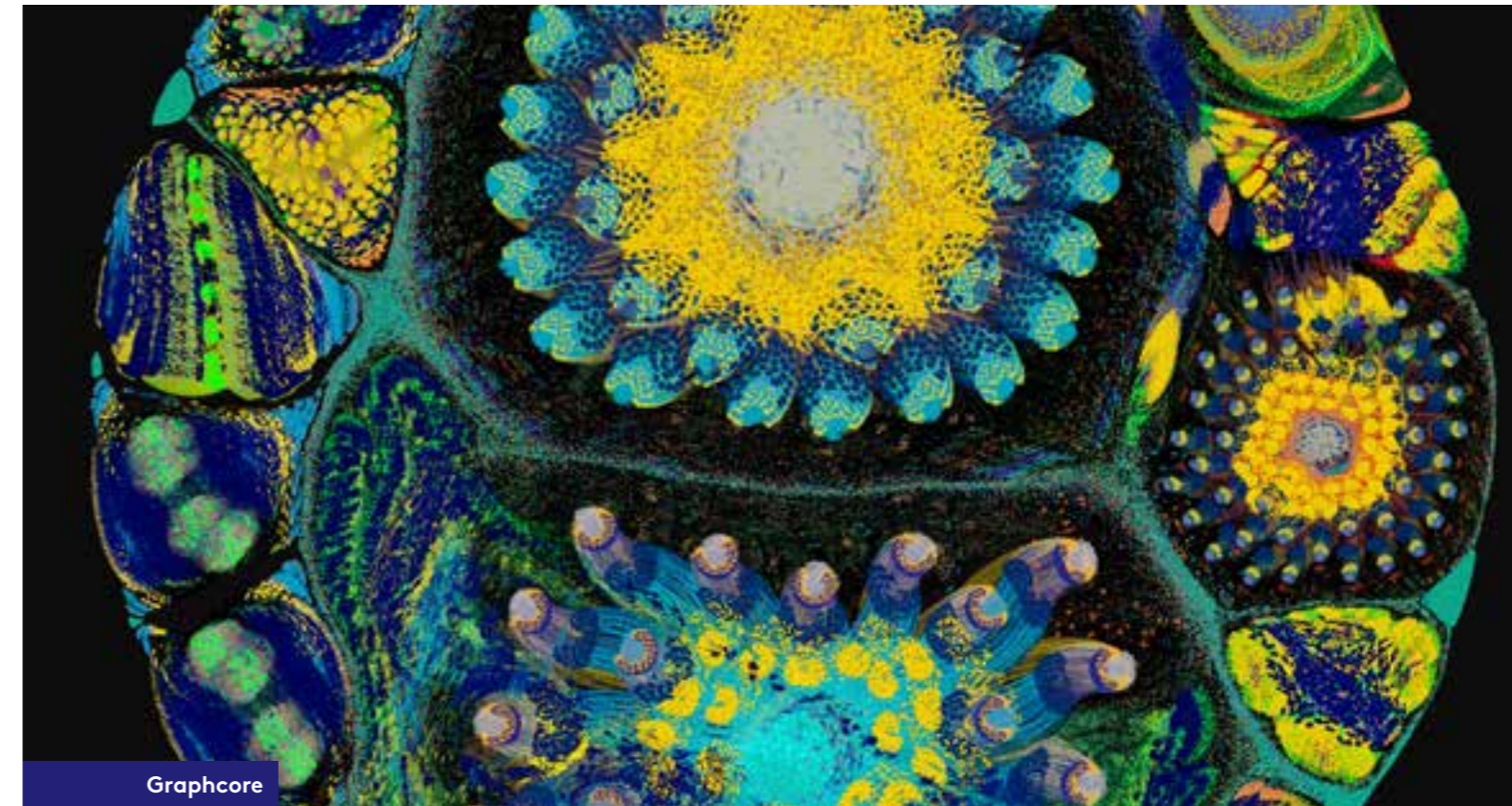
PLEASE SEE PAGE 21 TO UNDERSTAND HOW WE FIND OUR OPPORTUNITIES

3

Our investment criteria

We screen thousands of businesses every year and only invest in companies and teams with the potential to scale to win global markets.

PLEASE SEE PAGE 22 FOR OUR INVESTMENT PROCESS



4

Stage of investment

We back businesses to provide them with the capital, expertise and networks to fuel their growth. Investing from Series A onwards is our core business, with access to earlier stages via our seed stage fund of funds programme and Earlybird partnership.

PLEASE SEE PAGE 23 FOR THE STAGE OF OUR INVESTMENTS

5

How we fuel growth - our capital

The Plc balance sheet is central to our investments. Our co-investment structure brings third-party capital, enabling us to build a more material stake in and support the very best European tech companies.

PLEASE SEE PAGE 24 FOR OUR POOLS OF CAPITAL

6

How we support our investments

We don't just provide capital for growth. We're hands on. We're here to support entrepreneurs as their businesses grow.

PLEASE SEE PAGE 25 TO UNDERSTAND HOW WE SUPPORT OUR INVESTMENTS

7

Delivering growth with our people

Our multiplatform approach and access to capital fuels growth. Our people make more possible.

PLEASE SEE PAGES 26-27 FOR OUR WONDERFUL TEAM WHO BACK AND DELIVER GROWTH



PLEASE SEE PAGE 40 FOR WHAT'S IN A SHARE WHEN INVESTING IN US

PLEASE SEE PAGES 34-35 FOR OUR PORTFOLIO

01 How we create sustainable value: What we invest in

We invest across four sectors in high growth UK and European technology companies.



Consumer technology

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



Enterprise technology

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



Hardware & Deeptech

R&D-heavy technologies which emerge to become commercially dominant, upending industries and enabling entirely new ways of living and doing business.



Digital health & wellness

Using data, software and hardware to create new products and services for the health and wellness market.

Thesis-driven investment strategies

Whilst we invest across these four sectors, our investment team also focuses on thesis-driven investments. Our team is always on the lookout for the next sub-sector or theme to emerge. We invest in sub-sectors like Fintech, where Enterprise and Deeptech overlap with companies like Thought Machine, PrimaryBid and Ravelin, or the space where Deeptech and Healthtech overlaps in companies like Endomag and Evonetix.

02 How we create sustainable value: Finding opportunities

Deal origination and the dealflow pipeline

Deal sourcing requires excellence in multiple areas - our brand, people, network, access via our seed stage networks, our fund of funds programme and Earlybird partnership, and utilisation of data. This provides access to a large pipeline of deals across the ecosystem ensuring we can take a market-wide view before investing.

Proprietary

Developing highly coordinated outbound thesis-driven proprietary dealflow is a key role of the deal origination team (part of the Platform team - see page 27). Regular thematic deep dives are undertaken by the team based on emerging trends identified in technology, industry verticals, and business models. The utilisation of data and software are key elements at the deal identification stage and management of the investment process.

Our pipeline is comprised of new companies as well as success stories from within our portfolio. These are reviewed by our deal origination team to filter for the next stage of the investment screening process. Leveraging operational expertise across the wider investment team and in-market networks within key geographies further enable access to high-quality dealflow.

Fund of funds programme

In October 2017, we launched our seed fund of funds programme. Three-and-a-half years after launch, we have invested in 35 seed funds globally, committing £67.2 million (converted at year-end exchange rates), which will be invested over approximately five to eight years, with an additional pipeline of further funds identified for future development. Those funds already have over 530 portfolio companies and have raised c.£2.5 billion in total.

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

Earlybird

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

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



Smava

3 How we create sustainable value: Our investment criteria

We invest in high-growth technology companies

We invest in fast growth European tech or tech-enabled businesses that have the ambition and potential to become global leaders. The companies we invest in sit within our four target sectors or align to a thesis-driven investment strategy within our sectors. They have strong gross margins and capital-efficient business models to enable sustainable growth and future profitability. We look for businesses that will be attractive candidates for eventual acquisition or IPO.

We invest in companies as they grow

Draper Esprit enables public market investors to access private growth stage companies. By investing at the high-growth phase of a company's life cycle, we give our shareholders access to the value this phase generates.

The investment process:

Screen thousands

Across our investment platform, we look at thousands of businesses a year – searching for the brightest opportunities, and the clearest visions. We do not start from nothing: our deep networks and seed funds help us spot the best ideas to back.

Talk to 1000+

We talk to the most promising businesses that clear our screening process, getting to know the teams, their ways of thinking and their ambitions.

Invest in 15-30

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

Facilitate growth and build stakes

Once we have invested, we work with our portfolio companies to help them grow in a sustainable way. We help to create companies which are ready to take their place amongst the business leaders in this space.

Exit

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

Screening sustainably

We are committed to a policy of responsible investment through the life cycle of our investments. All prospective portfolio companies in which we consider making a direct investment are initially screened against our Exclusion List and thereafter assessed as part of our ESG due diligence process before a final decision can be taken on the investment.

Once we have invested, we work with our portfolio companies so they develop greater ESG compliance as they scale. We help to create companies which are ready to take their place amongst the business leaders in this space.



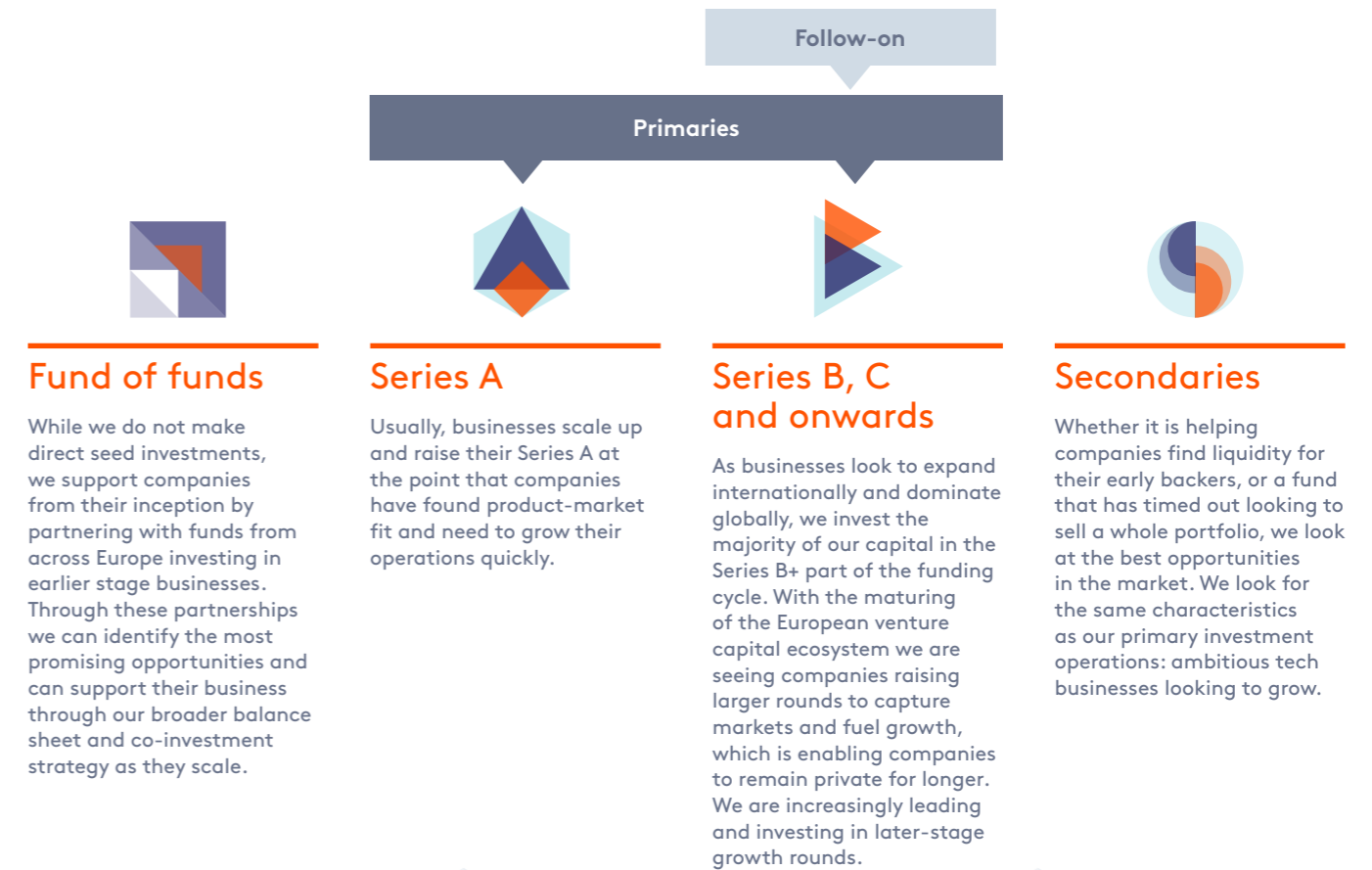
Perkbox

4 How we create sustainable value: Stage of investment

Growth investing from Series A onwards is our core business, with the majority of our capital allocated to later-stage investment rounds.

We recognise the needs of the entrepreneur and are dynamic in finding the best capital solutions to fit their requirements. Through our fund of funds programme and partnership with Earlybird, we also ensure that the early-stage market is well funded and able to help their most promising companies scale up when they need later stage funding to grow.

~30% of the Group investment capital goes towards smaller and early-stage investments. In the UK, Draper Esprit EIS and Draper Esprit VCT invest alongside the Plc. In Europe, these deals are done either directly through or alongside Earlybird via our strategic partnership. ~70% of the deals we do are invested in larger and growth stage deals (either follow-on from our emerging portfolio or new companies); these investments are made, predominantly, through the Plc balance sheet. As the European market matures, there is an increasing opportunity for these growth deals, in which we recognise the opportunity to build external third-party assets. The permanent capital model of a listed vehicle also provides additional flexibility to build stakes in the top performing investments over time as opportunities arise.



Fund of funds

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

Series A

Usually, businesses scale up and raise their Series A at the point that companies have found product-market fit and need to grow their operations quickly.

Series B, C and onwards

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

Secondaries

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

5 How we create sustainable value: How we fuel growth – our capital

A multiplatform strategy

We have continued to scale our platform to enable our investors access to the best deal flow across Europe. Our co-investment partners bring third-party capital, enabling us to build a more material stake in businesses, while also increasing our reach into the best companies. Meanwhile, the management and performance fees received from the third-party funds offset management costs for our shareholders. The Draper Esprit Plc balance sheet forms the core investment vehicle for the Group.

Draper Esprit Plc

The Plc balance sheet forms the core investment vehicle for the Group. The permanent capital model of a listed vehicle provides additional flexibility to build stakes in the top performing investments over time as opportunities arise.

Earlybird

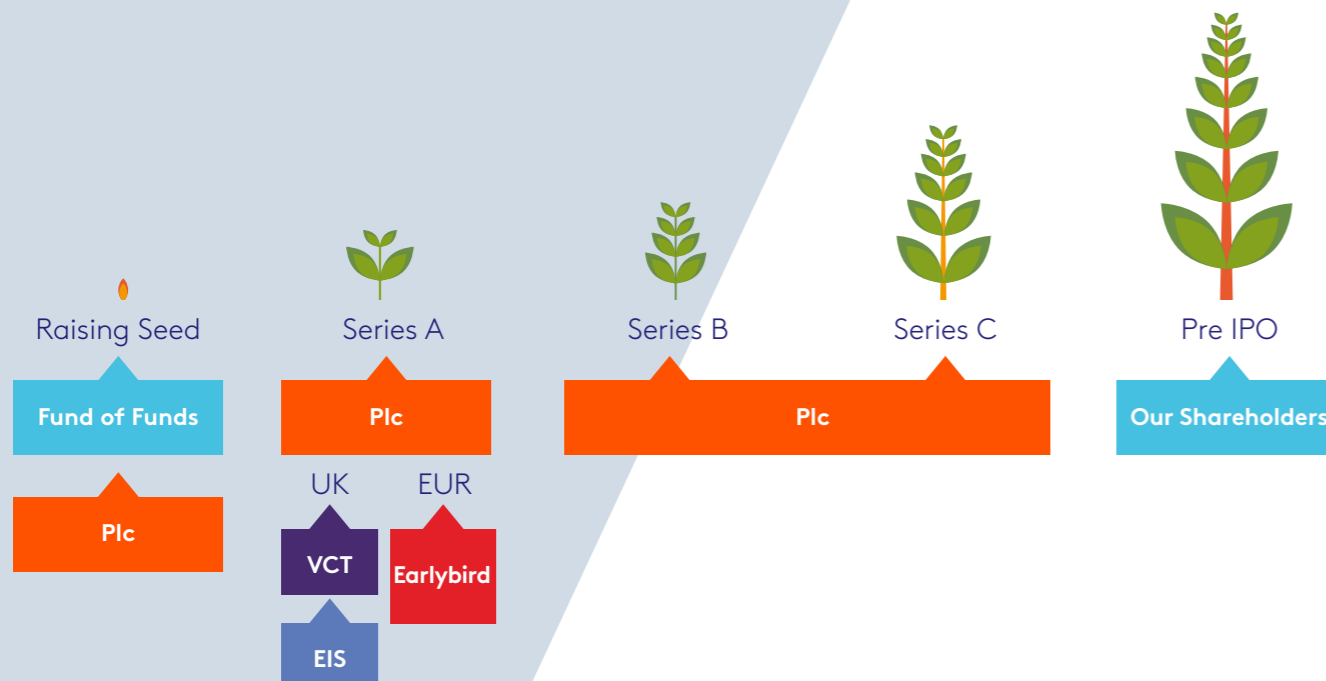
In July 2018, Draper Esprit announced a strategic partnership with Earlybird Digital West to share deal flow and resources to coinvest in high growth technology companies across Europe, in particular the German speaking market. The partnership started with Draper Esprit taking a 50% stake in Earlybird's Digital West Early Stage Fund VI ("Earlybird Fund VI"). Further commitments have subsequently been made into other Earlybird funds.

Draper Esprit VCT

In 2016, Draper Esprit acquired a 30.77% stake in Elderstreet Holdings Limited, before acquiring the remaining stake in February 2021. Draper Esprit, via Elderstreet Holdings Limited, now has full ownership of leading VCT manager Elderstreet Investments Limited, which manages Draper Esprit VCT Plc (LSE:EDV). Since inception in 1998, Elderstreet Investments Limited has raised funds of £94.0 million in Draper Esprit VCT Plc.

Draper Esprit EIS

The Group owns Encore Ventures LLP, a FCA regulated management vehicle and manager of Draper Esprit's EIS funds. With six co-investment funds, which co-invest with the Plc on UK deals, Encore Ventures has raised £177.1 million to 31 March 2021. The Draper Esprit EIS Funds have been independently reviewed for seven years in a row as the highest ranked growth EIS fund by The Tax Efficient Review scoring 89/100 in April 2021. They also held the highest EIS rating awarded by M J Hudson Allenbridge prior to cessation of their general availability reports in 2020.



6 How we create sustainable value: How we support our investments



Hands-on support

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

We also offer enhanced knowledge sharing for portfolio companies, including trend spotting, panel discussions, and focused networking to help our companies get ahead.

Long term capital

Our structure as a growth-focused technology venture capital firm dual listed on the AIM market of the London Stock Exchange and on Euronext Dublin means we are not tied to a specific time period of investment.

We have the flexibility to find the best opportunities for entrepreneurs – and to back businesses from scale-up all the way to IPO or acquisition. With a public balance sheet, we can take a longer view, allowing shareholders to capture value as companies reach their full potential.

Global firepower

We are part of a global community of investors and funds looking to scale the best companies. We have backed businesses such as Cazoo, ICEYE, UiPath, Graphcore and Revolut.

Our network allows us to gather like-minded funds from around the world to invest in the brightest companies, and helps us support companies as they grow – providing the sort of international introductions that can spark years of growth or put companies in touch with potential acquirers. It is also a chance to share expertise on markets and hear from some of the world's brightest entrepreneurs and investors.

07 How we create sustainable value: Delivering growth with our people

Partnership team

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

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

Our companies use new technology to create better ways of doing things. We focus on four sectors: enterprise technology, digital health & wellness, hardware & deeptech, and consumer technology.

We also look at areas where these sectors overlap like fintech, which operates between consumer technology and enterprise technology. We're constantly imagining better ways we can build up and support our portfolio companies and to do that we need to have a strong infrastructure.

To strengthen that infrastructure, we've made an addition to the team, hiring Digital Health and Lifesciences expert, Dr. Inga Deakin. Inga joins us as we continue to scale our model, allowing us to further strengthen our high-quality portfolio while delivering the best possible portfolio support.

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

Our Executive Directors form part of the Partnership team - see their biographies on page 91.



WILL TURNER, MANAGING PARTNER, GROWTH FUND

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



JONATHAN SIBILIAS, PARTNER, HEAD OF SECONDARIES AND FUND OF FUNDS

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



RICHARD MARSH, SENIOR PARTNER

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



NICOLA MCCLAFFERTY, PARTNER

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



VINOTH JAYAKUMAR, PARTNER

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



CHRISTOPH HORNUNG, INVESTMENT DIRECTOR

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



DR. INGA DEAKIN, PRINCIPAL

I'm excited about companies bridging gaps. This requires diverse skillsets, such as using tech and engineering skills in life sciences, giving patients and healthcare professionals a consumer quality experience, and company excellence in execution across all fields.



Platform team

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

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

As part of our work to build the infrastructure to enable growth, we have enhanced our sourcing approach. Lead & Dealflow Generation is one area of focus of our Platform team, to support the optimisation of our deal origination processes and ensure high quality leads which allows us to identify, attract and originate the most exciting technology prospects in Europe. To support this function, Edel Coen has been promoted to Head of Dealflow and the team has added three new Associate hires.

Another area of focus for the Platform team is Deal Execution. The team has been expanded with Phillip O'Reilly being promoted to Head of Deal Execution and a new Legal Counsel hire during the financial year.

We continue to scale our marketing capabilities with the hiring of James Clark as Marketing Director as well as the confirmation of a new Head of Communications post year-end.



Research, identify, engage and support tech start-ups as they develop their businesses and look to scale their operations.

Seamless integration and collaboration to support ongoing deals, providing founders with guidance on growing business operations and, where appropriate, advising on their marketing communications.

Develop and maintain close collaborative partnerships with prospective and existing portfolio companies and ensure they have the support they need from fundraising to marketing to connections.

Market Draper Esprit and its portfolio in order to raise its brand awareness and engagement across the UK and broader European tech and investor communities, while seeking to build deep, actionable insights into Europe's entrepreneurial ecosystem.

Case study

Evidencing our investment in the future of financial inclusion

Investing in the future

We believe that financial inclusion is important for the future. As a publicly listed VC we're working to level the playing field, providing access to the companies we invest in to those who wouldn't usually have it. So it's even more important to us to ensure we're investing in companies with a similar purpose and goals that align with our own.



PrimaryBid

PrimaryBid

Ensuring retail investors can transact at the same time and price as institutional investors, PrimaryBid is a technology platform that allows everyday investors fair access to public companies raising capital. Through their long-term agreement with the London Stock Exchange they have created an infrastructure to connect everyday investors with public companies.

Total invested
£5m

Of which £3m post year-end.



Crowdcube

Crowdcube

Since Crowdcube was founded in 2011, they have helped more than 1,300 raises successfully fundraise. With more than 1,000,000 members, a total of £1.0 billion has been invested on the platform to date. Crowdcube is on a mission to fuel the next generation of businesses who want to leave a mark on the world and to democratise investing, which is a mission closely aligned with our own.

Total invested
£4m



Freetrade

Freetrade

In a bid to open up public market investing to all, Freetrade is a commission-free mobile trading stockbroker app.

The community-based and minded company completed the fastest ever raise on the Crowdcube platform (another Draper Esprit portfolio company), raising US\$1.2 million in 77 seconds. Freetrade is changing the way the world looks at trading and working to make stock investing appeal to every generation.

Total invested
£8m



Revolut

Revolut

Revolut is constantly working to build the world's first global super-app while turning the financial business sector on its head. Launched in 2015 in the UK, Revolut offered money transfer and exchange. Today the company provides customers with private and business accounts, and services like Revolut Jr. for under 17s to help teach financial literacy and money management to children from a young age.

Setting up an app-based account takes 60 seconds and can ultimately be done by anyone with access to a smart phone or smart device. Revolut is 'rebundling' and reprioritising the way banking works, providing an accessible, easy to use and cheap alternative to standard banking.

Total invested
£7m

By investing and fuelling growth for companies that are challenging the way the world operates and accessing investing, fundraising, and banking, we are able to invest in a financially-inclusive future.

Case study

Evidencing the value of active management and investor experience

Trustpilot

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Good venture capital investments are about more than just 'capital', they are a commitment to building a great company, and commitment is impossible without trust."



Peter Mühlmann- CEO Trustpilot



- 2007 { Trustpilot was founded
- 2013 { Draper Esprit invests in Trustpilot's Series C
- 2015 { Draper Esprit invests in Trustpilot's Series D
- 2019 { Draper Esprit invests in Trustpilot's Series E
- 2020 { Trustpilot hosts over 100 million reviews and surpasses US\$100 million of revenue
- 2021 { Trustpilot floats on London Stock Exchange

When online global review site, Trustpilot, was founded in 2007, 'trust' online was a largely unresolved issue. Since its establishment, the company has been working hard in the "fight for trust online," according to CEO and Founder Peter Mühlmann.

Draper Esprit first invested in Trustpilot's Series C back in 2013. Trustpilot had seen earlier rounds of investment from our friends Seed Capital, Northzone and Index Ventures (Seed, Series A and B). We were taken with Peter's vision, and the team's execution was impressive. Draper Esprit followed its investment in Trustpilot's Series D in 2015 and Series E in 2019. In line with our belief in building our support for our best companies, we also built our position through secondary acquisitions when possible. For us the ability to increase our stake was one of the great benefits of being publicly listed – we were able to offer greater returns to our shareholders by increasing our shareholding in an incredible company.

Yet our commitment and connection with Trustpilot has gone far beyond investment of capital. Throughout our time, we have remained an active participant on Trustpilot's board, a service we see as a vital part of Draper Esprit's contribution to our portfolio. We've been privileged to offer Peter and his team our support on topics as diverse as recruitment of key hires, funding considerations and market entry strategies – particularly the US. In a world where

capital is becoming increasingly commodified, this added value and the ability to function as a trusted advisor, is what we try to offer all our portfolio.

In March 2021, the company listed on the London Stock Exchange valued £1.1 billion, broadening its shareholder group to include high-quality public market investors. As with our own experience, moving from private to public leads to changes in company profile and business structures, but going public is a vital step in Trustpilot's future sustainability and we remain supporters of this special company. Ultimately, our pride in the Trustpilot team gets to the essence of why Draper Esprit is committed to taking a long-term, sustainable view on venture capital investment. Good venture capital investments are about more than just 'capital', they are a commitment to building a great company, and commitment is impossible without trust.

We are delighted to have played our part in the development of this company, which we hope will continue growing in the years ahead.

Case study

Evidencing the value from long-term investment

The value of long-term investment:

Deeptech

This year has been a pivotal year for Deeptech. The first ever mRNA-based vaccine being used to combat Covid-19, the CRISPER-Cas9 genome editing technique was awarded the Nobel prize and SpaceX's rocket launches and landings have certainly stood out as particular breakthroughs in the sector. Along with the rest of tech, Deeptech has reached a pinnacle of momentum.

Successful Deeptechs occupy the sweet spot of research and development and market demand and don't happen overnight. Assessing Deeptech requires a little more background than providing late-stage capital to an obvious revenue-generating fast-moving opportunity. Due diligence on a Deeptech also includes looking at the standing of the technology in its peer group, at the proof of concepts and the partnerships that they have with the major players. At Draper Esprit we have knowledge and long-term experience investing in Deeptech and invest in some of the best UK and European companies in the sector.



Riverlane

Riverlane

Quantum computing has been a high-spec technology being developed in commercial labs and universities for some time. While still considered esoteric by some, companies like Riverlane are working to demystify this exciting area. The software that Riverlane produces allows for prototype machines to be connected with commercial developers via an operating system.

Draper Esprit has been an investor in Riverlane, since the company's Series A round in 2021.

Total invested
£5m



Paragraf

Paragraf

Building on significant know-how and IP, Paragraf is developing atom-layer thick two-dimensional materials, starting with graphene. Through its growing IP portfolio, Paragraf will apply these to a range of advanced electronic, energy and medical devices to benefit society. The company originated from the Centre for Gallium Nitride group of Professor Sir Colin Humphreys in the Department of Materials Science at the University of Cambridge.

Draper Esprit has been an investor in Paragraf, since the company's Series A round in 2019.

Total invested
£1m



Endomag

Endomag

Originally founded in 2007 by professors at the University College London (UCL) and the University of Houston, Endomag's technology, through a tremendous amount of research and development, works to provide patients with a better standard of cancer care. The technology minimises and simplifies breast cancer treatment, allowing doctors to better carry out tumour localisations and breast cancer staging. We invested further into Endomag during the financial year - see further details on p. 42.

Draper Esprit has been an investor in Endomag, since the company's Series A round in 2018.

Total invested
£9m



Evonetix

Evonetix

Evonetix are developing a different approach to gene synthesis - an integrated desktop platform to synthesise DNA at unprecedented accuracy, scale and speed. Their platform will provide access to DNA synthesis to all researchers and change how DNA is accessed, made and used.

Draper Esprit has been an investor in Evonetix, since the company's Series A round in 2018.

Total invested
£3m



Graphcore

Graphcore

The Xmos spinout creates chips that power AI processors which underpin most modern technology. The Intelligence processing units or IPUS work to accelerate machine intelligence, which in turn allow innovators to make untold AI breakthroughs.

Draper Esprit has been an investor in Graphcore since the company's Series A round in 2016.

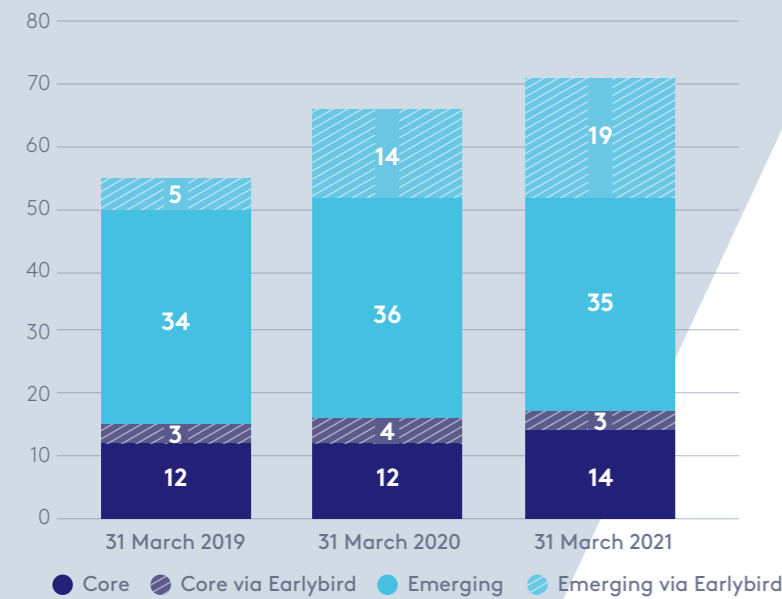
Total invested
£24m

By investing in Deeptech companies early on we're able to support them throughout their journey, from start to exit, or even IPO.

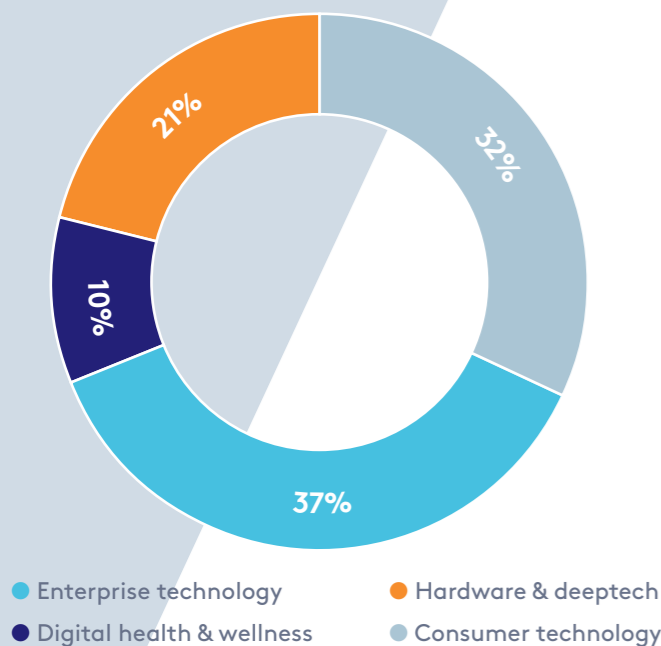
As a publicly listed company we aren't constrained to the typical five-year fund cycle, so we're able to focus on growing sustainable businesses. We understand that it takes time, belief and effort to build the companies with the biggest impact. So when it comes to our business model and the way we do things we're all about long-term patient capital.

Our portfolio

Number of Companies



Number of Companies - Split by sector



Consumer technology

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

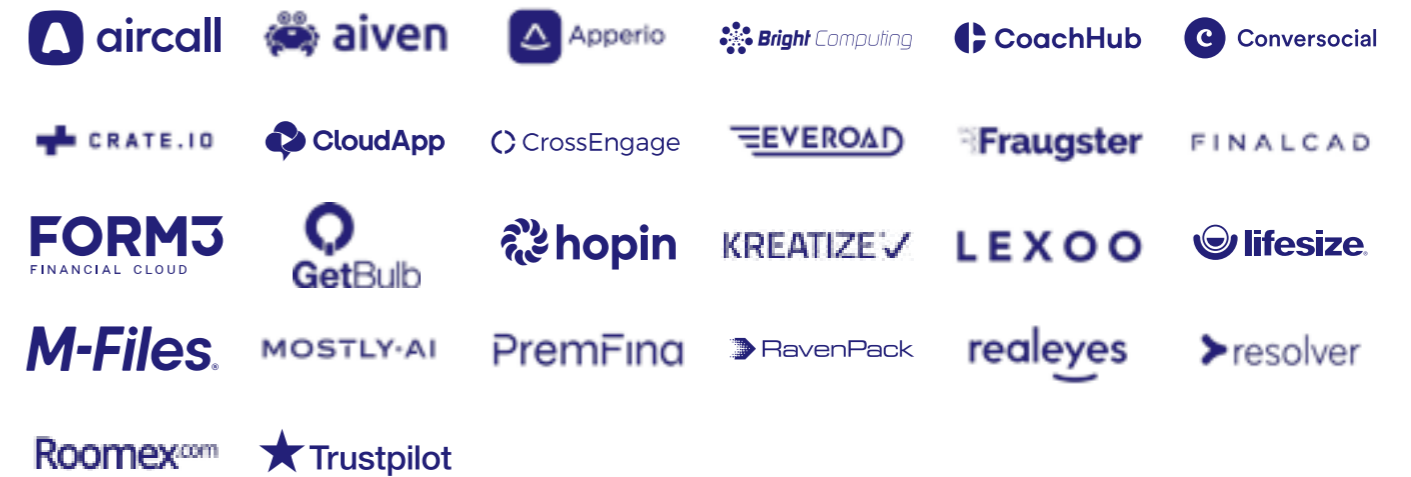
25% by value
32% by number of companies



Enterprise technology

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

35% by value
37% by number of companies



Hardware & deeptech

R&D-heavy technologies which emerge to become commercially dominant, upending industries and enabling entirely new ways of living and doing business.

36% by value
21% by number of companies



Digital health & wellness

Using data, software and hardware to create new products and services for the health and wellness market.

4% by value
10% by number of companies



Our strategy

Our strategy, unlocking more potential

Strategic objective	FY21 progress	FY22 outlook	Link to KPIs
To back disruptive high-growth technology companies to invent the future	<ul style="list-style-type: none"> Continued to build our deal origination processes and capacity within the Platform team. Invested into 27 new and existing companies (direct) and committed to 15 new funds via our fund of funds strategy, including impact funds such as Future Positive Capital and Mustard Seed Maze. 	<ul style="list-style-type: none"> Continue to focus on finding and investing in the best disruptive, high-growth technology companies with a focus on the UK and Europe. Continue to develop our processes and build the team as we grow. Target of over £150.0 million investments in FY22. 	③ ④
To fuel their growth with access to capital	<ul style="list-style-type: none"> Invested £128.0 million via the Draper Esprit Plc balance sheet, as well as £33.8 million via EIS/VCT funds. 	<ul style="list-style-type: none"> Target of over £150.0 million investments in FY22. 	③
To provide a holistic capital model, supporting entrepreneurs through the duration of their journey	<ul style="list-style-type: none"> £160.7 million of cash at 31 March 2021, with a further £42.6 million in EIS/VCT funds. Committed to a further 15 seed fund of funds, leading to total commitments of 35 funds as part of our seed fund of funds programme. 	<ul style="list-style-type: none"> Continue to utilise our flexible model to support entrepreneurs through the duration of their journey. Continue to support our seed fund of funds programme. 	③ ⑤
To scale our platform for growth whilst maintaining the integrity of the investment process	<ul style="list-style-type: none"> Continued to build the Partnership and Platform teams with six new hires in these teams and continued enhancements to our deal origination and execution processes. Acquisition during the year of the manager of Draper Esprit VCT, Elderstreet Investments Limited. 	<ul style="list-style-type: none"> Continue to consider opportunities to introduce third-party capital, enabling the Group to build a more material stake in companies, while also increasing Draper Esprit's reach into some of the best companies. Continue to develop our processes and build the team as we grow. 	① ③ ⑤
To maintain a high-quality bar for investments to continue to deliver strong investment returns underpinned by cash realisations	<ul style="list-style-type: none"> Fair value increase of 51% in the gross portfolio, despite strong currency headwinds. Realisations of £206.3 million during the year. 	<ul style="list-style-type: none"> Returning to 20% returns through the cycle, with a target of 15% in the coming financial year. Target of 10-15% through the cycle of the Gross Portfolio Value. 	① ② ④
To support visionaries who find new ways for the world to work in the future. We want that future to be sustainable, fair and accessible to all	<ul style="list-style-type: none"> ESG Policy approved by the Board, including target ESG standards for our portfolio. The ESG Working Group with Executive sponsorship continued to progress the Company's ESG roadmap. 	<ul style="list-style-type: none"> Continue to work through our ESG roadmap and work towards achieving our ESG KPIs. Seek further investment opportunities that map to the UN Sustainable Development Goals. 	⑥

KPIs

KPIs	Trend	Measurement	Progress this year	Focus for 2022
① Growth in value of the portfolio	▲	Gross Portfolio Value determined using IPEV Guidelines.	Gross Portfolio Value has increased to £983.8 million, with a fair value movement of £359.2 million reflecting a fair value increase of 51% from FY20 (FY20: £702.9 million).	Returning to 20% through the cycle with a 15% target in the coming year.
② Realising cash	▲	Cash generated from portfolio company exits against original cost.	£206.3 million realised in the year (FY20: £39.5 million).	Target of 10-15% through the cycle of the Gross Portfolio Value.
③ New investments	▲	Deploying funds for investments into new portfolio companies, follow-on investments into existing companies, stake building into existing companies and secondary investments.	£128.0 million invested in the year from Plc (FY20: £89.9 million), with a further £33.8 million from EIS/VCT funds (FY20: 38.1 million).	Increasing the investment cadence with a target of over £150.0 million in FY22.
④ Deal flow	▲	Tracking private company financing rounds across Europe and analysing against the Group's internal CRM database to determine if the opportunity was known to the Group.	We continued to build the Platform team and enhance our deal origination processes, as evidenced by the calibre of investments made during the year.	Through our brand and network, we will continue to access high quality deal flow across Europe.
⑤ Cash balances	▲	Maintaining sufficient liquidity to meet operational requirements, take advantage of investment opportunities and support the growth of portfolio companies.	£160.7 million (FY20: £34.1 million) at year-end, including restricted cash. Undrawn balance from our revolving credit facility at year-end was £60.0 million. (FY20: £5.0 million).	Maintenance of 12-18 months of cash resources.
⑥ ESG New KPI	▲	Progress against Draper Esprit's ESG KPIs 1-4 (see page 61).	We continued to work through our ESG roadmap - (see pages 60-70)	Execute on the company's ESG KPIs 1-4, which can be found in the Sustainability section of the report on pages 60-70.

Activities in the year

Plc invested £128m in the year

as well as £34m from EIS/VCT funds

£51m

Primary investments

£31m

Earlybird drawdowns

£34m

Follow-on investments and secondary into existing companies

£12m

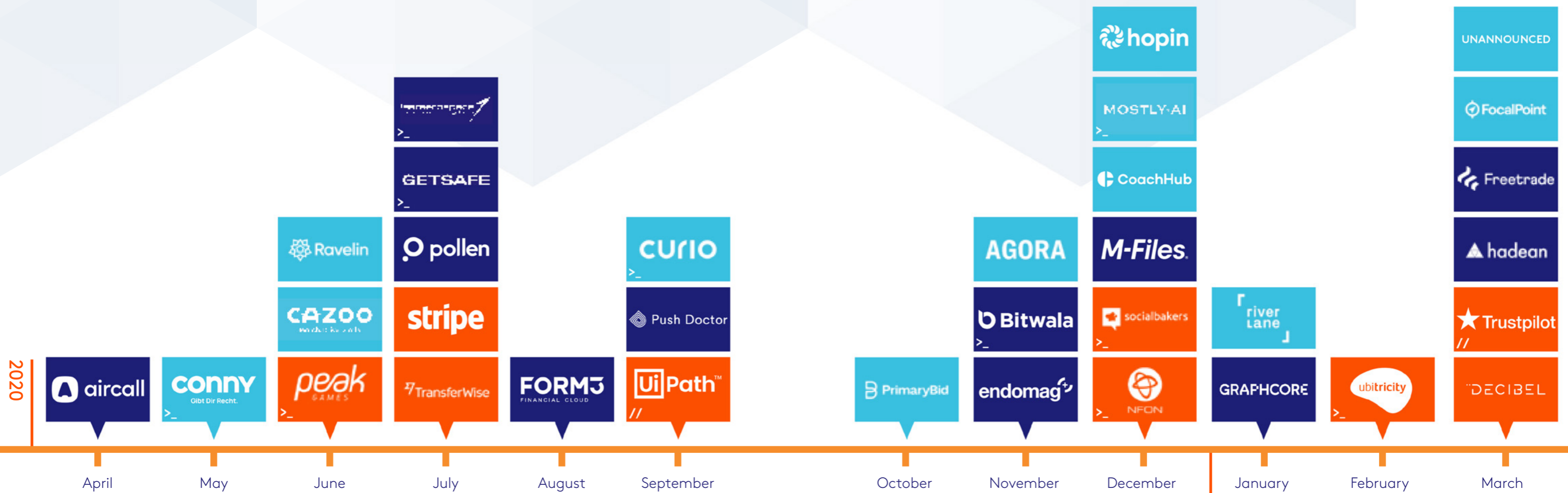
Seed funds

£206m

Exits

(Proceeds from realisations, partial realisations and escrows)

PLEASE SEE PAGES 41-45 FOR OUR PORTFOLIO REVIEW



Deal sourcing strategy

- Initial investments
- Follow-on investments
- Exits
- // Partial sale of shares, remains a holding
- >_ Via Earlybird

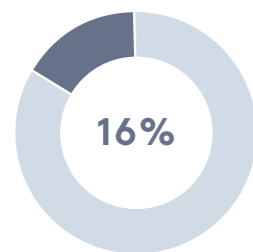
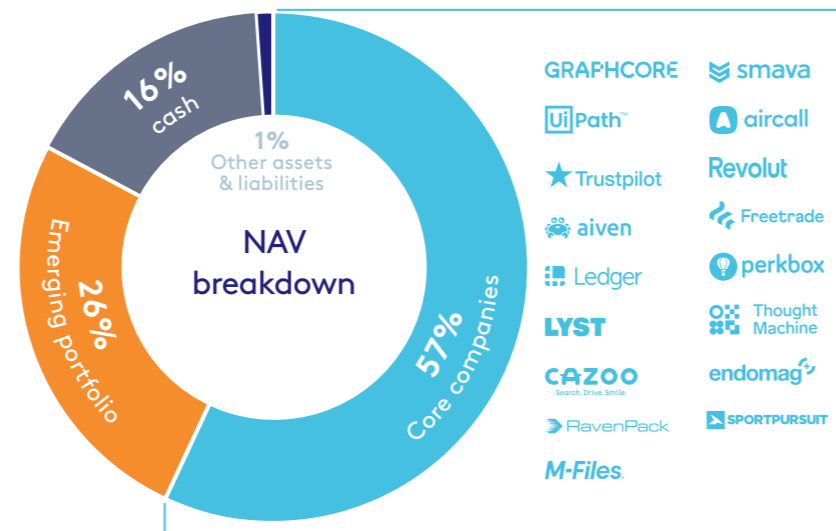
Activity in the year includes investments over £1m to Draper Esprit (exception of Aircall – £0.8m invested) or bringing the overall invested amount to over £1m to Draper Esprit via Earlybird.

What's in a share?

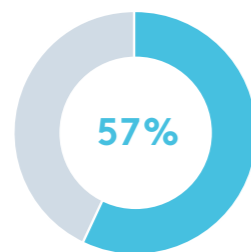
As our companies grow, we provide follow-on capital to build our stake.

68% of Gross Portfolio Value and 57% of our Net Asset Value is distributed in the top 17 companies, representing our core holdings. By doubling down on the winners in our portfolio, we manage the risk exposure of the portfolio and generate improved upside.

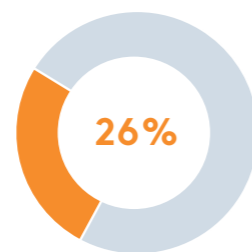
Equally, our more flexible approach to capital enables the companies themselves to grow over a longer period, creating value to the benefit of our shareholders. When the companies exit, the cash is returned to the balance sheet, so we can reinvest it in new opportunities.



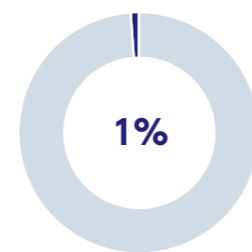
Cash
When companies exit, the cash generated is returned to the balance sheet and reinvested into new opportunities in the market.



Core companies
The companies in the portfolio representing 68% of Gross Portfolio Value, which is 57% of the Net Asset Value (NAV). Draper Esprit provides follow-on capital, developing a more significant stake in the business once it has proven its business model.



Emerging portfolio
The Group continually invests in emerging entrepreneurial and fast growing tech businesses.
Core and emerging percentage of NAV is calculated with reference to their proportions of the Gross Portfolio Value.



Other assets and liabilities
Other assets and liabilities of the Group.

Benefits of our model

1

Gain access to private technology companies

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

2

It is not a blind pool

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

3

Build stakes

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

Portfolio review

During the year

During the year, we have continued with our objective to deploy further capital by backing the identified growth opportunities in the existing portfolio and by leading rounds in exciting high-growth technology companies, with investments of £128.0 million from Plc (increasing our cadence in the second half of the year following H1 investments of £32.3 million), as well as investments from EIS/VCT funds of £33.8 million. This enhanced level of investment has continued into the new financial year. The year to 31 March 2021 delivered a record year in capital returned through exits, with cash received from realisations in the year amounting to £206.3 million. The accelerated transition to digital has increased the opportunity set for both investments and realisations as the pace of disruption in global economies is amplified.

Portfolio

The Gross Portfolio Value (gross value of the Group's investment holding before deductions for carry and deferred tax) is £983.8 million (31 March 2020: £702.9 million). Movements in the year result from cash proceeds of £206.3 million received from realisations (reducing the size of the portfolio), investments made of £128.0 million, and a gross fair value movement of £359.2 million. The Gross Portfolio Value Table in the Financial Review on page 59 provides further detail on the movements in the portfolio.

Our core portfolio of 17 companies represents 68% of our Gross Portfolio Value. Our core holdings at 31 March 2021 are Graphcore, Trustpilot, Smava, Perkbox, M-Files, Ledger, RavenPack, UiPath, Revolut, Aircall, Thought Machine, Aiven, Sportpursuit and Cazoo as well as new companies moving into the core, Lyst, Endomag, and Freetrade. ICEYE was in the core at 30 September 2020, but has fallen below the threshold at 31 March 2021 for inclusion. The threshold is defined as the largest company holdings that represent approximately 70% of our Gross Portfolio Value.

Investments

Continued application of our strategy of accelerating capital deployment into high-growth opportunities in our existing portfolio and securing exciting new investment opportunities is demonstrated with total investments in the year of £128.0 million, up from £89.9 million in the year to 31 March 2020. £51.1 million was invested into primary deals, £34.1 million as follow-ons into existing companies, £12.3 million was drawn down as part of our seed fund of funds programme, and £30.5 million was invested into new and existing Earlybird funds.

New investments

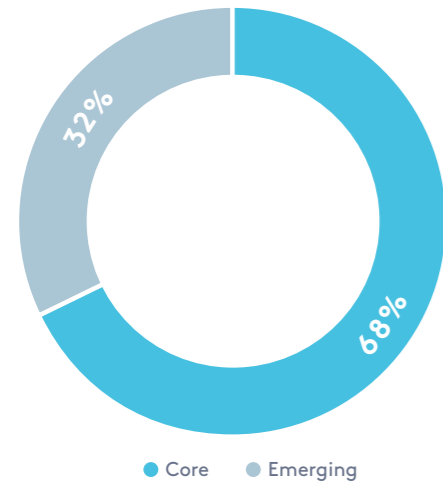
We have invested £51.1 million from Draper Esprit Plc into the following new companies during the year:

- **CoachHub:** Draper Esprit was lead investor into the December 2020 US\$30.0 million round in digital coaching platform, CoachHub, with an investment from Plc of £12.4 million.
- **Unannounced:** Draper Esprit Plc invested £10.8 million into the Series B of an unannounced intelligent process automation platform.
- **Cazoo:** Draper Esprit Plc invested £10.0 million during the year in British digital used car marketplace, Cazoo, as part of the company's £25.0 million second close of their Series C funding round and subsequently as part of their £240.0 million Series D round.
- **Riverlane:** Draper Esprit Plc led a US\$20.0 million Series A investment round in Riverlane, the ground-breaking quantum computing software specialist. Plc invested £5.1 million, with a further £3.9 million invested from the EIS/VCT funds.
- **Hopin:** Draper Esprit Plc invested £4.4 million into Seedcamp SPV (a fund that invested in Hopin's Series B round in December 2020). Hopin is a virtual venue for live online events.
- **Focal Point:** Draper Esprit Plc invested £3.4 million, with further amounts expected to be invested in the second close from the Group, as sole investor into Focal Point, the deep-tech company revolutionising the accuracy of GPS and other global satellite positioning systems (GNSS).
- **PrimaryBid:** Draper Esprit co-led the US\$50.0 million Series B fundraising by PrimaryBid, a technology platform that allows retail investors fair access to public companies raising capital. Plc has invested £5.4 million, of which £3.1 million was paid post year-end, with a further £4.0 million from EIS/VCT funds.
- **AGORA:** In December 2020, Draper Esprit led a £5 million investment round in AGORA, a London-based startup disrupting the beauty industry through social commerce, with £1.5 million invested from Plc.
- **Ravelin:** Draper Esprit led a US\$20.0 million Series C investment round in Ravelin, a fraud detection company, investing £1.1 million. Ravelin has pioneered the use of machine learning and graph network technologies to help online businesses accept more payments with confidence. Further investments were also made from the EIS/VCT funds.

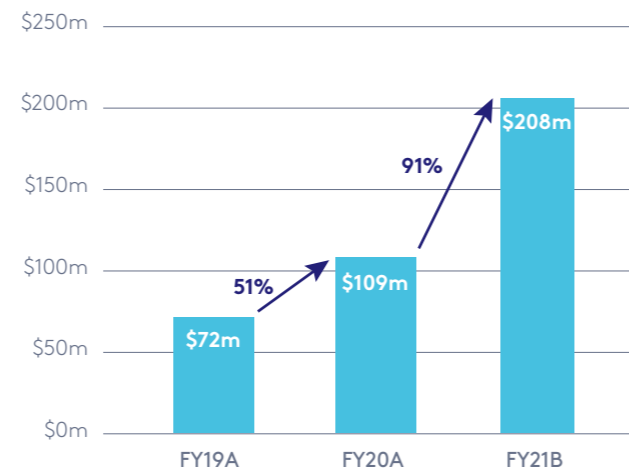
Portfolio review

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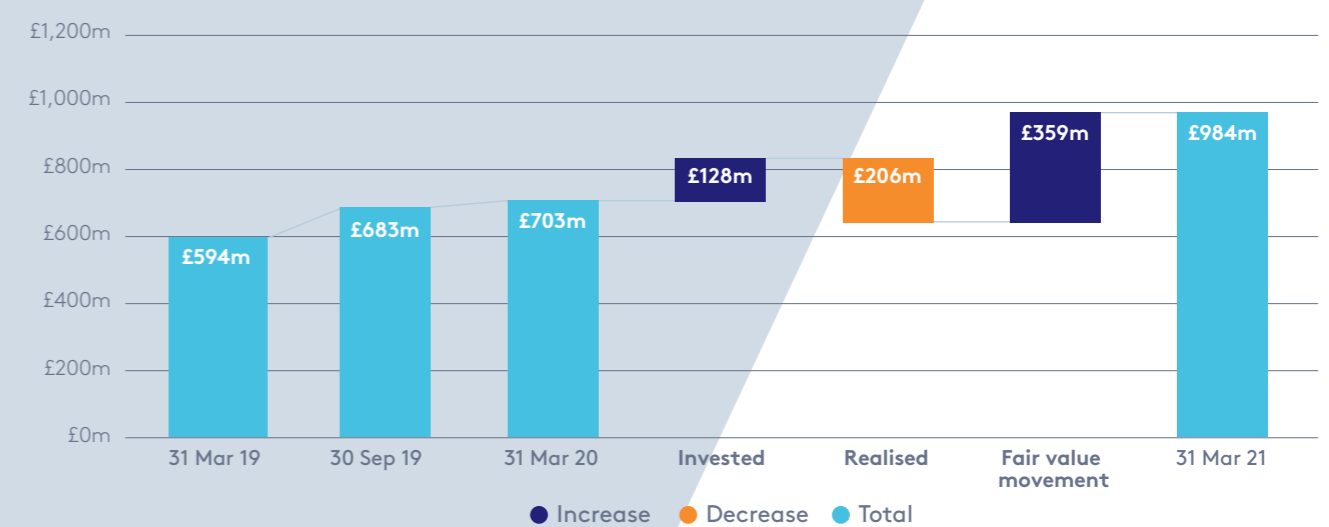
Core Holdings as % GPV



Average Core Revenues



Gross Portfolio Value Progression



Follow-ons

We invested £34.1 million from Draper Esprit Plc into existing companies in the year, including the following over £1.0 million:

- **Graphcore:** Draper Esprit participated with a £10.3 million investment in a Series E funding round in Graphcore, maker of the Intelligence Processing Unit (“IPU”), which raised a total of US\$222.0 million.
- **Endomag:** Draper Esprit led a round with a £12.3 million investment (£7.0 million from Plc and £5.3 million from EIS/VCT funds) into existing portfolio company Endomag, a breast cancer market leader.
- **Freetrade:** Draper Esprit participated in a US\$69.0 million Series B fundraising round for existing portfolio company, Freetrade with an investment of £4.0 million.
- **Push Doctor:** Draper Esprit Plc invested £3.4 million into Push Doctor, as well as £1.2 million from EIS/VCT funds. Push Doctor provides online doctor and prescription services in the UK.
- **Form3:** £1.6 million was invested by Draper Esprit Plc in the year into leading cloud-native payment and technology provider for banks and regulated fintechs, Form3, as well as a further £3.0 million from EIS/VCT funds.
- **M-files:** Draper Esprit participated in an US\$80.0 million investment round in portfolio company M-Files, with a £1.5 million investment. M-Files is an intelligent information management company that is using AI technologies in its proprietary Intelligent Metadata Layer.
- **Pollen:** £1.3 million was invested from Draper Esprit Plc and a further £1.0 million from EIS/VCT funds into Pollen (formerly Verve), an invite-only marketplace that makes it easy to invite friends to exclusive experiences and share rewards.
- **Hadean:** £1.0 million was invested from Plc into deep tech software business, Hadean, during the year. Hadean is focused on enabling distributed computing at a massive scale.

Fund of funds

Following our commitment to two new seed funds during the first half of the year, we committed to a further 13 funds in H2, bringing our overall commitments to 35 seed funds at 31 March 2021. Our commitment to these funds allows us to provide investors with access to earlier stage companies and provide support to seed stage companies, as well as giving Draper Esprit enhanced dealflow and numerous specialisms throughout across Europe. New portfolio companies in the year, Cazoo and Hopin, received seed investment from seed funds within our programme, Stride as well as Seedcamp IV and Amaranthine respectively.

New fund commitments during the year have included a mix of regional champions, such as Icebreaker II with a focus on investing in the Nordics and Draper B1 with a focus on Spanish startups, as well as thesis-driven managers, such as Atelier, with a focus on passion economy, and Quatonation, with a focus on quantum computing. We have further supported our existing fund managers by investing in their latest funds, for example in Seaya Ventures III, Icebreaker II, Stride II, Seedcamp V, and Amaranthine fund II. Our seed fund of funds programme includes several impact or sustainable funds, including new funds committed to in the year, which we discuss in more detail in our Sustainability section on pages 60-70.

At 31 March 2021, we have committed a total of £67.2 million (converted at year-end exchange rates) to our 35 seed fund of funds investments. £25.5 million of these commitments have been drawn as at 31 March 2021, £12.3 million of which was drawn within the year. We expect remaining commitments to be drawn over the coming five to eight years. Post year-end a further £75.0 million investment budget was approved by the Board and Investment Committee.

Earlybird

We invested £30.5 million into our partnership with Earlybird during the year into existing and new funds, such as Earlybird Fund VII.

Via our investment in Earlybird fund VI, we invested in a range of companies during the year, including Conny GmbH (ex LexFox GmbH), a Legal Tech company that enforces consumer rights across multiple verticals, Curio Labs Limited, which is building a global platform for curated journalism, consumed over audio, and the high-tech startup that has developed game-changing technology for synthetic data, Mostly AI.

We also invested further amounts into existing portfolio companies via our partnership with Earlybird Fund VI, including Isar aerospace, Get Safe, and fintech company, Bitwala.

Realisations

During the year, we received cash proceeds (including escrows from previous realisations) of £206.3 million, including the proceeds from the realisations of Peak Games, TransferWise and Decibel, as well as partial realisations of Trustpilot and UiPath (pre-IPO secondary sale). These proceeds also included escrow releases from previous realisations of Clavis and Podpoint, as well as disposals of Stripe and, via our partnership with Earlybird, Social Bakers, NFON, and Ubitricity.

We announced our disposal of Peak Games in June 2020, following the acquisition by Zynga Inc for US\$1.8 billion, comprised of approx. US\$900.0 million in cash and approx. US\$900.0 million of Zynga common stock. Draper Esprit received the cash tranche and forward sold the majority of the share tranche. The multiple on exit for the Peak Games realisation was 3.5x.

Draper Esprit Plc sold its remaining share in TransferWise in July 2020 in a secondary transaction at an equity value of US\$5.0 billion. The multiple on exit for the TransferWise realisation was 3.1x.

In March, Medallia announced that it had agreed to acquire Decibel, a digital experience analytics solution, for \$160 million in an all cash deal. This acquisition represented a fair value uplift of £4 million from September 2020, resulting in a return of £14 million (including anticipated escrow to be received), with a 1.4x multiple on invested capital.

As part of Trustpilot’s IPO, in March 2021, Plc sold down part of its holding in the leading global review platform, generating proceeds during the year of £75.5 million with a 5.3x multiple on invested capital for the realised tranche at the IPO offer price of 265p. At 31 March 2021, we continued to hold 7.9% of Trustpilot shares subject to a customary 180-day lock-up period from the date of admission in line with other institutional investors in the company.

Portfolio review

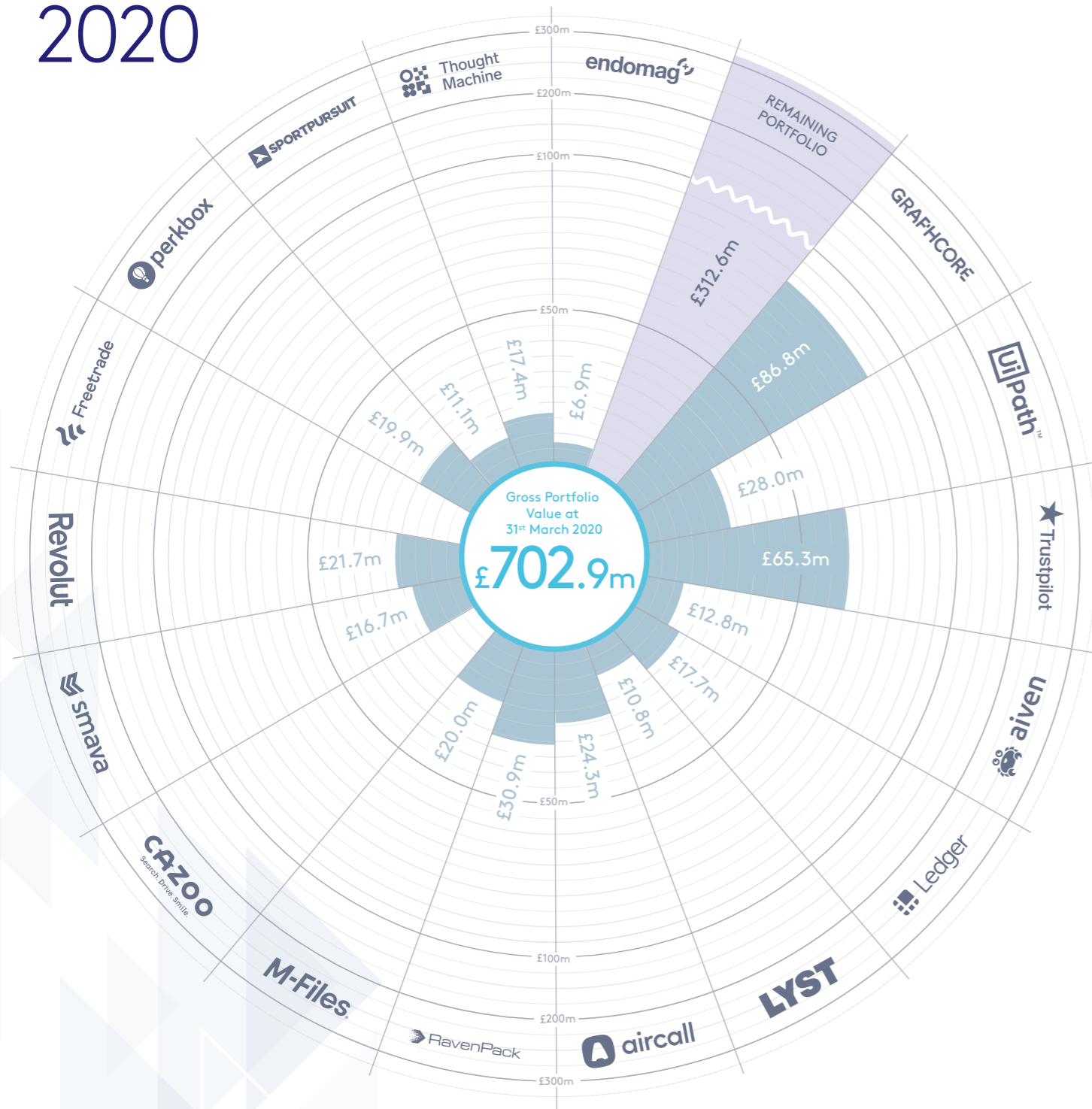
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Gross Portfolio Progression (of current) — by Portfolio Company (£ millions)

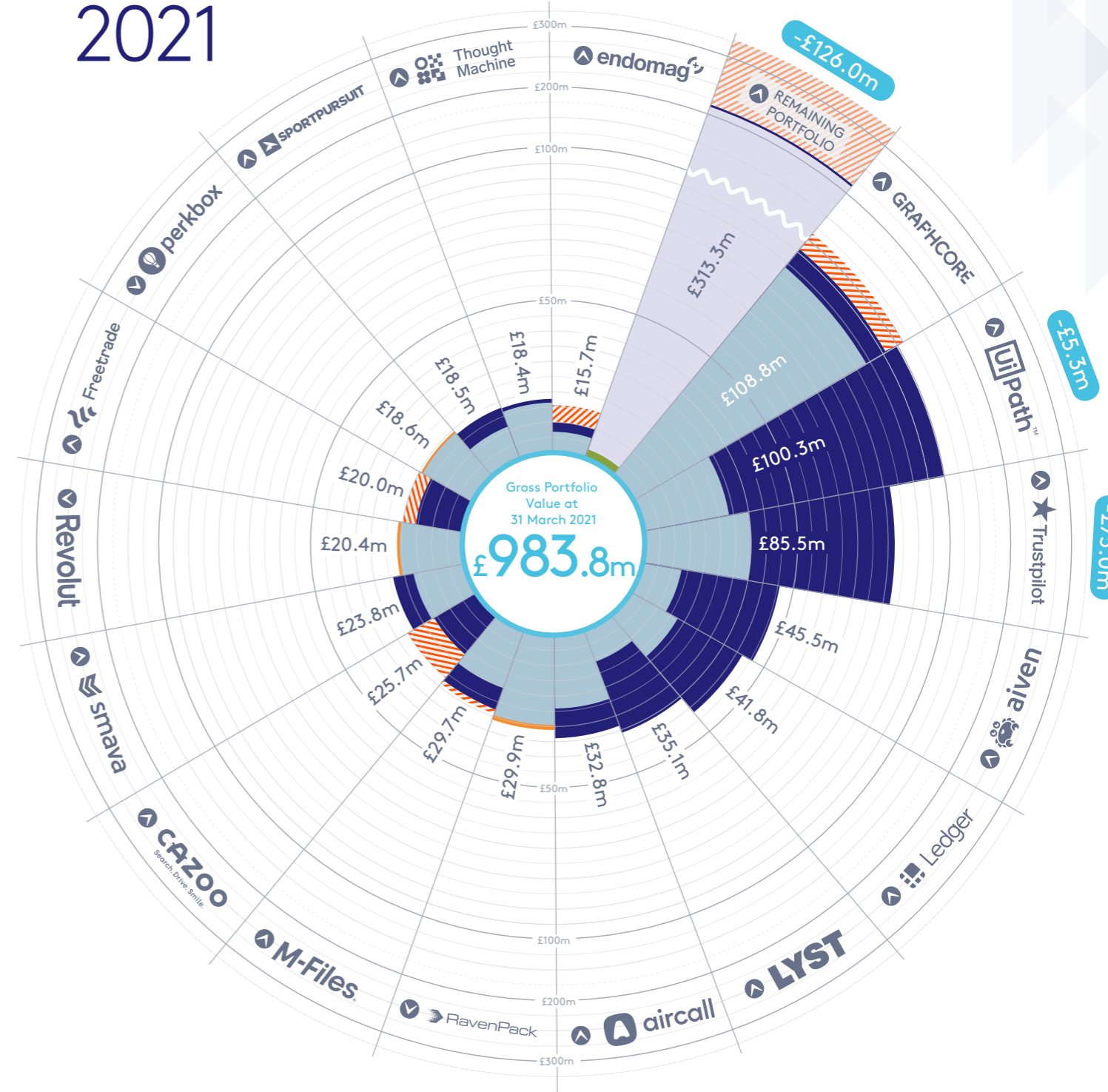
Key

- ▲ Fair value increase
- Remaining portfolio
- ▼ Fair value decrease
- ▨ Investment
- 2020 value
- Realised
- Co-Invest

2020



2021



Portfolio review:

Core company updates



Graphcore

Graphcore, the machine intelligence semi-conductor company, develops IPUs (Intelligent Processing Units) which enable unprecedented levels of compute.

In December 2020, Graphcore raised US\$222.0 million in its Series E funding round led by Ontario Teachers' Pensions Plan Board which also added funds managed by Fidelity International and Schroders as new investors. Also participating in this round were existing Graphcore investors, including Draper Esprit and Baillie Gifford. This investment brings the total funds raised by Graphcore to more than US\$710.0 million.

Major updates were released for the Poplar v1.4 analysis tool including 30 new features to the Popvision graph analyser. Graphcore released SDK 1.3, which includes new optimisations and improvements to help developers run their models faster and more efficiently. The company also announced the addition of MEGWARE to its Global Partner Program, which was launched in September 2020. Graphcore now supports Alibaba Cloud's Open Deep Learning API (ODLA). Alongside these product developments, the company participated in research with University of Massachusetts, Amherst, and Facebook to publish a paper to demonstrate how important Covid-19 analysis using Approximate Bayesian Computation can be massively accelerated with IPU processors. The results indicate 30x speedup on IPUs compared with CPUs and a significant 7.5x speedup compared with GPUs.

With a new office in Germany and existing offices in Bristol, London, Cambridge, Palo Alto, Oslo, Beijing, Hsinchu, Seoul, New York, Seattle, and Austin, the global company continues to scale in size, increasing to 450+ employees from its previously reported 200+ employees.



UiPath

Post-year-end in April 2021, UiPath listed on the New York Stock Exchange under the ticker symbol "PATH", closing at a price to the public of US\$56.00 per share.

In February 2021 the robotic process automation (RPA) company, raised a US\$750m Series F round, co-led by existing investors Alkeon Capital and Coatue. Other returning investors include Altimeter Capital, Dragoneer, IVP, Sequoia, Tiger Global, and funds and accounts advised by T. Rowe Price Associates, Inc.

In the twelve month period ending January 2021, the company recorded revenues of more than US\$607m, which is almost double the year prior. Over the past year with COVID there has been an increased demand for skills in the area of RPA.

UiPath has made a number of improvements and advancements like releasing its App in October 2020, adopting a SaaS-first strategy - UiPath Automation Cloud, releasing over 100 customer driven features on its platform, launching its Legal Automation task force in late 2020, and releasing a virtual streaming solution for customers. UiPath also enhanced its Business Partner Program to enable organisations around the world to leverage the power of hyper automation, and now offers training, certification, and marketing programs for business partners through the launch of its UiPath Services Network (USN). The company further announced it would be working with Deloitte to deliver Deloitte Intelligent Document Processing (DIDP).

In October 2020, Renzo Taal has joined the company as Senior Vice President and Managing Director of EMEA. Renzo joins UiPath from Salesforce, where he held several international roles and most recently served as Senior Vice President and General Manager of Asia. UiPath also appointed former VMware and Microsoft Global Executive, Thomas Hansen to lead worldwide sales.



Trustpilot

Online global review site, Trustpilot, has detected and stamped out over 2.2 million fake or harmful reviews in the 2020 calendar year. Over 120 million consumer reviews of businesses or products relating to over 530,000 domains have been reviewed on Trustpilot.

CEO and founder, Peter Mühlmann, announced his Trust Promise in June 2020 to "fight for trust online." One of the steps taken is that the platform will now allow all consumer reviews to remain visible when "flagged" by a business, ensuring that while claims were investigated, they are still represented. The company also launched a Transparency report, downloadable on the platform's website, to explain exactly how it manages and protects the platform's integrity.

The international company has over 700 employees and is headquartered in Copenhagen, with operations in London, New York, Denver, Vilnius, Berlin, Melbourne, and Edinburgh. To support the company's forward momentum in international growth, Tim Hilpert was appointed as Chief Operating Officer. For 16 years Hilpert held various management and leadership positions at the OLX Group & Ebay.

In November 2020, during the third quarter, the company surpassed US\$100.0 million of revenue. Since it was founded, Trustpilot has raised US\$173.0 million from Sunley House Capital Management (an affiliate of global private equity firm Advent International), Vitruvian Partners, Draper Esprit, Index Ventures, Northzone, and Seed Capital to fuel its mission and growth. The company has valuable partnerships and integrations with PayPal, BigCommerce, Yext, Magento, PrestaShop, Shopify, WooCommerce, Sprinklr, and Zendesk, amongst others. The company listed on the London Stock Exchange in March 2021 with the ticker TRST.



Smava

Online lending platform, Smava, provides easy access to the best conditions for consumer loans from more than 20 banks. The company is the largest specialised loan marketplace in Germany, providing access to over €3.0 billion a year in loans. In May 2020, the company secured €57.0 million in financing with debt from Kreos Capital, along with equity from existing investors Earlybird, Verdane, Vitruvian Partners and Runa Capital.

The platform offers an overview of 70 loan types ranging between €1,000 and €120,000 from over 20 banks and lending partners. Consumers select the loan that suits them and take it out directly. The company also announced a new partnership with Commerzbank, Deutsche Bank, and Younited Credit.

UN Sustainable Development Goals Mapping



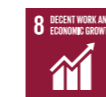
£24.0m Invested £108.8m Investment valuation

UN Sustainable Development Goals Mapping



£10.3m Invested £100.3m Investment valuation

UN Sustainable Development Goals Mapping



£15.7m Invested £85.5m Investment valuation

UN Sustainable Development Goals Mapping



£14.5m Invested £23.8m Investment valuation

Portfolio review:

Core company updates

CONTINUED



Perkbox

Perkbox is an employee wellbeing platform that provides a unique employee experience, enriching the personal and working life of employees. It offers a suite of products including a platform with access to best-in-class Perks, Recognition, Insights and Medical.

During the year Perkbox, Europe's fastest growing global 'employee experience' platform, partnered with the global buy-now-pay-later Fintech, Zip. The partnership will provide flexible payment solutions on shopping for employees. Perkbox also secured new partnerships with Action Aid, Dakota Hotel, Igloo Energy, and Landmark, while existing partners, Gymshark and Krispy Kreme, have enhanced their benefits. The company appointed co-founder Gautam Sahgal as CEO, and Saurav Chopra, co-founder, stepped into a new role of Executive Chairman of the Board. Ex-Groupon Director, Higor Torchia joined the Perkbox team as Chief Revenue Officer and Ankur Sharma was hired as VP Product & Engineering. The two new hires will help to continue Perkbox's mission to improve the employee experience.

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



M-Files

Intelligent information management platform, M-Files, organises customers' content with the ability to connect to existing network folders and systems and to enhance them with the help of AI to categorise and protect information. The SaaS business has more than 500 employees based in 11 global offices.

In January 2021, the company raised a US\$80.0 million round led by Bregal Milestone. Existing investors Draper Esprit, Partech, and Tesi also participated. M-Files has been a part of Draper Esprit's portfolio since 2013. Since leading the company's Series A, Draper Esprit has invested in each consecutive round.

The company completed its transition to SaaS in 2020 with 94% of its ARR in 2020 contributed to subscription-based sales. M-Files gained additional strategic international partnerships adding Iron Mountain, Fulton Hogan, Devoteam Management Consulting Denmark, Fuji Xerox Asia Pacific Pte Limited, Kyocera UK, and Adobe to its list.

M-Files has been featured in the Gartner Magic Quadrant for Content Services Platforms (formerly Enterprise Content Management) since 2021 and named a Visionary for the last five years. Thousands of organisations in more than 100 countries use M-Files for managing their business information and processes, including NBC Universal, OMV, Valmet, SAS Institute and Thyssenkrupp.



Ledger

Ledger, the security and infrastructure solution provider for cryptocurrencies and block chain application, celebrated its five-year anniversary at the end of 2019. The global company now has 250 global employees working in its Paris, New York, San Francisco, Singapore, and London offices and one million users in over 165 countries with 1.5 million units sold.

The company offers Ledger-Nano, Ledger-Live, and Ledger-Vault which help to provide infrastructure solutions for enterprises and hardware crypto wallets for consumers.

Ledger announced support for Algorand (ALGO) and Algorand Standard Assets (ASA) in its software application, Ledger Live. Post period end Ledger launched eight new coins available for purchase including Polkadot (DOT), Dogecoin (DOGE), Litecoin (LTC), Chainlink (LINK), Uniswap (UNI), MakerDao (MKR), Compound (COMP) and Celsius (CEL) through the buy feature. These coins come in addition to Bitcoin (BTC), Ethereum (ETH), Bitcoin Cash (BCH), Stellar (XLM) and Tether (USDT), which are already available.

Ian Rodgers, formerly the chief digital officer at LMVH, took on a new role as "chief experience officer" at Ledger in November 2020. Apple Music veteran Parker Todd Brooks also joined the team in April 2021 as head of NFT (non-fungible tokens).



RavenPack

RavenPack, leading big data analytics provider for financial services, allows clients to enhance returns, reduce risk and increase efficiency by systematically incorporating the effects of public information on their models or workflows.

The company announced its partnership with Synechron Inc. (a leading digital transformation consulting firm focused on the financial services industry) to develop and provide two new products - an ESG Booster which will perform ESG analysis for clients as part of its wider risk-analysis, and 360+ which provides an individualized 360-degree view of each customer. This new, enhanced data analytics capability will enable investment professionals to make more informed decisions by incorporating the effects of public information into their models and workflows. RavenPack also announced its partnerships with market-moving corporate event data provider, Wall Street Horizon and data analytics provider, Cosaic.

In the financial year, the company launched an Insider Transactions Data Solution, a free 2020 US Election Media Monitoring Insights, and free Corona virus monitoring insights.

UN Sustainable Development Goals Mapping



£14.0m
Invested

£18.6m
Investment valuation

UN Sustainable Development Goals Mapping



£6.5m
Invested

£29.7m
Investment valuation

UN Sustainable Development Goals Mapping



£17.7m
Invested

£41.8m
Investment valuation

£7.5m
Invested

£29.9m
Investment valuation

Portfolio review:

Core company updates

CONTINUED



Revolut

Revolut celebrated three years of business in September 2020, marking 500k business customers since its launch in 2017. The company currently boasts over 15 million personal customers, 500k business customers, is supported in 35 countries, and has 30+ in-app currencies.

The company added a number of updates and new features to its offering, including an online web app through which users can access a complete overview of account transaction history and cards via their laptop or desktops as well as a smart subscriptions feature, which allows users to track all subscriptions, direct debits, and reoccurring payments all in one place.


Furthering its expansion into the US, Revolut applied for a US banking licence and launched business accounts in all 50 states. The company also announced the launch of its acquiring solution in 16 additional European countries, with 29 European countries now able to accept card payments online, directly into their accounts. Revolut Business added a suite of new features for businesses including a metal card plan for freelancers, QR codes for socially distanced payments, and updates to its range of expenses tools.



Aircall

Cloud-based call centre system, Aircall, provides an integrated and easy to use solution for its customers. In September Aircall's IOS mobile app was rebuilt and relaunched to accommodate more integrations, features, and utilise better code. The company's App Marketplace currently provides over 85 integrations with its solution, including Salesforce, Zendesk, Hubspot, Zoho, Freshdesk, and Slack.

Since Aircall's Series C US\$65.0 million fundraise in May 2020 the company has expanded its sales team to over 350 employees and opened its third office in Sydney to coincide with its recent launch into Australian markets. The Series C in May was led by DTCF with participation from new investors Swisscom and Adam Street and existing investors including Draper Esprit, eFounders, Balderton Capital and NextWorld. This round brings the company's total funding to date to over US\$100.0 million.



Thought Machine

Cloud native core banking technology company, Thought Machine, provides core banking infrastructure to both incumbent and challenger banks. The company's technology provides an alternative more flexible cloud-based solution that can be configured to provide any product, user experience, operating model, or data analysis capability.

In early 2020, Thought Machine completed an US\$83.0 million round led by Draper Esprit and joined by Lloyds Banking Group, IQ Capital, Backed and Playfair Capital. In July 2020 Thought Machine extended the Series B round to US\$125.0 million. The extension was led by Eurazeo, with British Patient Capital and SEB also joining the round as new investors.

In September 2020, Former HSBC Group COO Andy Maguire joined Thought Machine as Chair. Thought Machine also announced partnerships with TransferGo and Monese. Responsible lending start-up Curve Credit, selected Thought Machine to power its new credit and loan offering.

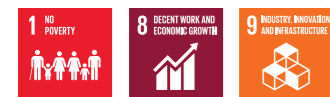


Sportpursuit

Membership-based eCommerce business, Sportpursuit, helps sportsmen and women find products from the world's best brands at unbeatable prices in an attractive, content rich, and personalised environment. Sales are focused on the following segments: outdoor, running, skiing & snowboarding, triathlon, cycling, health & wellbeing, athletics, swimwear, cycling, golf, tennis, and others.

The company established new alternative categories, to adapt to customer preference during COVID, which catered to home based exercise rather than visits to the gym, garden equipment, new high street lifestyle brands, etc. Sportpursuit also had strong growth in its 'owned brands' which the company owns and operates under its own labels with a quality product selection.

UN Sustainable Development Goals Mapping



£7.4m Invested £20.4m Investment valuation

UN Sustainable Development Goals Mapping



£10.7m Invested £32.8m Investment valuation

UN Sustainable Development Goals Mapping



£16.5m Invested £18.4m Investment valuation £5.6m Invested £18.5m Investment valuation

Portfolio review:

Core company updates

CONTINUED



Aiven

Aiven, allows developers to focus on application building while the platform manages open-source databases and messaging systems for business clients on all major cloud platforms.


The company operates with 11 open-source products, 6 Cloud platforms, and covers 90+ regions with headquarters in Boston, Berlin, Sydney, and Helsinki (HQ). Its most recent open-source product, Aiven for M3, launched in October 2020.

Since its establishment in 2006 the company has partnered with over 100 ambitious teams including Graphcore, Klarna, Supercell, Compass, MessageBird, Masterclass, Attentive Mobile, Pipedrive, and Hinge Health.

The management platform now offers its products on Google Cloud Marketplace and is one of the first service providers to quote and contract services in AWS Marketplace to help customers implement, support, and manage their software. It also announced a partnership with Humanitec, Internal Developer Platform and the expansion of its partnership with leading French DIY and home improvement company, AEDO.

In March 2021 the company raised a US\$100.0 million Series C round, which was led by Atomico, with new investors Salesforce Ventures and World Innovation Lab also joining. Draper Esprit participated via our investment in Earlybird fund VI. Aiven plans to use the proceeds from the round to bring new products to market, increase contributions to developing open-source technologies and continue the company's international expansion. The round in March brings total funds raised by Aiven to US\$150.0 million.

Two new hires joined the company in February 2021, Julian Lange as Chief Financial Officer and James Arlen as Chief Information Security Officer, collectively bringing 30+ years of industry experience.



Cazoo

Cazoo, founded in 2018 by Alex Chesterman (founder of Zoopla and LoveFilm) remains one of the UK's fastest-growing digital businesses and leading online car retailers. With a team of over 1,800 people based across the UK, Germany, France, and Portugal, the company continues to grow and has delivered over 20,000 cars to consumers across the UK. Following the acquisition of car subscription service, Drover, in December, Cazoo has also established itself as a leading car subscription player with over 6,000 subscribers across the UK, Germany, and France.

Draper Esprit initially invested in Cazoo as part of our fund of funds investment programme via Stride Capital who backed the company in November 2018. In June 2020, Plc invested directly in the company's £25.0 million Series C round, and subsequently participated in their latest £240.0 million Series D round in October 2020. Other investors in the Series D round included General Catalyst, D1 Capital Partners, and Blackrock.

In March Cazoo announced US\$7.0 Billion business combination with SPAC, AJAX I. The transaction is expected to close in the third quarter of 2021. Once closed Cazoo will be listed on NYSE ticker "CZOO." The transaction will support Cazoo's mission to continue to transform the car buying experience across Europe, as they work to further build out their brand and infrastructure.

Cazoo raised £100,000 for charities such as Mind, Cazoo's charity partner, NHS heroes, Everton In the Community, and The Aston Villa Foundation in 2020, and they have pledged to double the amount in 2021.



Lyst

During the last year, London-based Lyst, the leading platform for the world's fashion shoppers, helped 70 million users from 120 countries find and discover the perfect fashion item from a selection of more than 18,000 leading brands. The company tracks more than 10 million global searches each month and captures the data to tell retailers what consumers want to wear.

The company has had a successful year as Covid-19 accelerated e-commerce adoption. Lyst's app averages about 660,000 monthly downloads according to Apptopia.

Lyst continues to evolve, going through a rebrand and hiring a new CPO.



Endomag

Endomag utilizes technology to improve cancer care by preventing unnecessary surgery and improving outcomes and patient experience where surgery is needed.

The company has a number of products including the Magseed marker, which is a tiny seed-sized device made of surgical steel designed to accurately mark the site of a cancer and help with its removal. Endomag's Magtrace lymphatic tracer is a liquid tracer that has been developed specifically for sentinel node biopsies. The Sentimag system is the probe that enables users to operate the company's Magseed marker and Magtrace lymphatic tracer. Over 550 hospitals in more than 40 different countries have utilised Endomag's technology on over 130,000 patients.

In November 2020 the company announced its £15.0 million Series D funding round led by Draper Esprit. Existing investors Sussex Place Ventures, among others, also participated. This investment follows on from Draper Esprit's initial investment in Endomag's 2018 Series C round, bringing the Company's total funding to over £32.0 million. The funds will help the company expand its global reach while advancing breast cancer care to the next level.

Endomag has its headquarters in Cambridge, with a second office in Austin, Texas.

UN Sustainable Development Goals Mapping



£5.0m
Invested

£45.5m
Investment valuation

£10.0m
Invested

£25.7m
Investment valuation

UN Sustainable Development Goals Mapping



£6.0m
Invested

£35.1m
Investment valuation

£9.3m
Invested

£15.7m
Investment valuation

Portfolio review:

Core company updates

CONTINUED



Freetrade continues to make trading commission-free and easy by adding thousands of new stocks and ETFs to invest in for members, with exclusive options for Plus members like David Beckham's Guild Esports, and Papa John's.

Draper Esprit joined the company's US\$69.0 million Series B round, led by Left Lane Capital with L Catterton also participating. Freetrade plans to use the funds to supercharge its expansion and product development. Draper Esprit initially invested in Freetrade's Series A round in October 2019.

Registered users for the app have surpassed 600,000 and Q1 2021 trade volumes exceeded US\$1.0 billion. The company has opened new offices in Stockholm and Brisbane and has doubled the size of its team in the last 12 months as part of its ongoing recruitment drive.

Freetrade has begun its expansion into the Netherlands and Ireland and has announced its plans to be available everywhere in the EEA.

Freetrade also launched its own Self-invested personal pensions (SIPP), an investment account designed to allow individuals to manage their own pensions.

UN Sustainable Development Goals Mapping



£8.0m
Invested

£20.0m
Investment valuation

How we've responded to Covid-19

The financial year has witnessed the incredibly varied impacts of the ongoing Covid-19 pandemic. As we noted in last year's annual report, we took early steps to put in place measures to safeguard our employees, manage our business and support our portfolio companies, and have continually reviewed these throughout the year to ensure their appropriateness.

Keeping our team safe

We quickly put in place robust measures to protect our staff and our policies were monitored and adjusted as appropriate throughout the year. We were well placed to mitigate the impact of social distancing on our day to day operations given the nature of our business and our role in the technology sector.

No Draper Esprit staff were furloughed or made redundant and the Company has not applied for any of the Government funding schemes.

Supporting our portfolio companies

Following the initial shock of the pandemic, our underlying portfolio companies were quickly able to capitalise on the opportunities presented by the global shift to digital. The trend for accelerated adoption of tech was reflected in the number of investments that we made at an increased investment cadence in the second half of the financial year.

PLEASE VISIT PAGES 71-75 TO SEE HOW WE ENGAGE WITH OUR OTHER STAKEHOLDERS AND OUR S172 STATEMENT

The fundamental difference, and benefit, of venture capital compared to asset management is the ability to directly impact the prospects of investments. Within a crisis there is always opportunity. The efforts of our investment team and their deep connection with portfolio companies have enabled our portfolio companies to either defend their position or maximise the opportunities which have presented themselves over the past financial year.

Investments

Following a reduced rate of investment to our anticipated cadence in the first half of the year as the impacts of the pandemic were assessed, in H2 and following our oversubscribed fundraise in October 2020, we invested £95.7 million, bringing the total invested for FY21 to £128.0 million. We anticipate increasing the investment cadence again in the coming financial year to over £150.0 million.

Strong balance sheet

In April 2020, the Group implemented bi-weekly Audit, Risk and Valuations Committee meetings with an enhanced focus on the liquidity of our business and of our portfolio companies, including an ongoing assessment of their funding requirements. The Group has continued to assess the needs of the portfolio companies and the Group throughout the financial year. The Group reports net assets of £1,033.1 million, with available cash resources at year-end of £160.7 million (including restricted cash) and £60.0 million of undrawn debt (extended and increased post year-end), complemented by £42.6 million from EIS/VCT.



Financial review



Ben Wilkinson
Chief Financial Officer



The fair value growth in the year reflects strong performance across the breadth of the portfolio. Key value drivers are a combination of realisations and funding rounds with third-party investors at higher values. Valuations have also seen the impact of overall technology market trends."

The financial year to 31 March 2021 was a year of strong performance that contrasted with the uncertainty resulting from the Covid-19 pandemic at the beginning of the year. Following the cautious focus in the first months of the financial year on liquidity and the potential impact of lockdowns to portfolio company revenues, it quickly became apparent that an accelerated transition to digital was exacerbating wider existing trends towards tech in the global economies. Technology companies became enablers of the shifting work and living practices the pandemic created and with much discussion highlighting multiple years of change compressed into months, it was unsurprising to see capital being directed to the beneficiaries and enablers of change. Both public and private investors sought out the quality of recurring revenue streams, e-commerce, remote networking facilitators, cloud native applications, security infrastructure and technology enhancing automation.

As a consequence the Group was able to accelerate its own scaling strategy by deploying further capital and realising investments at increased levels, while overseeing strong growth in the underlying portfolio.

Gross Portfolio Value increased by £280.9 million in the year to £983.8 million notwithstanding significant realisations of £206.3 million which were in excess of £128.0 million of investments. Fair value growth of £359.2 million (51%) was underpinned by significant corporate activity in the portfolio with IPOs of Trustpilot and UiPath and new funding rounds across the portfolio. After taking account of the accrued carry and deferred tax, the Net Portfolio Value increased by £209.8 million to £867.1 million, reflecting an increase in the movement between the Gross Portfolio and Net Portfolio value in the year due to increased carry liabilities as the underlying fund performance progresses.

The balance sheet Net Asset Value of over £1.0 billion highlights the strong investment performance and robust capital position driven by an equity raise in the year and realisations within the portfolio. In line with the investment opportunities coming through our deep network across Europe and our scaling platform, we anticipate increasing our investment cadence to over £150.0 million in the coming year, as well as continuing to further expand the infrastructure we require for growth.

Portfolio valuation

The Gross Portfolio Value at 31 March 2021 is £983.8 million (31 March 2020: £702.9 million). Proceeds of £206.3 million were received from realisations (including escrows) during the period. Investments of £128.0 million were made and a gross fair value movement was recognised of £359.2 million, even with the impact of strong currency headwinds of £51.2 million. The increase in fair value of the gross portfolio of 51% is significant relative

to the targeted 20% gross portfolio returns through the cycle, notwithstanding realisations of £206.3 million. We target 10-15% realisations through the cycle.

The fair value growth in the year reflects strong performance across the breadth of the portfolio. Key value drivers are a combination of realisations and funding rounds with third-party investors at higher values. Valuations have also seen the impact of overall technology market trends. Many of the core have seen large uplifts in their year-end valuations; key movements include Trustpilot, Lyst, Ledger, and UiPath and Aiven (both held via our partnership with Earlybird).

The Gross Portfolio Value is subject to deductions for the fair value of the carry liabilities and deferred tax to generate the net investment value of £867.1 million (31 March 2020: £657.3 million), which is reflected in the consolidated statement of financial position as financial assets held at fair value through profit or loss. The Gross Portfolio Value Table on page 59 reflects the gross and net movement in value of the portfolio during the year. The net fair value gain on investments of £276.3 million is reflected in the consolidated statement of comprehensive income.

A deferred tax provision of £20.0 million is accrued against the gains in the portfolio to reflect those portfolio companies where less than 5% of the equity holding is owned. The amount is netted off against the investments in the consolidated statement of financial position. Carry balances of £97.0 million are accrued to management teams, including previous and current employees of the Group based on the current fair value at the period-end and deducted from the Gross Portfolio Value. The percentage of Net Portfolio Value to Gross Portfolio Value has been trending lower as underlying investment funds continue to perform and therefore reflect an increased proportion that is subject to carried interest at 15%. In line with the strong portfolio performance in the year, the Gross to Net Portfolio has moved to 88%, particularly as assets held through third party funds, which are subject to higher carry proportions, have driven some of this increase. As investments turn to cash through realisations this carry will be paid out over

time. The Gross Portfolio Value is an APM (see Note 29) and the reconciliation from Gross to Net can be found on page 59.

Consolidated Statement of Financial Position

Net assets have increased by £373.5 million to £1,033.1 million from the prior year (31 March 2020: £659.6 million). Our fundraise in October 2020 raised net proceeds of £106.6 million and we have received cash proceeds from realisations and escrows during the year of £206.3 million. During the year, we fully repaid drawn amounts from our revolving credit facility with Silicon Valley Bank and Investec. We have increased our investment cadence in the second half of the financial year, with investments for the year totalling £128.0 million. Strong performance in the fair value growth in the portfolio has generated a net fair value uplift of £276.3 million. During the year, we saw an uplift in trade and other payables, resulting from timing differences in payments of items such as bonuses, carry, and tax, and a decrease in trade and other receivables, mainly resulting from the repayment of the loan to a non-consolidated group entity.

The consolidated cash balance at 31 March 2021 is £160.7 million (31 March 2020: £34.1 million), of which £2.3 million is restricted cash. Increases to our cash balance result from net proceeds received from our October fundraise and cash proceeds received from realisations and escrows, offset by our investments made during the year, repayment of the revolving credit facility of £45.0 million, and other operational and financing related cash movements. We target maintaining 12-18 months of cash resources.

In October a further £110.0 million (£106.6 million net of fees) was raised through a placing to shareholders with 19,819,820 shares being issued at 555p per share, representing a premium of c.0.5% to the closing mid-market price of 552p per share on 1 October 2020 and was equal to the reported NAV per share as at 31 March 2020. The increased number of shares is reflected in the share capital and share premium accounts. The proceeds were raised to increase the investment cadence to take advantage



Financial review

CONTINUED

of opportunities both in the market and within the existing portfolio and the £95.7 million in the second half of the year reflected this enhanced deployment.

As we announced in our September 2020 interim results, the Company's revolving credit facility was extended and increased by one year to £60.0 million (from £50.0 million) in June 2020. This facility was further extended and increased post year-end by an additional year to £65.0 million. We have been in compliance with all covenants throughout the duration of the facility and at 31 March 2021. The facility was undrawn at 31 March 2021, therefore no borrowing liability is recognised in the consolidated statement of financial position. Drawdowns and paydowns will continue to be driven by portfolio investments and realisations. The balance recognised under borrowings of £0.4 million relates to the capitalised fees from the setup and extension of the facility, which are being amortised over its life.

During the year ending 31 March 2021, Draper Esprit Plc acquired the remaining 69.23% of the issued share capital in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited (manager of Draper Esprit VCT plc). Elderstreet Holdings Limited was recognised as an Investment in Associate on the Consolidated Statement of Financial Position as at 31 March 2020. This transaction is accounted for under IFRS 3 as a business combination achieved in stages (or "step acquisition") and has resulted the recognition of £0.6 million of goodwill at 31 March 2021 (£0.7 million including deferred tax). For further details of the acquisition, please see Note 18.

During the year, the Board approved the inception of the Draper Esprit Employee Benefit Trust and its trustee, Grow Trustees Limited, to administer the employee share option schemes (see further details in Note 13 to the consolidated financial statements). Shares in Draper Esprit Plc held by the trust will be recognised as treasury shares for the Group and the impact can be seen in the Consolidated Statement of Changes in Equity on page 127.

Consolidated statement of comprehensive income

Income recognised during the year ending 31 March 2021 comprises investment gains of £276.3 million (year ending 31 March 2020: £40.8 million) and fee income of £12.5 million (year ending 31 March 2020: £11.3 million), which is generated from management fees and directors' fees. General and administration costs of £13.8 million are recognised in the year (year ending 31 March 2020: £9.8 million), with the increase in the year reflecting scaling of our team to build the infrastructure for growth with higher employee costs. Net operating costs (net of fee income) as a percentage of NAV are less than our target of 1%. As we continue to expand the third-party funds that co-invest alongside the Plc's balance sheet capital, we anticipate that fee income will increase further. The net finance expense of £5.2 million (year ending 31 March 2020: £0.1 million) mainly reflects net foreign exchange fluctuations on cash balances held and interest on the revolving credit facility.

Post balance-sheet events

- Increased and extended our revolving credit facility with SVB and Investec by an additional one year from £60m to £65m post year-end.
- Invested a further £48m post year-end to 11 June 2021, including investments into Manna, FintechOS, Cervest, Ledger, and Lyst.
- Refreshed fund of funds programme, with the approval by the Board and Investment Committee of an additional £75.0 million investment budget.

Ben Wilkinson
Chief Financial Officer

Gross Portfolio Value Table

Company	Fair Value of Investments 31-Mar-20 £m	Investments £m	Realisations £m	Draper Esprit (Ireland) Limited £m	Movement in Foreign Exchange (A) £m	Movement in Fair Value (B) £m	Total Fair Value Movement (A+B) £m	Fair Value of Investments 31-Mar-21 £m	Interest FD category* at reporting date
Graphcore	86.8	10.3	-	-	(7.5)	19.2	11.7	108.8	A
UiPath	28.0	-	(5.3)	-	(6.8)	84.4	77.6	100.3	A
Trustpilot	65.3	-	(75.0)	-	-	95.2	95.2	85.5	B
Aiven	12.8	-	-	-	(3.1)	35.8	32.7	45.5	B
Ledger	17.7	-	-	-	(2.9)	27.0	24.1	41.8	B
Lyst	10.8	-	-	-	(2.4)	26.7	24.3	35.1	C
Aircall	24.3	-	-	-	(1.6)	10.1	8.5	32.8	B
RavenPack	30.9	-	-	-	(2.1)	1.1	(1.0)	29.9	D
M-files	20.0	1.5	-	-	(1.6)	9.8	8.2	29.7	B
Cazoo	-	10.3	-	-	-	15.4	15.4	25.7	A
Smava	16.7	-	-	-	(1.6)	8.7	7.1	23.8	B
Revolut	21.7	-	-	-	(1.5)	0.2	(1.3)	20.4	A
Freertrade	-	4.0	-	-	-	16.0	16.0	20.0	B
Perkbox	19.9	-	-	-	-	(1.3)	(1.3)	18.6	C
SportPursuit	11.1	-	-	-	-	7.4	7.4	18.5	E
Thought Machine	17.4	-	-	-	-	1.0	1.0	18.4	B
Endomag	6.9	7.0	-	-	-	1.8	1.8	15.7	C
Remaining Portfolio	310.8	94.9	(125.4)	-	(20.1)	50.5	30.4	310.7	-
Total	701.1	128.0	(205.7)	-	(51.2)	409.0	357.8	981.2	-
Co-Invest	1.8	-	(0.6)	-	-	1.4	1.4	2.6	-
Gross Portfolio Value	702.9	128.0	(206.3)	-	(51.2)	410.4	359.2	983.8	-
Carry External	(40.6)	-	-	-	-	(56.4)	(56.4)	(97.0)	-
Portfolio Deferred tax	(5.3)	-	-	-	-	(14.7)	(14.7)	(20.0)	-
Trading carry & co-invest	0.3	-	-	-	-	-	-	0.3	-
DE Ireland Limited	-	-	-	11.8	-	(11.8)	(11.8)	-	-
Net Portfolio value	657.3	128.0	(206.3)	11.8	(51.2)	327.5	276.3	867.1	-

* 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%



Aircall

Sustainability

Sustainability at Draper Esprit

Across Europe, visionaries find new ways for the world to work. We back them to invent the future. We want that future to be sustainable, fair and accessible to all.

That's why we aim to use our platform in venture capital to encourage and promote our environmental, social and governance values and considerations in everything we do. We're selecting and investing in best-in-class technology companies, and helping them develop their own ESG strategies to accelerate positive change and inspire the next generation of diverse entrepreneurs.

KPIs

We've finalised four ESG Key Performance Indicators (KPIs) for this year. These will be linked to all staff and executive remuneration by combining to form a single headline business KPI that sits alongside the other five business KPIs (please see the KPI section on page 37 for a summary of the full business KPIs).

The four ESG KPIs for the year ahead are:

1. Environment – establish a road-map to allow us to make TCFD disclosures in the FY22 cycle.
2. Social – create and implement a group-wide Diversity and Inclusion Policy and a Board D&I Policy.
3. Governance – strategically engage with between 10 and 15 portfolio management teams on their governance arrangements.
4. All-encompassing – provide a training programme for the investment team in applying our ESG policy to our investment process.

Activities in the year:

Developing a responsible investment and sustainability policy

As well as embracing and developing ESG within our own operations, we have established an agreed policy for ensuring responsible investment throughout the lifecycle of our investments, from pre-screening to exit.

Our policy sets out how we aim to achieve our goals of responsibly selecting and investing in portfolio companies. It was approved by the Board in September 2020.

ESG Policy approved by the Board, including target ESG standards for our portfolio.

September 2020

Fund of funds commitment to Mustard Seed Maze, a fund focused on start-ups that contribute to resolving social and environmental problems. See p.64 for further details of our impact fund investments.

October 2020

Ben Robson, General Counsel, assumed Compliance Officer role.

Fund of Funds commitment to Five Seasons' second strategy, working with entrepreneurs to build a healthier, more sustainable and efficient food system.

Approval by the Investment Committee of a commitment to Zinc Fund II, aiming to tackle challenges in the developed world and have a positive impact through innovative technology.

March 2021

March 2020

Provided employees with access to WeCare, an online support service, giving access online to 24/7 GP support, mental health support services, get-fit programme and more via CanadaLife.

May 2020

Completed our first carbon footprint and balancing exercise – compensating for 260 tonnes of carbon through certified community reforestation projects in Tanzania and Nicaragua.

June 2020

Registered for two cycle to work schemes.

November 2020

Updated our investment legal due-diligence checklist to take ESG considerations into account.

February 2021

PwC's Sustainability & Climate Change Team provided training for the investment team on integrating ESG into investment decisions.

April 2021

After year-end, submitted our first report to the UN Principles of Responsible Investment.

Looking forward

Exploring the establishment of a Group foundation to support charitable social initiatives.

Sustainability

Our ESG Policy

CONTINUED

Our mission is to empower Europe to invent the future. We want that future to be sustainable, fair and accessible to all. We aim to use our platform in VC to encourage and promote our values and ESG considerations in developing best-in-class technology companies and achieving strong returns for our investors. In our capacity as stewards for our stakeholders, we will invest responsibly, and establish environmental, social and governance policies that accelerate positive change and inspire the next generation of diverse entrepreneurs. Our ESG Policy, adopted in September 2020, sets out how we aim to achieve this.

The standards we apply

We invest in businesses and entrepreneurs who are committed to changing the world in a positive way. So in our capacity as stewards, we've developed a set of standards for what we believe 'good ESG' looks like. We don't demand businesses demonstrate them all at the point of initial investment, but we do need a commitment from the founders and management teams that they'll meet or surpass our targets during the lifetime of our investment. We strongly believe that doing so will benefit the operations and standing of the portfolio company as well as the broader environment and community.

Broadly summarised, our standards ask businesses to:

- recognise the importance of protecting the natural environment and reducing or balancing carbon emissions to work towards net zero climate goals
- encourage diversity and inclusion and not tolerate any form of discrimination at any level of the business
- ensure they treat everyone involved in the operation of the business fairly and with access to safe conditions that encourage healthy working
- ensure strong corporate governance and an accountable leadership culture
- act ethically and in line with all laws and standards that apply
- ensure privacy, health and safety, and D&I within business practices
- commit to including strategic sustainability on the board agenda at least quarterly
- encourage monitoring and reporting of ESG progress

The tools and methods we use to evaluate and monitor our investments are in line with the UN Principles for Responsible Investment.

Due diligence and screening

Using the ESG standards and pre-investment provisions set out in our ESG Policy as a baseline, we screen prospective portfolio companies using an exclusion list before performing wider ESG-related due diligence as part of our deal-execution process. Only when we have made an assessment of a company's ESG credentials can we make a final investment decision.

Our exclusion list sets out the sectors, businesses and activities that we, as responsible stewards, will not invest in due to their having an objective or direct impact that does not align with our ESG objectives. Included within this list are: slavery, forced or child labour; illegal or banned products or activities; activities that compromise endangered or protected wildlife; fossil-fuel mining; production of non-defensive arms or ammunitions; tobacco or alcohol; asbestos; trade in human body parts or organs; or animal testing other than to satisfy medical regulatory requirements.

We will, during the course of our due diligence process, assess the ESG opportunities, risks and gaps inherent in a business, employing a risk-scoring system to assess a broad range of the major ESG issues. We document the outcome of this process alongside the wider investment recommendation materials presented to the Investment Committee, with low scores for specific ESG risks flagged (e.g. climate change).

If the ESG risks are within an acceptable range, the terms of investment will typically require a commitment by the company management to meet our target ESG standards. We aim to help the portfolio company in achieving whatever action is proposed.

Mapping and monitoring

Once we complete a direct investment, we map the assessed ESG status of the company to the UN Sustainable Development Goals (SDGs) and work alongside the management team to support and monitor performance to these criteria.

We work with the management team, using our ESG assessment to establish measures and strategies they should monitor. The scope and nature of what we agree will evolve as the portfolio business grows and matures and as we learn from implementation of our Policy.

Monitoring can identify both improvements or areas to be improved, as well as any remedial action necessary, and takes place at least once a year.

Finally, so we can continually reflect and improve our broader stewardship, we intend when exiting from a portfolio company, to document the ESG progress made through the lifetime of the investment.

We continually monitor how we are implementing our ESG policy, and will evolve it over time as we rise to meet new challenges and continue to improve our ESG standards.

You can see the full version of our ESG Policy at <https://draperesprit.com/investors/sustainability>.

Alignment of the portfolio to the United Nations Sustainable Development Goals (SDGs)

The UN SDGs are 17 interlinked global goals designed to achieve a better and more sustainable future for all. They were set in 2015, with the aim of being achieved by 2030. We assessed our portfolio at 31 March 2021 to identify companies where the business model aligns to one or more of these goals. In line with our ESG Policy, this mapping exercise now forms part of our due diligence process at the point any new investment is made.

We based our initial mapping exercise on the products and services provided by our portfolio companies (as distinguished from ESG activities that they may internally be operating within their business). Mapping to the SDGs shows our companies are helping us move our investments towards building a better future and it is our hope and aim for more of our portfolio companies to be aligning with at least one SDG as our focus on ESG expands.

At 31 March 2021, we assessed 52 of our portfolio companies for alignment with one or more UN SDGs. This does not include our fund of funds portfolio or certain other emerging companies (14% of the Gross Portfolio Value not assessed).

71%
by value as a percentage of the Gross Portfolio Value mapped to one or more UN SDG*

35
companies of those assessed mapped to one or more UN SDG

*by value at 31 March 2021



TO READ MORE, PLEASE DOWNLOAD OUR ESG AND RESPONSIBLE INVESTMENT POLICY FROM [WWW.DRAPERESPRIT.COM/INVESTORS/SUSTAINABILITY](https://www.draperesprit.com/investors/sustainability)

TO READ MORE, PLEASE GO TO [HTTPS://DRAPERESPRIT.COM/INVESTORS/SUSTAINABILITY](https://draperesprit.com/investors/sustainability)

Case study

Making an impact

ESG in our seed fund of funds strategy

We launched our seed fund of funds programme in October 2017, and have since invested in 35 seed funds from across the UK and Europe, including commitments to specific impact funds that have ESG considerations as their focus. As the first official money a business raises, these seed funds provide Draper Esprit with visibility and access to companies at an earlier stage than we would normally invest. In addition, through our increasing focus on commitments to impact funds, our investors can access even more companies with a specific focus on environmental, social and governance technologies.

By seeding this early-stage ecosystem, we can find the best companies for later investment, pool expertise from sector-specific funds, and benefit from scouts based all over Europe, fuelling the next generation of investors and visionaries. The following examples demonstrate how we're investing in sustainable futures through our involvement with specific impact funds.

Supporting specific impact funds

Mustard Seed Maze

Based in Lisbon and London, Mustard Seed focuses on investing in start-ups that provide a social return alongside a financial one – its 'lock-step' concept of solving critical social or environmental problems with a clear commercial value proposition. They believe solving the greatest of societal ills brings commercial success in the long run - in effect, long-term impact and long-term profitability are intrinsically linked. We signed up to its Maze fund in October 2020.

Food Tech Opportunity I and II

We signed up to Food Tech Opportunity I in 2018, and Food Tech Opportunity II in 2021. The funds are managed by Five Seasons, based in Paris, the first European investor focusing on impact across the food value chain. After three years of Fund I, Five Seasons has established itself as a recognised player, offering access and added value. Fund II offers an even greater focus on sustainability in its investment thesis, supporting entrepreneurs who can build a healthier, more sustainable and efficient food system.

Future Positive Capital

Future Positive Capital is a pan-European VC firm based in Paris and London. They invest in fast-growing companies that use cutting-edge technologies - AI, robotics, synthetic biology, genetic engineering and similar - to solve large social and environmental challenges in a scalable and profitable way. Their investments have already identified a market, built a team and developed a ground-breaking product or service. Future Positive Capital has also built a support network of over 100 operational partners - corporate leaders, functional experts and successful entrepreneurs - to help solve critical strategic and tactical issues their investments face. Post year-end, we invested directly into Future Positive Capital company, Cervest, offering cloud-based climate intelligence.

Zinc Fund II

Zinc exists to build and scale a brand-new way to solve the most important societal problems faced by the developed world. Their approach encourages the most talented and motivated people available to redirect their careers toward having large-scale social impact as entrepreneurs, researchers and intrapreneurs. Zinc, based in London, focuses on specific missions, which must: tackle one of the great unmet needs in the developed world; have an addressable market of over 100 million people in the developed world alone; and have lots of unexploited opportunities to disrupt, extend and improve existing services through new technologies and insights. Our commitment to Zinc Fund II was approved by the IC in March 2021 and we signed up to the fund post year-end.



- Food Tech Opportunity i and ii 
- Future Positive Capital  
- Mustard Seed Maze  
- Zinc Fund II 

Sustainability

Environmental updates

Taskforce for Climate-related Financial Disclosure (TCFD)

In preparation for our next annual report, we have appointed ITPenergised as our new ESG consulting partner to support us in developing a TCFD roadmap for the business during the year ahead so we can report on TCFD for FY22. The project will encompass workshops with our leadership and our multi-disciplinary ESG working group, chaired by Ben Wilkinson, CFO. We will use the TCFD's four thematic areas - Governance, Strategy, Risk Management, and Metrics & Targets - to enhance decision making in our risk and opportunity identification practices and to build structures and systems to best manage climate change in line with our larger operational ESG objectives.

Streamlined Energy and Carbon Reporting (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). While we do not meet the mandatory reporting criteria for SECR legislation, we have elected to voluntarily report our energy consumption and Scope 1, Scope 2 and selected Scope 3 carbon emissions. ITPenergised has worked with us to provide a comprehensive SECR compliance service, covering the financial year ending 31 March 2021, as part of their broader work helping us in our overarching goal to become carbon net-negative in the years ahead.

SECR Statement:

Reporting has been conducted in accordance with the methodology set out in the Greenhouse Gas (GHG) Protocol Corporate Standard, and using the Department for Environment, Food & Rural Affairs' (DEFRA) emissions factors to calculate emissions. The GHG protocol (corporate standard) is a globally recognised framework used by organisations to measure their greenhouse gas emissions.

Calculation of our SECR energy consumption and GHG emissions was completed by an independent third party, ITPenergised.

Table 1 below presents our global Scope 1, Scope 2 and selected Scope 3 emissions for the financial period 1st April 2020 to 31st March 2021. As this is the first year of reporting, we are not required to disclose information for the previous year.

Table 1: GHG emissions and energy use data for the SECR period 1 April 2020–31 March 2021

	Current Reporting Year: FY21
Total energy consumption used to calculate carbon emissions (kWh)	144,803
Emissions from employees working from home (tCO ₂ e) (Scope 3)	16.9
Emissions from combustion of natural gas in buildings (tCO ₂ e) (Scope 1)	7.9
Emissions from purchased electricity in buildings (location-based) (tCO ₂ e) (Scope 2)	3.4
Emissions from vehicle transport (tCO ₂ e) (Scope 1)	0.05
Total organisational emissions (location-based) (tCO ₂ e)	28.2
Total organisational emissions (market-based, from 100% renewable electricity) (tCO ₂ e)	24.8
Carbon intensity ratio - carbon emissions per net asset value (NAV) (location-based) (kgCO ₂ e/£100k NAV)	2.7
Carbon intensity ratio - carbon emissions per net asset value (NAV) (market-based) (kgCO ₂ e/£100k NAV)	2.4

Energy Efficiency Actions:

In the period covered by the report, we have implemented an ongoing program of light emitting diode (LED) lighting replacement in our office buildings.

Energy & Carbon Reduction Analysis

We are currently working with ITPenergised to identify opportunities to reduce our energy consumption and carbon emissions in our existing business operations. The analysis undertaken is intended to improve the energy efficiency of our business and minimise resultant carbon emissions. The investigations into our energy consumption focussed on electricity, natural gas and business travel. The findings of the energy analysis indicate that energy savings can be achieved by continuing our ongoing upgrade programme of replacing inefficient lighting with LED type lighting systems. Reduced use of transport (particularly flying) owing to the COVID-19 pandemic has seen our largest driver of carbon emissions fall significantly over the course of the year. In order to reduce our carbon emissions from business travel, it is our intention to roll out our travel policy implemented during the pandemic, on a permanent basis.

Scope 3 Emissions Review

In order to exceed minimum compliance in terms of carbon reporting, we intend to capture our wider environmental impacts, by including our upstream and downstream (Scope 3) carbon emissions in our future carbon reporting. To enable us to achieve this, we are currently completing a materiality assessment of our scope 3 emissions and we are gathering relevant data. We are currently exploring the extent and scale of our Scope 3 emissions from; purchased goods and services, business travel, waste production and downstream emissions from our investments. Following completion of this Scope 3 emissions review, we plan to incorporate our material Scope 3 emissions into our future annual carbon reporting.

Carbon-balancing exercise

Draper Esprit compensated for their Scope 1 and 2 emissions for the 2019-2020 financial year by investing in two Plan Vivo accredited projects:

- Forest restoration and protection with Hadza Hunter Gatherers in Tanzania.
- Reforestation with The CommuniTree Carbon Program in Nicaragua.

During the 2020-2021 financial year, 24.8 tCO₂e of market-based emissions can be attributed to Draper Esprit's operations. Despite seeing a reduction in emissions due to COVID-19 in 2020-2021, Draper Esprit have chosen to offset the same amount, 260 tCO₂e, as the pre-COVID-19 financial year to highlight the organisation's commitment to sustainability and a low carbon economy.

Draper Esprit will be supporting peatland restoration projects across the UK that are aligned with the Peatland Carbon Code, a reputable new standard endorsed by the UK Government. Many UK peatlands are severely degraded and emit vast quantities of CO₂. The projects funded by Draper Esprit will help combat this by sequestering 130 tCO₂e over the coming years.

Additionally, Draper Esprit will be offsetting the remaining 130 tCO₂e with an avoided deforestation project based in Brazil with trees also planted in the UK. This is certified to Verified Carbon Standard (VCS), an international certification standard that meets the industry-leading International Carbon Reduction and Offset Alliance (ICROA) Code of Best Practice.

Sustainability

Social

Diversity and inclusion

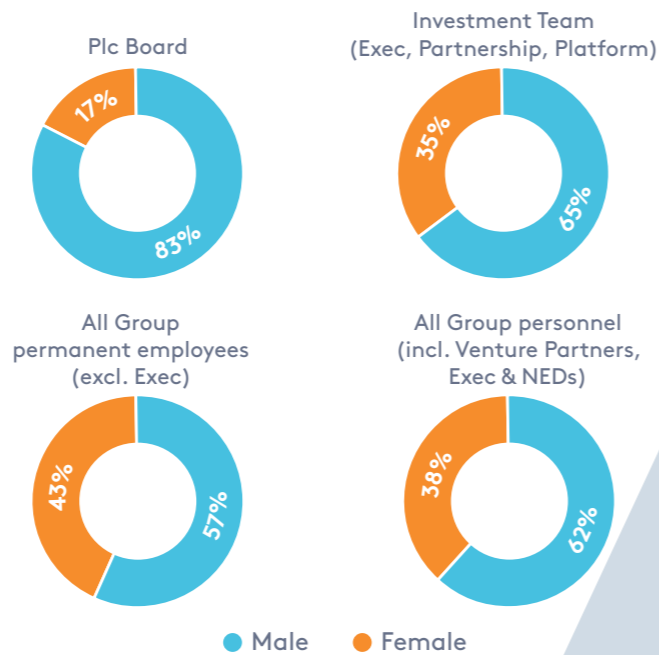
We promote equal opportunities in employment. All applicants receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

We have a zero-tolerance approach to discrimination or harassment in the workplace, and confirm that there were no reportable events within the organisation during the period.

During the forthcoming year, we are committed to creating and implementing a group-wide Diversity and Inclusion Policy and a separate Board Diversity and Inclusion Policy.

We are working toward a Diversity VC Standard accreditation, an assessment and certification process that sets a benchmark for best practice on diversity and inclusion in venture capital.

On gender equality, through our recruitment process, we are aiming for a better female-to-male ratio in the workplace. A full breakdown of the constituent elements of the business is set out in the charts opposite.



Team Culture

We recognise the value of bringing together different experiences, opinions and perspectives. We therefore encourage independent thinking in all areas of the business, and hire people who are not afraid to express their opinions, especially unorthodox views. We reward initiative, and also collaboration. All of which, we believe, is the secret of building long-term success in venture capital.

Learning and development

We are participating in the Future VC Internship programme, offering a year's paid internship for two candidates to get first-hand experience of venture capital by joining our platform team. The interns will work in Deal Origination and Deal Execution positions. We are also providing an internship in the finance team to a student from Bath University.

This year, 34 employees completed unconscious bias training, run by the Pennydrops organisation. We also held an externally-operated training session for first-time and experienced managers, to help enhance the roles of those with direct reports within the business.

Health and wellbeing

We didn't furlough any staff during the Covid-19 pandemic, and ensured all our people were aware of the support available to them, particular in connection with their mental health, through a range of providers at all times:

- The support available through Canada Life includes round-the-clock access to counselling and mental-health support, access to telephone or virtual GP appointments.
- Through the Perkbox portal or app, free online workout and wellness classes are available as well as on-demand access to GPs and counsellors.

Policies

Our Staff Handbook includes a broad range of 30 policies, including those for:

- Whistleblowing
- Flexible working
- Time off for dependants
- Time off for public duties
- Maternity, paternity, adoption, ante-natal, and parental leave
- Compassionate leave and grievance

You can find our Modern Slavery statement by following a link on our website (draperesprit.com) or in the Sustainability section (draperesprit.com/investors/sustainability).



Sustainability

Governance

Responsibility for governance

Ultimately, governance sits with our Board of three Executive Directors and three Non-Executive Directors, the latter ensuring a suitable level of independent perspective. However, throughout the whole Group, we observe good governance at every stage of investment through strong internal processes and regular training. As participants in a robustly regulated environment, we are held to the highest standards including at a personal level under the rigour of the FCA's Senior Managers and Certification Regime ('SM&CR').

We maintain the integrity of our investment process as we grow, by expanding the platform team and associated support functions. You can read more about this in the People section on pages 26-27. During the financial year, we welcomed a Legal Counsel to join the platform team as a transactional law specialist to work within the deal execution process. Our General Counsel has moved into the role of Compliance Officer and a representative of Draper Esprit sits as an appointed member of the BVCA Responsible Investment Advisory Group.

 PLEASE SEE PAGES 88-115 FOR OUR GOVERNANCE REPORT

The QCA Code

As a publicly traded entity listed on the AIM market of the London Stock Exchange, we apply the principles of the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance (known as the QCA Code). The requirements of the QCA Code mean that we are subject to rigorous risk management and governance arrangements which we seek to continuously monitor and, where appropriate, enhance. You can find more information on all the above matters in the main Governance section of this report, starting on page 88.

Ensuring IT security

Faced with the issues of lockdown and office closure, the IT Manager, supported by external IT-specialist consultants, introduced new hardware, replacing ageing devices and removing non-compliant devices from the network. During the year and post year-end, we conducted external penetration testing to assess the overall security status of our IT environment, with no critical areas identified. In addition, during the year we retained our Cyber Essentials accreditation and we completed our Cyber Essentials Plus certification post year-end.

Further security projects, including implementation of Azure Sentinel to help detect, prevent and respond to threats, and Microsoft 365 Defender next-generation antivirus threat protection & real-time monitoring are being explored post-period end. Our investment in network infrastructure will add intrusion detection and prevention, bringing additional layers of security to our office wi-fi infrastructure.

Section 172 Statement

Section 172 Statement

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

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

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

Key Stakeholders

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

Having regard to this divergent range of interests, and balancing the potential outcome for the different stakeholder groups, is a key part of the Board decision-making process.

How does the Company engage with its key stakeholders?

As a responsible steward, the Company, under the direction of the Board, is committed to engaging with all of its key stakeholders to understand the wider impact of the Company's operations.

As set out below, the Board directly and indirectly engages with stakeholders in a variety of ways, and factors these considerations into its long-term strategic, operation and financial goals. For more details on how our board operates, please see the Corporate Governance Statement on pages 88-115.



Section 172 Statement

CONTINUED

Employees

Why we engage

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

How we engage

Due to the Group's relatively small employee base, the Directors engage directly with employees on a day-to-day basis, including during all periods of Covid-19-enforced remote working. There is an all-staff meeting held every Monday at which all Executive Directors are present. The Non-Executive Directors have an open invitation to attend weekly Investment Committee meetings and speak with employees in person, both during the investment decision-making process and in informal social settings.

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

HR undertakes regular anonymous employee surveys to provide people-centric insights to the Board and the results of such surveys are presented to the Board.

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

Portfolio companies

Why we engage

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

How we engage

Before any Draper Esprit deal is announced we work closely with portfolio companies to maximise the impact of their story. We have regular contact with our portfolio companies, typically by taking a board directorship or attending meetings as an observer, as well as through informal channels by building strong relationships with entrepreneurs and their leadership teams, primarily via our platform team.

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

Consideration of portfolio company performance is a standing agenda item at each meeting of the Executive Team and of the Board.

Please see the Portfolio Review and Core Portfolio Updates section on pages 41-54 as well as the case studies on pages 28-33 for more information on the work we do with our portfolio companies.

Investment partners

Why we engage

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

How we engage

The Group works closely with its investment partners. During the year, the Group consolidated its existing relationship with Draper Esprit VCT (managed by Elderstreet Investments Limited) through its acquisition of the balance of interest in Elderstreet and entering into a new exclusive Investment Management Agreement with Draper Esprit VCT. The Group continues to build upon its partnership with Earlybird through commitments to Earlybird's Fund VII and Growth Opportunities fund, and also has continued to expand Draper Esprit's fund of funds strategy, making commitments to a further 15 UK and European funds during the period. As strategic partners, we share deal flow and resources to co-invest in high-growth technology companies across the UK and Europe. The Executive team engage directly with our investment collaborators on a regular basis.

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

The community

Why we engage

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

How we engage

We regularly hold thematic events across the regions and sectors that we focus upon which are open to members of the entrepreneurial ecosystem and others within our broader community. During the year, we maintained our schedule of events but shifted them online with a number of office hours and workshops to help existing portfolio companies, attract new leads and "pay it forward" to entrepreneurs in the tech community.

In addition to enabling our portfolio companies and wider partners to meet and gain valuable insight, these events also give us regular opportunities to engage with these communities and strengthen our relationships and influence within them.

As signatories to the UN Principles of Responsible Investment we are committed to encouraging dialogue around ESG themes, as further considered in pages 60-70.

During the year ahead, we hope to engage further with our wider community stakeholders through the Group's proposed charitable foundation which is currently in the process of being set up.

Section 172 Statement

CONTINUED

Shareholders

Why we engage

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

How we engage

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

The Company's shareholders are invited to attend our annual Investor Day. At our Investor Day, which this year was held online to allow for maximum attendance during the pandemic, a selection of portfolio companies are invited to present, allowing for direct engagement between Draper Esprit, its shareholders and our portfolio companies.

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

Suppliers and advisors

Why we engage

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

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

How we engage

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

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

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

During the year, the Company's General Counsel began the rollout of bespoke clauses into material contracts in respect of anti-bribery and anti-modern slavery. This is an ongoing project to ensure that the highest ethical standards are aligned and observed across the Group's supply chain.

The environment

Why we engage

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

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

How we engage

The Company and broader Group is committed to positively engaging with sustainability and ESG issues. During the period, the Company published its ESG Policy and filed its first report to the UN Principles of Responsible Investment.

More details concerning the Company's ESG Policy and ESG-related activities are provided in the Sustainability section on pages 60-70.

Steps that have already been taken include the Company's second full carbon footprint analysis and offsetting programme, allowing us to identify reductions in emissions in the business and balance CO₂ equivalent greenhouse gas emissions that cannot be reduced through investment in accredited projects as more particularly set out on pages 66-67. The company has continued to invest in tech solutions to remove the requirement for unnecessary travel; further efforts towards a paperless working environment; and rollout of a cycle to work scheme to all staff.

Key Board Decisions during the year

In discharging its duties, the Board considers the views of its stakeholders, alongside other considerations such as risk, and legal and regulatory compliance. Board decision making is supported by the provision of reports and papers circulated prior to each meeting, as well as through regular dialogue between Executive and Non-Executive Directors, and in-person presentations from management and advisers. Where appropriate, papers and presentations provide analysis of the impact of proposals on stakeholder groups and the long-term consequences for the business.

Set out below are some examples of key decisions made during the year to 31 March 2021, and areas of Board consideration in the decision making process.

Board Decision	Considerations	S172 factors
Acquisition of VCT management vehicle	<ul style="list-style-type: none"> Further access to capital and liquidity through Group ownership of the Draper Esprit VCT Plc management vehicle and updated Investment Management Agreement Expansion of EIS and VCT strategy and development of employee synergies within the Group Enhanced influence over the presentation, reputation and execution of Draper Esprit's VCT strategy within the market 	(a), (b), (c), (e), (f)
Debt facility extension from £50m to £60m	<ul style="list-style-type: none"> The Group's access to additional financing flexibility The ability of the Group to invest in new investment opportunities and continue backing our existing portfolio The ability for employees in the investment team, and the broader Group, to undertake investment activity at scale with the opportunity to participate in upside of successful capital deployment The quality of the counterparties 	(a), (b), (c)
New Long-Term Incentive Plan	<ul style="list-style-type: none"> Support retention and incentivisation of key talent Align interests of executive management and Group employees with shareholders Provide transparent and understandable remuneration structure 	(a), (b), (e), (f)
£110m equity placing	<ul style="list-style-type: none"> The ability of the Group to invest in new investment opportunities and continue backing our existing portfolio, supporting long-term sustainable growth of the business Ability for employees in the investment team and the broader group to take advantage of investment opportunities arising from an accelerated transition to digital driven by Covid-19 Increasing opportunity to match third-party capital raised in connection with a growth fund 	(a), (b), (c), (e)

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

Risk Management

To achieve our strategic objectives and manage the business sustainably, we operate an effective risk-management framework that balances risk and reward, while protecting the business, our shareholders, employees and other stakeholders. The Board has ultimate responsibility for setting and managing the risk framework, as well as defining the appetite for risk.

Risk Appetite

The nature of our business fundamentally involves accepting risk if we are to achieve our strategic aims of creating and maintaining a pipeline of investment opportunities, and supporting our diversified portfolio of businesses to achieve meaningful returns. However, the business will accept risk only where it can be appropriately managed and where it offers sufficient reward. The Board has determined its risk appetite for each of its principal risks and emerging risks described below, and considered appropriate ways to monitor performance and mitigate each risk to ensure it remains acceptable.

Risk Governance

Our approach to risk governance is a top-down approach, with a culture of compliance that runs from the Board, through its committees, the Executive team, the Group Compliance Officer, to all staff, encouraging a thoughtful and transparent culture towards risk that is grounded in our obligation as steward for our stakeholders. For the Group, the first line of defence comprises management controls and internal control measures administered by all managers and staff, with the second line of risk management overseen by the Compliance Officer. The Board meets six times a year, and delegates daily management to the Executive team. Both the Audit, Risk and Valuation Committee and the Executive team regularly consider and review the existing and emerging risks faced by the business to ensure that any exposure and associated mitigations align with the business's strategic objectives. All risks associated with the Group are entered into the Company's Corporate Risk Register which applies a scoring system to assist the Audit, Risk and Valuation Committee in its decision making by capturing inherent risks, mitigation, and residual risks and proposed actions. Risks are mapped to a heat map and monitored as controls are put in place to mitigate the Group's exposure.

The Audit, Risk and Valuation Committee meets formally twice a year, with other informal meetings convened as necessary. The Executive team are delegated authority to oversee the application of the risk framework across the business. The Group operates clear reporting lines throughout the business and engages external compliance specialists, IQ-EQ, to assist the Group Compliance Officer in monitoring and advising on all regulatory compliance matters. There is a formal compliance report issued to the Board annually based upon the Company's Corporate Risk Register and the output of quarterly monitoring reports issued by IQ-EQ. At the conclusion of the year ended 31 March 2021, the only actions identified by IQ-EQ as requiring attention were classified as low-risk.

We identify and monitor risks closely throughout the business, with all employees involved in overseeing and mitigating risk on a day-to-day level. Periodic internal checks are administered by the Compliance Officer; enhanced IT security measures are employed by IT Manager; and weekly meetings are conducted at an executive level with a commitment to specific periodic risk-review sessions focussed on the Corporate Risk Register. Externally led training is provided to all staff at least annually in connection with the Group's culture of risk awareness and risk mitigation and the professional and ethical standards to which all employees must perform in the fulfillment of their roles (including where relevant under the Senior Managers and Certification Regime ('SM&CR')). Mandatory online training is frequently conducted (including associated testing) on a variety of core topics including anti-money laundering, bribery and data protection. Within the quarterly Investment Team 'Hit-list Day' market thematic, opportunities and risks are assessed as part of the wider approach towards deals, and there is also an bi-annual Strategy Day attended by all of the Investment Team to review the Group's entire existing portfolio and assess risks and opportunity on an asset level. A Whistleblowing policy is in place which provides the means by which anyone within the business can raise or escalate concerns where they perceive the Company to not be dealing adequately with risks.

Updates to our risk framework for the year include:

- Corporate Risk Register: We developed our full risk register during the financial year and added a heat map and principal risks section. This is presented to each meeting of the Audit, Risk and Valuation Committee, and annually to the full Board.
- Change in Compliance Officer function: Ben Robson, General Counsel, took over the compliance officer function from Stuart Chapman, Chief Portfolio Officer, for the Group's regulated entities on 1 February 2021 to provide a division of responsibilities from the executive body.
- The Compliance Officer reports directly into the CEO on all compliance matters and has direct access to the non-executive chair of the Board and the Audit, Risk and Valuation Committee.
- ESG Focus in risk assessment: our new ESG Policy includes additional rigour in our investment profiling and diligence process to ensure our investments are sustainable. The focus on ESG-related risk mitigation has the broader effect of improving risk management generally, and has also resulted in updates to our deal checklist that form a key part of the legal due-diligence process for any prospective investment.
- Investment Committee: The Esprit Capital Partners Investment Committee was expanded to include the full Partnership Group to provide a greater level of scrutiny and diversity of thought in assessing investment risk. The SM&CR certification process was also successfully administered for all voting members of the Investment Committee.

Principal risks

We regularly consider emerging risks and opportunities, both internal and external, which may affect the Group in the near, medium and long term. During the year, the Executive team, Audit, Risk and Valuation Committee and Board performed a full review of the Group's principal risks to assess the severity and mitigation strategies in place for previously identified risks, and to identify whether any new risks had materialised during the period.

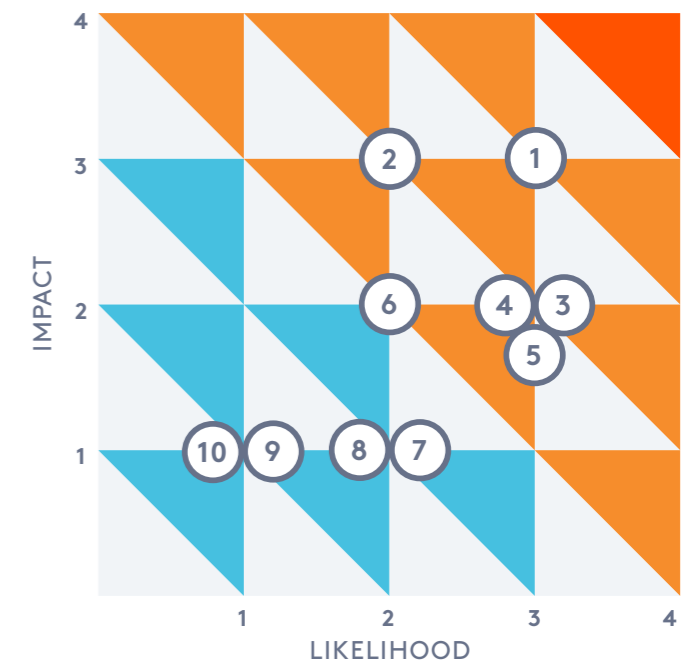
The following are some of the potential emerging risks management and the Board are currently monitoring – all have more detail provided in our risk matrix further below:

- Covid-19
- Adverse changes in global macro-economic environment
- High market valuation
- Geo-political protectionism
- Climate change

The Group's principal risks, explanations, mitigations and future focuses are set out in detail below. The heat map shows what we consider to be our 10 most substantial risks, with their potential impact and likelihood of occurrence. Next year we will be able to include an indication of the changing status of each compared to the prior year.

Top 10 principal risks

- 1 Global macro-economic environment – market volatility
- 2 Key personnel
- 3 Direct and indirect impact of Covid-19
- 4 Portfolio company valuations are subject to change
- 5 Climate change
- 6 Impact of Brexit
- 7 Geo-political protectionism
- 8 Competition
- 9 Cyber security
- 10 Profile of venture investments



Principal risks

CONTINUED

Global Macro-Economic Environment

Volatility of global public and private markets of businesses in the aftermath of various global events and shifts



Potential impact

Market volatility leading to a loss of confidence in public markets which could in turn result in reduced consumer and corporate spending. Thereby reducing the revenues of portfolio companies, with likely second order effects of: driving lower portfolio company valuations; extending the period to realisations (due to less M&A activity); and an enhanced portfolio company requirement for liquidity which may require additional unforeseen follow-on investment from the Company.

Market reassessment of private company valuations.

Wider impact of domestic and global economies in recession and associated change in market and societal behaviours.

Mitigation

Range of funding strategies in place for access by the company, including co-investments and £60 million revolving credit facility (currently undrawn) extended and increased post year-end.

Volatility will impact upon whole market including competitors to the Company.

Successful oversubscribed private placement of £110 million in October 2020 to boost liquidity.

Cash realisations of £206.3 during the period, including the exit from Peak Games and the IPO of Trustpilot.

Strong level of experience of board members to help the company navigate and mitigate market-risks.

Resilience of public markets including LSE and NASDAQ demonstrated throughout the Covid-19 pandemic.

Strength of portfolio and number of assets on a path to a liquidity event.

Changes during the year

Occurrence of Brexit and surrounding uncertainty of transition period, particularly in financial services.

Enhanced risk due to pervasive destabilising impact of Covid-19.

Global impact (political and economic) of the Business strategy risk mitigated by outcome of US election and associated policy shifts from the Trump to Biden administrations to provide greater stability and signal of de-escalation in geo-political tensions.

National and international government stabilising measures, including a soft budget, to navigate economy out of Covid-19.

Focus for 2022

Proposed move to the Main Market of the London Stock Exchange to improve access to a deeper vein of investors.

Continued emphasis on appropriate levels of liquidity through access to debt facility, cash realisations, additional fee income from third party co-investors with funds under Group management and ability to raise from the market.

Focus on identifying and backing the winners within the portfolio.

Launch of Growth Fund with third-party investors to share risk and provide enhanced income streams through receipt of management fees.

Maintained focus on investor relations to communicate the ways that the Group is navigating changes in the economic landscape in alignment to stakeholder expectations.

Key

▲ Increasing risk ▲ New/emerging risk ➤ Static risk ▼ Decreasing risk

Covid-19

Direct and indirect operational impact of Covid-19



Potential impact

Direct effects of global pandemic including market instability; macro-economic disruption; share price volatility; reduced investor activity; disrupted cross-border trade; and impaired supply chains.

Indirect impact on a small number of portfolio companies in sectors particularly negatively impacted by Covid-19 (e.g. travel) who were required to take actions to scale back growth and reduce overheads, thereby limiting ability to expand at projected pace.

Negative impact on physical or mental health of staff and/or their dependants.

Negatively impacted business culture due to remote working.

Mitigation

Global business flight to tech which is a clear trend out of Covid-19 that is aligned to the Company's investment strategy.

Risks shared across all businesses globally including by competitors.

Fully engaged business continuity plan involving homeworking across the workforce.

Adapted working policies through the year in line with government guidance.

Adapted practices and utilised existing network to ensure due diligence on potential new investments could continue.

Cloud-based IT infrastructure with suitable access to data, core systems and virtual meeting facilities.

Resilience of the overwhelming majority of portfolio companies to the most harmful aspects of the pandemic through focus on tech and realisation of opportunities presented by wider shift in trends that have been accelerated by Covid-19.

Health and Safety assessments for all staff homeworking environments.

Changes during the year

Series of national lockdowns in the UK and across the world.

Roll out of the Covid-19 vaccination programme in the UK.

Access to the UK government Future Fund scheme for eligible UK-based portfolio companies for matched funding up to £5m.

Increased access to physical and mental health support channels including 24/7 remote doctor support.

Evolution of Business Continuity Plans to enhance strategy successfully deployed in March 2020.

Continued adoption and enhancement of technology solutions for business communications, including MS Teams and DocuSign and hosting of Investor Day on virtual events platform Hopin.

Successful deployment of health and safety measures in all Draper Esprit offices during periods of usage aligned to government advice.

Focus for 2022

Continued focus on employee health and wellbeing.

Reintegration into hybrid home and office working, aligned to government advice, designed to suit effective flexible working practices.

Continued deployment of remote working technologies and emphasis on associated reduction in travel.

Ongoing support to portfolio companies and management teams most significantly impacted by Covid-19.

Principal risks

CONTINUED

Portfolio company valuations are subject to change

Risks associated with market valuations of prospective and actual portfolio companies arising due to enhanced investor focus on technology as well as risks associated with any subsequent market recalibration of valuations



Potential impact

The valuations of the Group's underlying portfolio of investments are substantially based on the revenue generated by these businesses.

Higher valuations in competitive deals may result in larger cheque sizes for smaller equity stakes relative to less buoyant conditions.

Where comparable peer groups are used as a benchmark to determine valuations based on revenue multiples, the performance of the peer group will impact portfolio valuations.

Due to the illiquid nature of the asset class in which the Company invests, a material recalibration of global valuations of tech companies (due to macro-economic shifts or otherwise) may impair the Company's NAV.

Valuation-related risks have been significantly increased by the impact of Covid-19 due to increased market volatility.

Changes during the year

Valuation methodology in accordance with Covid-19-specific IPEV guidelines.

Mitigation

The Group's funds invest across a spread of geographies and sub-sectors which provide diversification in revenue sources, macro economic risks and peers groups.

Measured approach to valuation when making judgements, in accordance with IPEV and BVCA guidelines.

Operation of Fund of Fund strategy to allow for early visibility and access to a wide range of emerging companies at a stage where valuations and round size are opportune for strong continued growth and compelling return on investment.

The Audit, Risk, & Valuation Committee chaired by a Non-Executive Director, has responsibility for overseeing the valuation process and scrutinising such valuations.

Deal Team focused on rigorous investment process to ensure that participation in rounds at high valuations relative to ARR are justified by reference to risk-profile and potential returns.

Focus for 2022

Enhanced focus on Fund of Funds Strategy to increase exposure to earlier stage companies for Series A investments at lower valuations (by quantum).

Continued focus on liquidity (including through access to debt facility) in the event of a decline in valuations.

Diversification of risk through fee income from management of third party funds to mitigate impact of potential downside in valuations.

Ensuring portfolio company businesses are well capitalised for future growth.

Ensuring participation in deals with a robust syndicate of high quality co-investors.

Continued downside protection through preference share structure of investments.

Key

▲ Increasing risk ▲ New/emerging risk ➤ Static risk ▼ Decreasing risk

Climate Change

Increasing need to navigate the energy transition, including regulatory, market, technology, and reputational aspects as well as the potential physical impacts of climate change.



Potential impact

Transitioning to a lower-carbon economy may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change, including:

- Changing stakeholder expectations, with consumers and investors making decisions based on carbon performance and climate resilience
- Increase in carbon-related regulations, including mandatory reporting requirements
- Potential bank lending conditions tied to climate and carbon performance
- Impact on employee attraction and retention due to increased interest in working for 'climate aware' organisations.

Changes during the year

Government Covid-19 recovery initiatives and incentives prioritise net zero and low carbon.

Enhanced government innovation funding for low carbon projects and technologies.

The Financial Conduct Authority (FCA) introduced a rule to enhance climate-related financial disclosures, including the mandatory requirement of TCFD statements for certain UK listed companies.

Mitigation

Development and roll-out of the Company's ESG Policy (details of which can be found at page 62) to further integrate climate-related aspects within our wider ESG strategies, policies and governance structures.

- Working with external carbon experts (ITPenergised) to:
- Prepare for Taskforce for Climate-related Financial Disclosures (TCFD) reporting requirements.
 - Evaluate our carbon footprint inclusive of Scope 1 and 2 emissions, offset carbon that cannot otherwise be reduced, as well as voluntarily reporting to Streamlined Energy and Carbon Reporting (SECR).
 - Internally define Scope 3 boundaries and associated definitions.

Focus for 2022

Establish TCFD gap analysis and roadmap with ITPenergised and implement necessary changes to allow the Company to report against TCFD in next year's Annual Report.

Further quantifying Scope 3 emissions and exploring techniques for data collection and extrapolation such as carbon performance thresholds and benchmarks across our portfolio.

Enhancing our onboarding carbon awareness and training processes.

Explore energy saving measures and offset scope 1 and 2 carbon emissions.

To note that the UK will host the 26th UN Climate Change Conference of the Parties (COP26) in November 2021 with expectations that the UK will further emphasise carbon and net zero ambitions.

Key Personnel

The Group may not be able to retain or attract investment team members and support staff with the right skills and experience



Potential impact

The work of the Group requires specialist practitioners. As a relatively small team, if the Group does not succeed in recruiting or retaining the skilled personnel necessary for the development and operation of its business, it may not be able to grow as anticipated or meet its financial objectives.

Mitigation

The Group carries out regular market comparisons for staff and executive remuneration and offers highly competitive packages to its personnel.

Senior executives are shareholders in the business and the Group operates appropriate incentive programmes to align individuals with the Group's strategy over the long term.

The Group encourages staff development and inclusion through coaching and mentoring.

Continued programme of enhanced benefits to team including improved access to multiple 24/7 physical and mental health remote doctor support.

Changes during the year

Addition of new personnel to the Group through the acquisition of Elderstreet (VCT fund manager).

Successful hire of a new Principal, Dr Inga Deakin to augment capability in digital health investments.

Creation of Platform Team to support investment team has helped the investors to be more successful and taken away some of the workload-enhanced support structures.

Addition of three new Associates and one transactional Legal Counsel to grow the Platform Team.

Focus for 2022

Additional recruitment of experienced professionals into the Partnership Team and Platform Team.

New LTIP issue on revised targets for the next three-year period.

Enhanced pension package through migration of service provision to Aegon.

Continued focus on improved mental and physical well-being of all staff through outsourced providers.

Principal risks

CONTINUED

Impact of Brexit

Impact of the UK's exit from the EU



Potential impact

Economic, political and regulatory instability.
Lost Group marketing passport rights into the EU.
Potential negative impact upon investor confidence in wider UK/EU markets.
Impact upon portfolio companies with UK-EU or EU-UK cross border sales structure.
FX risk between UK GBP and Euros.
Flight risk of financial services work and dealflow from UK to continental Europe.

Mitigation

Legal and regulatory advice taken on Group's exposure to Brexit-related risks.
Dual-listing on AIM in London and Euronext Growth in Dublin, providing flexibility to investors.
Strategic partnership and investments with EarlyBird Digital West to investment opportunities in continental Europe.
Limited exposure of portfolio companies to trading implications of Brexit due to nature of business model.
Continued attractiveness of UK to domestic and international tech talent.
Expected UK government efforts to incentivise continued investment and retention of business/talent/funding in the UK.

Changes during the year

Formal conclusion of Brexit on 31 December 2020.
Removed EU marketing passporting rights for Esprit Capital Partners LLP (fund manager to Draper Esprit Plc).
True impact of Brexit obscured by Covid-19 and so remains closely monitored.
Commitment to EarlyBird Fund VII and EarlyBird Growth Opportunities Fund to provide greater penetration into EU investment opportunities.

Focus for 2022

Develop an evolved regulatory structure with appropriate European fund vehicles to provide easier access into EU markets.
Continued commitment of capital to EU funds through fund of funds strategy.
Expanded compliance team and compliance focus within the business, with an approved hire of an experienced regulatory focused lawyer to report into the General Counsel.

Geo-political Protectionism

Shift in national /international governmental policy to protectionism by major governments including the US, UK and China



Potential impact

Governmental policies preventing or providing additional hurdles to cross-border M&A opportunities particularly impacting upon large-scale tech businesses limiting route to a meaningful exit.
Raised tariffs making it harder for portfolio supply chains and deep hardware companies to obtain required materials or make sales of their own products.

Mitigation

Working with management teams of portfolio companies to help explore international structural optionality in advance of any cross-border sale opportunity.
Participation in lobbying efforts on UK government through membership of the BVCA to voice industry concerns.
Increased trend for tech IPOs in the UK on the London Stock Exchange.

Changes during the year

Outcome of US election suggestive of a less aggressive policy of protectionism under Biden administration.
Greater tech IPO activity in the UK including the successful listing of Trustpilot in March 2021 illustrative of viability of the UK as a venue for tech company IPOs. Also note a number of other significant UK tech IPOs.
Move towards greater US and UK governmental oversight and control of company sale process to non-domestic acquirers.

Focus for 2022

Continued participation in BVCA to lobby UK government on benefits of access to wider pools of capital outside of the UK/Europe in exit process.
Providing early access to portfolio company founders and managing teams to explore US and wider global networks and put in place group structures that provide optionality.
Continue to take legal and tax advice on implications of shifts in global policy.

Key

▲ Increasing risk ▲ New/emerging risk ➤ Static risk ▼ Decreasing risk

Competition

The Group and its portfolio companies are subject to competition risk



Potential impact

Increased capital in the European VC market leading to greater competition for deals and a shortened time horizon for new investment rounds to crystallise.
Rise in pre-empted funding rounds can limit access to strong deals where opportunities are outside of the Company's network.
The Group may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors, but conversely may experience decreased rates of return and increased risks of loss if matching unfavourable terms.

Mitigation

Proven thesis-driven investment team with solid reputation in the market within sector/geo specialisms.
Strong brand reputation and differentiation of model from other players through listed model and multi-fund patient capital model that allows for access to the public market as well as syndicated dealflow alongside EIS and VCT funds.
Enhanced pipeline of diversified UK and pan-European opportunities sourced from multiple sources included fund of funds model, deep network, expanded marketing capability.
Strong pricing, terms and structure of proposed investment.
Ongoing financial discipline in the Company's investment decision-making process.
Enhanced ESG credentials including roll out of ESG Policy and mapping of portfolio to UN SDGs.

Changes during the year

Completion of the acquisition of fund manager Elderstreet Investments Limited to bring it wholly within the Group.
Increased appetite for European deals amongst established US West Coast 'named' VCs adding to competitive landscape in the Company's geographical focus.
Notable exits during the period, including Peak Games and Trustpilot providing competitive narrative on the success of the Company's investment strategy.
Expanded marketing ability to ensure strength of brand with the introduction of Marketing Director, James Clark (former Head of Tech & Lifesciences at the London Stock Exchange) in April 2020.

Focus for 2022

Launch of Growth Fund with access to third-party funds under management to provide greater competitive advantage.
Increased focus on ESG as a point of strength and differentiation.
Continued evolution of Platform Team functionality through training and refined process to add visibility and predictability to deal origination and execution.

Cyber Security

Cyber security incidents may affect the operations and reputation of the Group



Potential impact

A significant cyber/information security breach could result in financial liabilities, reputational damage, severe business disruption or the loss of business critical or commercially sensitive information.

Mitigation

To ensure operational resilience and minimise the risk and impact of the occurrence of cyber security incidents, the Group utilises reliable software and hardware and operates firewalls, anti-virus protection systems, email risk management software and backup procedures.
During the period, the Group renewed its Cyber Essentials accreditation and post year-end attained Cyber Essentials Plus accreditation.

Changes during the year

Additional emphasis on cyber and information security following increased instances of cyber-attacks and cyber-related fraud during the Covid-19 health pandemic.
Penetration testing successfully undertaken with limited recommendations, all of which were actioned within the month of the test.
Phased migration into secure Microsoft 365 cloud-based environment with suitable surrounding security modules.
Roll out of new security policies and where appropriate devices to all staff.

Focus for 2022

Continued review and development and adaptation of cyber security and information security systems, policies and procedures under the leadership of the IT Manager and support of outsourced IT providers.

PLEASE ALSO SEE PAGE 70 FOR ADDITIONAL DETAILS.

Principal risks

CONTINUED

FX Exposure

Fluctuations in foreign exchange rates may adversely affect the Company's own cash position or the performance of the Group's portfolio



Potential impact

Investments, realisations or transactions made or received in non-sterling currencies may result in exposure to adverse FX changes.

Changed exchange rates may adversely effect company valuations and/or portfolio company revenues.

Changes during the year

Sale of USD denominated asset Peak Games and also IPO in GBP of Trustpilot (previously USD denominated).
Introduction of formal codified Treasury Policy.

Mitigation

The CFO and Board regularly review the possible impact of currency movement on the Company and the portfolio.

Portfolio companies generate revenues across a range of currencies, predominantly US Dollars, Sterling and Euro, and a degree of natural hedge therefore exists.

Focus for 2022

To continue to monitor and appraise possible mitigation strategies beyond our existing treasury policy.

Profile of Venture Investments

Portfolio companies are at an early stage and carry inherent risk



Potential impact

Portfolio company technologies, services or business models may fail and/or these businesses may not be able to develop their offering into commercially-viable products.

Earlier stage companies are likely to have greater funding requirements than more mature businesses.

Mitigation

Rigorous due diligence undertaken by highly qualified investment team supported by internal VC-focused specialists (including legal and technologists).

Draper Esprit typically has consent rights and a board seat on portfolio companies to allow for active management and enhanced visibility.

Development of the Platform Team systems and process and resource through the addition of three new Associates and a transactional lawyer to identify strong opportunities and diversify risk.

Changes during the year

Strength of technology companies in post-Covid-19 environment.

Diversification of risk through increased cadence of dealflow during the period and an increased emphasis on later stage more mature Series B+ deals.

Increased volume of participation in follow-on rounds where the asset is known and can back the winners.

Focus for 2022

Continued focus on identifying strong best-in-class scalable technology companies with very large addressable markets and a path to becoming a category leader.

Further expansion to the Platform Team and Partnership Group to build investment thesis and identify strong companies with strong founders and management teams.

Plan to launch Growth Fund to capture greater share of market in later stage high-growth companies.

Non-Controlling Interest in Portfolio Companies

The Group typically holds a non-controlling interest in its investments



Potential impact

Non-controlling interests may lead to a limited ability to protect the Group's position in investments.

Mitigation

The Group is an active manager of its investments and usually takes a director or observer position on the board of each portfolio company.

Investments are made with suitable minority protections, typically including preferential share rights on distributions and consent/veto rights on key decisions.

Expanded Group balance sheet provides enhanced capital solutions to protect investment position – i.e. ability to fund follow-on rounds and defend pro-rata position within a business.

Changes during the year

Additional investments made in the year - see the Portfolio Review on pages 41-45 for further details.

Directors' training delivered by external law firm Gowling WLG undertaken by all Investment team.

Focus for 2022

Emphasis on governance and director discipline to encourage high level of standards at portfolio company level.

Enhanced emphasis on ESG as a means to build influence with founders and management teams to partially protect minority interest through strength of relationship.

Key

▲ Increasing risk ▲ New/emerging risk ➤ Static risk ▼ Decreasing risk

Unpredictability of Exit Timing

Proceeds from the sale of investments may vary substantially from year to year



Potential impact

The timing of portfolio company realisations is uncertain and cash returns to the Group are therefore not predictable.

Mitigation

The Group maintains sufficient cash resources to manage its ongoing operational and investment commitments.

Regular working capital reviews are undertaken using cash flow projections.

Financial performance of the Group is a standing agenda item at meetings of the executive management team and the Board.

Expanded Platform Team to provide increased analyst coverage on likelihood and route to exit.

Changes during the year

Cash realisations of £206.3 million during the period, including from the exit from Peak Games and from the IPO of Trustpilot.

Sessions run at two internal Strategy Days to identify potential exits during the forthcoming financial year.

Focus for 2022

Launch of Growth Fund to increase focus on later stage companies whose path to an exit is likely to be shorter than our earlier stage portfolio companies.

Continued emphasis on access to cash through cash management, financial modelling and continued access to the Company's revolving credit facility (extended and increased post year-end).

Reputational Risk Associated with Shareholders

As a publicly listed entity, any group or individual can acquire shares in the Company



Potential impact

The actions or reputations of shareholders in Draper Esprit Plc are outside the control of the Company but can impact on the reputation of the Group by association.

Mitigation

The Board and wider public relations function within the Group communicate the culture and ideals of the Group and actively seek to work with likeminded partners who share the Group's broad approach to investment.

Changes during the year

Close work undertaken with the Company's brokers in October 2020 to successfully place £110 million to a strong cohort of existing and new investors in oversubscribed raise initially targeting £100 million.

No known issues with constituent shareholder base during the period.

Focus for 2022

Continue to maintain a broad shareholder base through proactive investor relations engagement.

Continued focus on ESG during the forthcoming period to attract diverse and sustainable pool of investors.

Principal risks

CONTINUED

Loss of Group Regulated Status

Esprit Capital Partners LLP, Encore Ventures LLP or Elderstreet Investments Limited cease to be authorised as fund managers by the FCA

Potential impact

Should Esprit Capital Partners, Encore Ventures and/or Elderstreet cease to be authorised and regulated by the FCA as Alternative Investment Fund Managers then they would no longer be permitted to perform the role of investment manager which is critical to business model.

Mitigation

All senior personnel internally vetted, assessed and appraised on ongoing basis in line with SM&CR to ensure that they are fit and proper to perform their function in line with regulatory guidance.

Robust governance processes and procedures in place including three Non-Executive Directors on the Board of Draper Esprit Plc to ensure suitable challenge to executive team.

Enhanced compliance support/function, working closely with external compliance advisors, to identify and mitigate risk of regulated status being lost.

Lines of accountability and responsibility for senior management functions are clear and monitored on an ongoing basis.

Changes during the year

Brexit-related changes to pan-European AIFM passporting rights.

Addition of Elderstreet into the group following conclusion of legal, compliance and financial due diligence.

Non-material Variation of Esprit Capital Partners regulatory Permissions to clarify its authority to manage its AIFs including Draper Esprit Plc.

Migration of Group Compliance Officer function from Stuart Chapman to Ben Robson (General Counsel).

Focus for 2022

Work with external providers to build suitable European regulatory structure to facilitate marketing activities within the EU.

Further integrate the compliance activities and calendar of the three regulated entities within the group where appropriate to provide greater levels of consistency and oversight.

Inadequate Governance

Inadequate governance could expose the Group to risk of mismanagement

Potential impact

An inadequate culture of governance could allow situations to occur where decision makers fail to adequately discharge their duties or expose the Group to unacceptable levels of risk.

Mitigation

Continuous work to pro-actively fulfil ongoing regulatory requirements under FCA rules.

External compliance and legal advisors engaged to ensure that the Group is continuously monitoring and improving systems and processes to navigate the changing legal and regulatory landscape.

Changes during the year

Certification of all staff performing Certified Functions in line with SM&CR.

Compliance function migrated from Stuart Chapman to Ben Robson (General Counsel).

Full external compliance training delivered to all staff and directors duties training delivered to all Investment Team.

Identified the need to increase the independent Non-Executive Director representation on the Board. See more details on pages 106.

Focus for 2022

Focus on D&I in Board and Executive functions to ensure greater representation in governance functions.

Continue to monitor frequency and structure of meetings of the Board and of the Executive for sufficiency in line with advice of Company Secretary.

Appoint and integrate new non-executive director into the operation of the Board.

Default on Credit Facility

Default or breach of terms of the Company's revolving credit facility

Potential impact

The Company has an existing debt facility in place with Investec and Silicon Valley Bank for £60 million. In the event of default or material breach of the terms of the loan agreement, including debt covenants, the Company may be unable to draw further funds and/or could the repayment of the loan and any unpaid accrued interest could be triggered.

Mitigation

At period end, the facility was entirely undrawn.

The debt facility includes a 24-month repayment period, which the Board believes to be sufficient relative to the liquidity of the underlying assets.

There is substantial headroom within the agreed debt covenants (which are closely monitored) to mitigate any likelihood of a breach or default by the Company.

Changes during the year

All debt borrowed under the terms of the debt facility were repaid during the period thereby minimising the opportunity for default or breach.

Focus for 2022

Continue monitoring term and size of facility having regard to the evolving needs of the business.

Key

▲ Increasing risk ▲ New/emerging risk ➤ Static risk ▼ Decreasing risk

Concentration of Shareholder Value

The Group is dependent on a relatively small number of shareholders who hold a large proportion of the total share capital of the Group.

Potential impact

The decision by a major shareholder to dispose of their holding in the Group might have an adverse effect on the Group's share price and/or operations.

Mitigation

Regular executive engagement with brokers, key shareholders and wider market to foster relationships. Directors clear communication of the objectives of the Group to its shareholders, other stakeholders and wider markets.

Changes during the year

Successful oversubscribed £110 million fundraise in October 2020 to facilitate entry of new, high-quality long-term shareholders onto the Company's share register and better distribution of shareholding amongst other investors and further diversify and balance the share register after focus on this area in 2019.

Regular remote meetings and presentations by executive to shareholders and wider market.

Entirely remote hosting of Investor Day on virtual events platform Hopin with around 350 sign-ups.

Focus for 2022

Phased reintroduction of face-to-face meetings in line with government advice as part of hybrid online/offline approach to shareholder relations.

Continued work with brokers and advisors to retain strong diversification of shareholders in the Company.

On current trajectory, this risk is expected not to feature in next year's Annual Report.

Concentration of Value in Portfolio

Portfolio value may be dominated by single or limited number of companies

Potential impact

If one or more core portfolio companies experience significant difficulties or suffer poor market conditions (such that their value is adversely affected), this could have a material adverse impact on the overall value of the Group's portfolio of investee companies.

Mitigation

The Group adopts a broad sector approach with a focus on four core areas. Risk is diversified within the portfolio by not focusing on any one sector and by deploying capital across early and growth stage businesses.

The financial structure of investments provide downside protection through preferential rights.

The expanded size/scale of the portfolio provides additional protection of spreading investment risk.

Continued expansion and diversification of the portfolio, particularly by leveraging the Group's fund of funds capability to identify new seed-stage investment opportunities.

PLEASE SEE THE STRATEGIC REPORT FOR FURTHER DETAILS OF THE COMPANY'S INVESTMENT STRATEGY.

Changes during the year

Increased cadence of deals.

Exit from portfolio companies during the period, including Peak Games business sale, Trustpilot IPO and Decibel sale.

Enhanced Investment Team with the hire of Dr Inga Deakin as a Principal and the addition of three Associates to further increase deal cadence.

Focus for 2022

Expanded fund of fund strategy to enhance pipeline of deals and further increase diversification of portfolio.

Launch of Growth Fund to invest in larger numbers of more mature companies.

Launch of Digital Health Fund to diversify risk with increased number of small digital health opportunities.

Board approval

The Strategic Report as set out on pages 12 to 87 was approved by the Board of Directors on 11 June 2021 and signed on its behalf by



Ben Wilkinson
Chief Financial Officer

11 June 2021

Governance



GOVERNANCE

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Governance report

Board of Directors



Karen Slatford
Independent Chair

Age – 64
Appointed – June 2016

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



Richard Pelly
Independent Non-Executive Director

Age – 65
Appointed – June 2016

Richard is a non-executive director and advisor in the area of micro, small and medium-sized businesses. Up until April 2014, Richard was the chief executive of the European Investment Fund (“EIF”), Europe’s largest investor in venture capital funds. Before joining EIF in April 2008, Richard was managing director of structured asset finance at Lloyds TSB Bank in London from 2005 to 2007. From 1998 to 2005, he worked for GE Capital, first as chairman and CEO of Budapest Bank in Hungary and then as CEO of UK Business Finance within GE Commercial Finance. Prior to his career at GE, Richard worked for Barclays Bank in various functions in the UK and in France from 1977 to 1997. Richard holds an honours degree in Psychology from Durham University and an MBA with distinction from INSEAD Fontainebleau. In 2003, he was awarded an OBE in the Queen’s Honours List for Services to the Community in Hungary.



Grahame Cook
Independent Non-Executive Director

Age – 63
Appointed – June 2016

Grahame Cook is an experienced public company non-executive director, with over 20 years’ experience as an audit and risk committee chairman. Grahame’s background is in investment banking, with 20 years’ experience of M&A, equity capital markets and corporate advisory. Grahame started his career at Arthur Andersen, where he qualified as a chartered accountant. He became a Director of Corporate Finance at Barclays de Zoete Wedd in 1993, and then joined UBS as a Managing Director, member of its global investment banking management committee and global head of equity advisory. At UBS he was responsible for creating its industry sector teams, including tech and healthcare. In 2003 he became joint chief executive officer at WestLB Panmure where he built a pan-European business focussed on growth companies and ran a €100m technology fund. He advised the London Stock Exchange in 2003 on the creation of its TechMark growth segment. Grahame sits on a number of technology and technology-rich healthcare company boards, both listed and unlisted. Grahame holds a Double First Class Honours degree from the University of Oxford.



Martin Davis
Chief Executive Officer

Age – 58
Appointed – November 2019

Martin Davis is the CEO of Draper Esprit. He has more than 20 years of experience in financial services and joined Draper Esprit from Aegon Asset Management, where he was the Head of Europe, Aegon Asset Management & CEO Kames Capital. Prior to Aegon Asset Management, Martin served as CEO at Cofunds, spent eight years at Zurich Insurance Group, and was also CEO of Zurich’s joint venture, Openwork, the largest network of financial advice firms in the UK.

Prior to this, Martin held senior management roles at Misys, Corillian, and Reuters. Martin also served for 11 years in the British Army. Martin has an MBA from London City Business School (CASS) and Diplomas from the Institute of Marketing and the Market Research Society.



Stuart Chapman
Chief Portfolio Officer

Age – 51
Appointed – June 2016

Stuart was a Director of 3i Ventures in London before he co-founded Draper Esprit. He has over 25 years of venture capital experience in Europe and the US – including founding 3i US in Menlo Park, CA.

Stuart was responsible for Draper Esprit’s investments in Lagan Technology (sold to Verint), Redkite (sold to Nice) and Kiadis (sold to Sanofi). Stuart serves as a director with Netronome, Aircall, Resolver, Realeyes, Riverlane and Conversocial; and as observer with Graphcore and Crate.

Before 3i, Stuart was involved in software and systems implementations for Midland Bank. He is a graduate of Loughborough University and currently serves on the Strategic Advisory Board for the Loughborough School of Business.



Ben Wilkinson
Chief Financial Officer

Age – 40
Appointed – June 2019

Ben has been CFO of Draper Esprit since 2016. Prior to Draper Esprit, Ben served for five years as CFO of AIM-listed President Energy Plc, where he was responsible for all financial aspects of the Group. During his time at President, Ben was a key part of the Board that undertook investments into Argentina and Paraguay and raised \$175 million across several equity issuances with shareholders such as IFC/World Bank and significant UK institutional investors.

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

Board skills matrix

Equity Capital Markets



Venture Capital



Healthcare/Biotech



Corporate Finance and M&A



● Proportion of directors with extensive experience

● Proportion of directors with experience

Strategy



Tech/Software



Finance & Accounting



Governance & Compliance



Governance report
Chair's report



Karen Slatford
Chair

Introduction

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

During the year, we have continued to apply the principles of the corporate governance code for small and mid-sized quoted companies published by the Quoted Companies Alliance (the "QCA Code"), and this section of the annual report sets out how we have applied the QCA Code principles, and the operation and activities of our Board and Board Committees during the year.

Compliance with the QCA Code

The Board believes that we have applied the 10 principles of the QCA Code during the year under review. Our governance structure provides a framework of established and clearly articulated roles, authority limits and controls, which allows the executive team to focus on delivering the investment strategy of the Group. These systems are designed to support our compliance with the QCA Code, the AIM Rules, the Euronext Growth Rules and other legal, regulatory and compliance requirements, which apply to us.

Review of our governance framework

In anticipation of our move to the Main Market of the London Stock Exchange, and associated adoption of the UK Corporate Governance Code, the Board has conducted a detailed review of our existing governance arrangements and disclosures against the principles and provisions of the UK Corporate Governance Code. The output of that review has identified a number of steps which we have either taken, or will take, forward in the coming months, to support compliance with the UK Corporate Governance Code in FY2022. More detail on some of those steps is set out in the following report.

Board succession & diversity

As part of the development of our governance framework to ensure we are able to meet Main Market requirements, we identified the need to increase the independent Non-Executive Director representation on the Board. The search process has been overseen by the Remuneration & Nomination Committee, and supported by the search agency Russell Reynolds Associates. Main Market, and particularly remuneration committee, experience was a key requirement for the search, and we were clear on the need to ensure that a diverse range of candidates were identified for consideration. More information on the search process is set out in the Remuneration & Nomination Committee report on pages 104-111.

The Board is also in the process of developing a Board Diversity & Inclusion Policy which will apply in respect of all future Board appointments. More details will be disclosed in our FY2022 annual report in line with UK Corporate Governance Code and FCA Disclosure Guidance & Transparency Rules requirements.

Board evaluation

We have again conducted a Board performance evaluation process during the year which is described in more detail on page 97. The results of the evaluation indicated that the Board is operating effectively, and identified a number of areas of focus for the coming year. These included: the need to enhance Board succession planning and develop the composition of the Board in support of the proposed Main Market move; a focus on re-establishing face-to-face interactions between the Board and wider employees as we emerge from the Covid-19 pandemic; increased focus on risk management process; and continued emphasis on refining the structure of Board meetings to maintain the appropriate level of strategic focus.

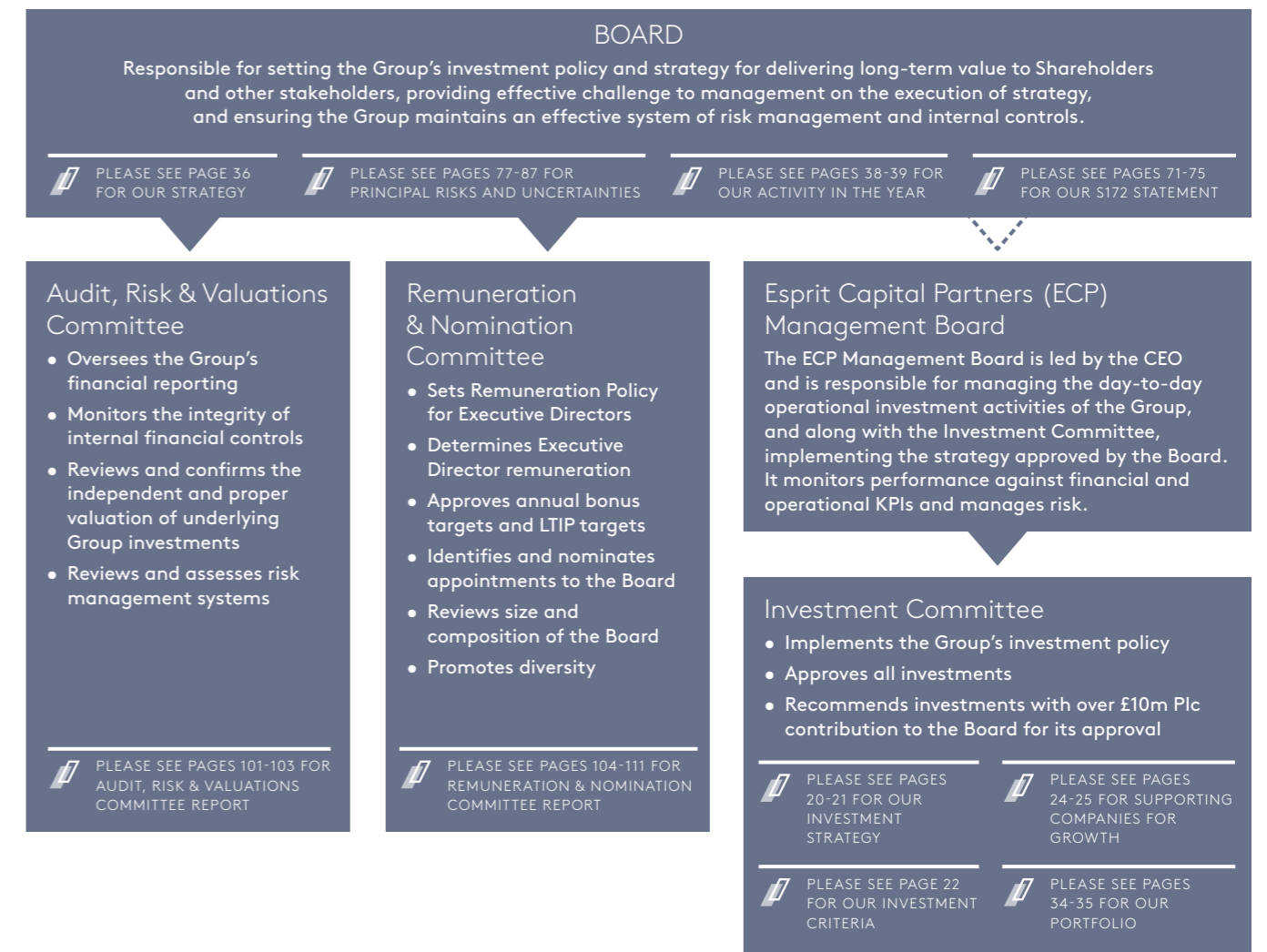
AGM

Details about our AGM arrangements will be set out in the AGM Notice which will be made available to shareholders shortly after the release of this Report.

Karen Slatford
Chair

Corporate governance framework

Our governance structure provides a framework of established and clearly-articulated roles, authority limits and controls, which allows the executive team to focus on delivering the investment strategy of the Group. The structure of the Board and its committees, including key responsibilities and reporting lines, is illustrated below:



Governance report

Chair's report

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Role of the Board and how it operates

The Board has collective responsibility for setting the strategic aims and objectives of the Group and its investment policy, and promoting the Group's corporate values and culture. In discharging its role, the Board is also responsible for ensuring that appropriate policies, procedures and controls are in place to support effective risk management and performance against agreed strategic and financial key performance indicators.

The operation of the Board is documented in a formal schedule of matters reserved for its approval, which is reviewed annually and includes decisions relating to single investments where the Draper Esprit plc contribution is greater than £10m; changes to the capital; corporate or management structure of the Group; and approving financial reports. Day-to-day management of the Group is the responsibility of the CEO, CPO, CFO, who together comprise the Executive Management team.

The Board meets at least six times per year, with the agendas for those meetings planned in advance in accordance with an agreed annual schedule of activity which is approved by the Board. This ensures that key governance and strategic updates and decisions are discussed at the appropriate time in the

financial calendar, whilst also allowing sufficient time to be devoted to relevant matters which may arise during the course of the year. Standing items are included on each agenda, including updates from the CEO, CFO, CPO and Compliance Officer.

Detailed packs are prepared and circulated in advance of each meeting, with reports against the standing items providing updates on key matters for Board information and discussion, and tracking performance against the agreed KPIs. The Company Secretary also prepares a report for each Board meeting, which, amongst other agenda items, highlights forthcoming regulatory or legislative developments which may impact on the Company.

Board and Committee papers are distributed to Directors in advance of the meetings, and each meeting is minuted by the Company Secretary. Every Director is aware of their right to have any concerns minuted.

Roles and responsibilities

There is a clear division of Executive and Non-Executive responsibilities. The roles of the Chair and Chief Executive are separately held and their responsibilities are well defined. Key responsibilities of members of the Board and its Committees are summarised in the table below:

Role	Responsibilities
Non-Executive Chair Karen Slatford	The Chair is responsible for the effective operation of the Board, promoting an open forum for debate and ensuring that the principles of good corporate governance are embedded in all of the Board's interactions. Also responsible for ensuring effective engagement with Shareholders and other stakeholders.
Chief Executive Officer Martin Davis	The Chief Executive Officer is responsible for leading the execution of the Group's strategy and investment policy and implementing the decision of the Board and its Committees. The Chief Executive Officer also keeps the Chair and Board apprised of important and strategic issues facing the group, and is responsible for ensuring that the culture promoted by the Board is operated throughout the business.
Chief Portfolio Officer Stuart Chapman	The Chief Portfolio Officer has primary responsibility for the investment portfolio at Draper Esprit and is involved in setting the strategic focus for the company and its portfolio.
Chief Financial Officer Ben Wilkinson	The Chief Financial Officer provides financial leadership to the Group and aligns the Group's business and financial strategy, managing the capital structure of the Group. Responsible for financial planning and analysis, valuations, presenting and reporting accurate and timely historic financial information, and ESG.
Non-Executive Directors Grahame Cook and Richard Pelly	The Non-Executive Directors provide constructive challenge to the executives and help with the development of proposal on strategy and monitoring performance against KPIs. They promote high standards of integrity and corporate governance, and, through their roles as members of Board committees, provide independent oversight.
Board Committees	<p>In line with recognised governance practice, the Board has established two principal Board committees (the Audit, Risk and Valuations Committee, and a combined Remuneration & Nomination Committee).</p> <p>Each committee has its own terms of reference which are approved by the Board and are reviewed annually. Membership of the committees is determined by the Board, on recommendations from the Remuneration & Nomination Committee. Details of the role, composition and activities of each committee during the year are set out in their respective reports on the following pages. The terms of reference are available on the Company's website: https://draperesprit.com/investors/plc.</p> <p>The Group also has a separate Investment Committee, the terms of reference for which are approved by the Board, which is responsible for approving all investments (except in cases where Board approval is required for investments where the Draper Esprit Plc contribution is greater than £10m, under the Schedule of Matters reserved to the Board).</p>

Board meetings

The Board met formally six times during the year. Board and Committee meetings were also convened on an ad-hoc basis from time to time in order to consider specific corporate activity, and additional meetings of the Audit, Risk and Valuations Committee were convened in the early part of the financial

year in order to keep under review the impact of the Covid-19 pandemic. Individual Director attendance at scheduled Board and Committee meetings (where they are a member) are set out in the table below:

Director	Board (out of 6 meetings)	Audit, Risk and Valuations Committee (out of 6 meetings)	Remuneration and Nomination Committee (out of 2 meetings)
Karen Slatford	6	6	2
Martin Davis	6	N/A	N/A
Stuart Chapman	6	N/A	N/A
Ben Wilkinson	6	N/A	N/A
Grahame Cook	6	6	2
Richard Pelly	6	6	2
Simon Cook ¹	2	N/A	N/A

1. Simon Cook stepped down from the Board on 1 July 2020, but attended all Board meetings held in the year prior to that date.

All Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. The Non-Executive Directors' letters of appointment anticipate that each Non-Executive Director will need to commit a minimum of two days per month to the Company but clarify that more time may be required. In addition, the Non-Executive Directors are expected to commit appropriate preparation time ahead of each meeting.

Where Directors are unable to attend a meeting, they are encouraged to submit any comments or questions on matters to be discussed to the Chair (or Committee Chair) in advance of the meeting to ensure that their views are recorded and taken into account.

The Board is satisfied that the Chair and each of the Non-Executive Directors devote sufficient time to the business, in accordance with the time commitment requirements set out in their individual Letters of Appointment, and they each maintain open communication with the Executive Directors and the Executive Management team between the formal Board meetings.

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Board activity during the year

The developing Covid-19 pandemic understandably influenced the Board (and its Committees) activity in the early part of FY2021, and as noted above additional meetings of the Audit, Risk and Valuations Committee were held in April 2020 to keep under review the liquidity and funding options available to the Company. As the year progressed, the Board's focus (outside its usual responsibilities) turned to more strategic matters, including steps to develop the Company's corporate governance framework in preparation for a Main Market listing. Areas of key activity for the Board in the year are summarised in the table below:

Topic	Board activity	Link to Strategy (see page 36)
Covid-19 response	<ul style="list-style-type: none"> Monitored liquidity and funding options Reviewed office closure and reopening plans, and impact of homeworking arrangements 	<ul style="list-style-type: none"> To fuel their growth with access to capital To provide a holistic capital model, supporting entrepreneurs through the duration of their journey
Corporate performance	<ul style="list-style-type: none"> Regular review of performance against agreed KPIs Discussed ongoing team structure and recruitment plans Approved annual budget 	<ul style="list-style-type: none"> To maintain a high-quality bar for investments to continue to deliver strong investment returns underpinned by cash realisations
Portfolio and investments	<ul style="list-style-type: none"> Received summary of detailed half-yearly portfolio reviews carried out by management Approved investments exceeding Investment Committee authority level (e.g. Cazoo) Approved investment in Earlybird Fund VII 	<ul style="list-style-type: none"> To back disruptive high-growth technology companies to invent the future To provide a holistic capital model, supporting entrepreneurs through the duration of their journey To scale our platform for growth whilst maintaining the integrity of the investment process To maintain a high-quality bar for investments to continue to deliver strong investment returns underpinned by cash realisations To support visionaries who find new ways for the world to work in the future. We want that future to be sustainable, fair and accessible to all
Fundraising	<ul style="list-style-type: none"> Considered & agreed rationale and quantum of equity placing in October 2020 Reviewed and approved documentation associated with the equity raise (including investor presentation) 	<ul style="list-style-type: none"> To back disruptive high-growth technology companies to invent the future To provide a holistic capital model, supporting entrepreneurs through the duration of their journey
Corporate governance	<ul style="list-style-type: none"> Reviewed detailed analysis of actions required to achieve UK Corporate Governance Code compliance Reviewed, and approved changes to, Committee Terms of Reference Reviewed annual compliance reports Monitored performance against agreed ESG KPIs 	<ul style="list-style-type: none"> To maintain a high-quality bar for investments to continue to deliver strong investment returns underpinned by cash realisations To support visionaries who find new ways for the world to work in the future. We want that future to be sustainable, fair and accessible to all

Board evaluation

The Board conducted a formal performance evaluation process during the year by way of detailed questionnaires completed by each member of the Board, and covering topics such as the composition of the Board; the quality and timeliness of information provided; relationships between the Board, Shareholders, employees and other stakeholders; and succession planning. The responses were collated by the Company Secretary, and discussed by the Board at its meeting in April 2021. Each Committee also evaluated its own performance following a similar process, and a summary of the outcome is set out in the Committees' respective reports on pages 101-103 (Audit, Risk and Valuation Committee) and 104-111 (Remuneration & Nomination Committee).

As the Board performance evaluation was conducted in the context of our anticipated move to the Main Market, many of the actions arising from the process related to changes to governance structures and process to support future compliance with the UK Corporate Governance Code and the increased regulatory environment of the Main Market. The actions include those listed in the table below, which also indicates progress to date where applicable:

Action	Progress
Recruit additional independent Non-Executive Director. Key attributes to include experience on Main Market listed remuneration committee.	<ul style="list-style-type: none"> Search process commenced with support of external recruitment agency.
Introduce a Board diversity policy, and a plan to improve Board diversity (through NED recruitment and succession planning).	<ul style="list-style-type: none"> Board diversity policy to be developed during FY2022. Diversity considerations were taken into account in identifying candidates for NED roles.
Continue to improve quality and timeliness of materials circulated to the Board to support constructive debate and challenge, and effective decision making.	<ul style="list-style-type: none"> To be progressed during FY2022.

Progress against some of the key findings from the evaluation process conducted in FY2020 (and reported on in our FY2020 Annual Report) is set out in the table below:

Action	Progress
Improvements to the Board process.	<ul style="list-style-type: none"> Use of an electronic Board paper system has been embedded. Standing items and reports for scheduled Board meetings agreed. Robust process for the collation and distribution of papers established.
Increased oversight of risk.	<ul style="list-style-type: none"> Additional meetings of the Audit, Risk and Valuations Committee held to ensure appropriate time devoted to risk.
Development and communication of corporate culture.	<ul style="list-style-type: none"> The CEO's reports presented to the Board provide regular updates on employee engagement. Institutionalised all-team Zoom meetings held every Monday led by the CEO with input each week from leaders from each team within the business.

The Board is aware of the UK Corporate Governance Code recommendations relating to externally facilitated performance evaluations at least every three years, and will consider during the coming year the appropriate timing to conduct the Company's first externally-facilitated evaluation process.

Governance report

Chair's report

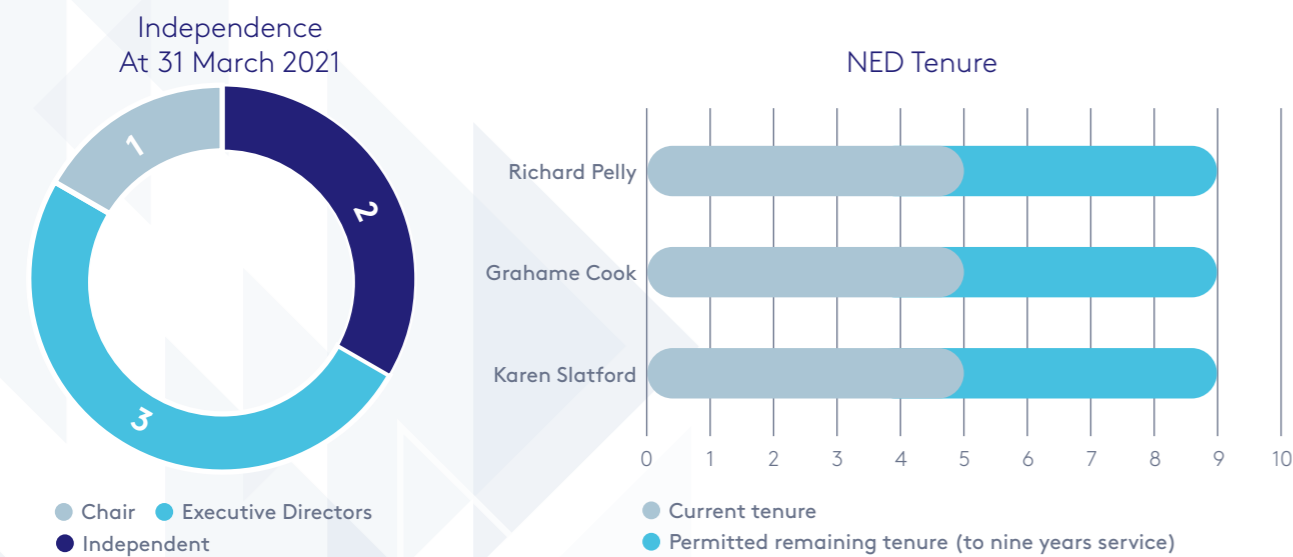
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Composition of the Board

Including the Chair, the Board currently comprises six Directors, of whom three are Executive Directors and three are Non-Executive Directors.

The Board has determined that each of the Non-Executive Directors are independent, and the Company therefore complies with the QCA Code with respect to the independence of the Board. As previously noted, we are in the process of recruiting an additional independent Non-Executive Director which will ensure that the Board complies with the independence requirements of the UK Corporate Governance Code.

The independence and length of tenure of the current Directors are shown in the charts below. Please refer to page 68 to see the gender diversity of the Board.



The skills and experience of the Board are set out in their biographies and the board skills matrix on pages 90 and 91. Collectively, the Non-Executive Directors bring an appropriate balance of functional and sector skills and experience such that they are able to provide constructive support and challenge to the Executive Directors. As noted previously, in connection with the anticipated move to the Main Market the Board is seeking to recruit an additional Non-Executive Director. It is intended that, through this recruitment, the Board as a whole will continue to possess the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of its Shareholders over the medium to long term.

The combined Remuneration and Nomination Committee has previously had responsibility for succession planning at Board and Senior Executive level (a separate Remuneration Committee and Nomination Committee are anticipated to soon be constituted in anticipation of the Main Market listing and this responsibility will be moved to the standalone Nomination Committee). Senior Executive succession planning, which has not been a key focus area since the Company's admission to AIM given the relatively low head count, has been identified as an area of focus for the Nomination Committee during FY2022.

Board Diversity Policy

The Board has agreed the need to develop a formal Board diversity policy in compliance with the requirements of the UK Corporate Governance Code and investor expectations for Main Market listed companies. It is intended that the policy will be approved as soon as possible in FY2022, and will set out the process by which the Nomination Committee will conduct future Board recruitment to ensure diversity considerations are addressed. Our goal for this policy to meet investors' diversity expectations (including in terms of gender and ethnicity) through the Board succession planning process, whilst ultimately maintaining the principle of appointing the best candidate for the role based on objective criteria.

We will report in more detail on the Board Diversity Policy, and how it has been implemented, in the FY2022 Annual Report.

Training and Development

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

Relations with Shareholders and stakeholders

Further information on the Company's engagement with stakeholders, and how the Board has considered stakeholder interests in its decision making during the year, are set out in our section 172 statement on pages 71-75.

Regular communication with institutional Shareholders is maintained through individual meetings (physical or virtual as appropriate) with the Executive Directors, particularly following the publication of interim and full-year results. The Board also encourages Shareholders to attend and vote at the Company's General Meetings, at which the Board is also in attendance and available for Shareholder questions, although this was not possible during FY2021 due to Covid-19 restrictions. Investor relations are a standing item on the Board's agenda, and the executive team routinely updates the Board as to outcomes of their meetings with Shareholders and potential investors. These initiatives help us to understand Shareholders' views and to address their concerns.

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

In line with the recommendations in provision 5 of the UK Corporate Governance Code during FY2022, the Board intends to appoint one of the Non-Executive Directors to the role of "Designated Non-Executive Director" with responsibility for overseeing the Board's engagement with the workforce.

The Company's other key stakeholders are our investee companies, with which we have regular contact, in particular where we have a seat as a director or board observer of that company. We host an annual CEO day for our investee companies, to which our Directors, Shareholders and key advisers are also invited. This forms part of a wider events programme targeted towards our investee companies and early stage companies. For the wider community, we regularly hold thematic events across the regions and sectors we focus on. In addition to enabling our investee companies and wider partners to meet each other and gain valuable insight, these events also give us regular opportunities to engage with these communities and strengthen our relationships with them.

Our open and inclusive approach is important not just in the way we operate as an internal team, but also in the hands-on way in which our team supports the growth of our investee companies. The Board recognises the importance of retaining a proactive focus on culture as the Company grows.

Internal controls

The Board has ultimate responsibility for the Group's system of internal controls and for the ongoing review of their effectiveness. Systems of internal control can only identify and manage risks and not eliminate them entirely. As a result, such controls cannot provide an absolute assurance against misstatement or loss. The Board considers that the internal controls, which have been established and implemented, are appropriate for the size, complexity and risk profile of the Group.

The main elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors.
- An organisational structure with defined levels of responsibility.
- Specified investment approval levels and financial authority limits.
- An annual budgeting process, which is approved by the Board.
- Monthly management reporting against agreed KPIs (KPIs are further outlined on page 37 of the Strategic Report).
- Financial controls to ensure that the assets of the Group are safeguarded and that appropriate accounting records are maintained.

The Board continues to review the system of internal controls to ensure it is fit for purpose and appropriate for the size and nature of the Company's operations and resources.

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External advisers

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

Conflicts of interest

At each meeting of the Board or its Committees, the Directors are required to declare any interests in the matters to be discussed and are regularly reminded of their duty to notify any actual or potential conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest if deemed appropriate to do so.

The Group also has a long-established conflicts of interest policy, under which employees and Executive Directors are prohibited from investing in companies that fall within the target investment focus of the Group, and which require Non-Executive Directors to seek approval from the Group Compliance Officer if they wish to invest in companies falling within the mandate of the Group.

Annual General Meeting

The Notice of the Annual General Meeting, which sets out the resolutions proposed and explanatory notes, will be contained in a separate circular to Shareholders to be sent out shortly after the release of this Annual Report.

Karen Slatford
Chair

Audit, Risk and Valuations Committee Report



Grahame Cook
Chair of the Audit, Risk
and Valuations Committee

Introduction

On behalf of the Board, I am pleased to present the Audit, Risk and Valuations Committee Report for the year ended 31 March 2021.

Role of the Committee

The Audit, Risk and Valuations Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. Its role includes monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). It is also responsible for establishing, monitoring and reviewing procedures and controls for ensuring compliance with the AIM Rules and Euronext Growth Rules. The Committee reports regularly to the Board on its activities and makes recommendations, all of which have been accepted during the year.

Members of the Audit, Risk and Valuations Committee

The Committee consists of three independent Non-Executive Directors: Grahame Cook (as Chair of the Committee), Karen Slatford and Richard Pelly. The Board is satisfied that Grahame Cook, who is a qualified Chartered Accountant and an experienced non-executive Director and audit committee Chair, has recent and relevant financial experience, and that the Committee as a whole has experience relevant to the sector in which the Company operates.

The Audit, Risk and Valuations Committee met formally six times during the year (and on two occasions since the year end) and going forward will continue to meet at least three times per year at appropriate times in the reporting and audit cycle and otherwise as required. During April and May 2020, there were also a number of conference calls of the Committee in line with the process established in March 2020 in response to the Covid-19 epidemic to monitor the Company's liquidity and scenario planning for FY2021. The Committee also meets frequently with the Company's external Auditors.

Audit, Risk and Valuations Committee Report

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Duties

The duties of the Audit, Risk and Valuations Committee are set out in its terms of reference, which are available on request from the Company Secretary or on the Company’s website: <https://draperesprit.com/investors/plc>.

The main items of business considered by the Committee during the year included:

- Review of the risk management and internal control systems.
- Review and approval of the interim financial statements and the external Auditor’s report thereon.
- Detailed review of investment valuations and supporting information.
- Review of the year-end audit plan, and consideration of the scope of the audit and the external Auditor’s fees.
- Review of the Annual Report and financial statements, including consideration of the significant accounting issues relating to the financial statements and the going concern review.
- Consideration of the external audit report and management representation letter.
- Meeting with the external Auditor without management present.
- Assessment of the need for an internal audit function.
- Review of whistleblowing arrangements.
- Review of terms of reference.

Role of the external auditor

The Audit, Risk and Valuations Committee is responsible for monitoring the relationship with the external Auditor, PwC, in order to ensure that the Auditor’s independence and objectivity are maintained. As part of this responsibility, the Audit, Risk and Valuations Committee reviews the provision of non-audit services by the external Auditor and the Audit, Risk and Valuations Committee Chair is consulted by management prior to the external auditor being engaged to provide any such non-audit services. The breakdown of fees between audit and non-audit services is provided in Note 8 of the financial statements.

Appointment and tenure

PricewaterhouseCoopers LLP (PwC) was first appointed as the Group’s external Auditor in 2018, and with Richard McGuire as lead audit partner from appointment. In line with PwC’s policy and FRC guidance on lead partner rotation it is anticipated that Richard McGuire will rotate off the Group’s audit in FY2023.

The Committee continues to be satisfied with the scope of the external Auditor’s work, the effectiveness of the external audit process, and that PwC continues to be independent and objective. The Committee is therefore pleased to recommend that PwC be re-appointed as the Group’s Auditor at the 2021 AGM.

The Committee intends to adopt the timing for audit tenders recommended by the UK Corporate Governance Code and in line with appropriate legislative and regulatory requirements. It is therefore intended that the external audit contract will be put out to tender at least every ten years, and therefore no later than the FY2029 financial year-end.

Audit process

The external Auditor prepares an audit plan for its review of the full-year financial statements, and the audit plan is reviewed and agreed in advance by the Audit, Risk and Valuations Committee. Prior to approval of the financial statements, the external Auditor presents its findings to the Audit, Risk and Valuations Committee, highlighting areas of significant financial judgement for discussion.

Internal Audit

The Audit, Risk and Valuations Committee has again considered the need for an internal audit function during the year and continues to be of the view that, given the size and nature of the Group’s operations and finance team, management and the Board are able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one and as such there is no current requirement to establish a separate internal audit function. As part of that consideration, the Committee noted the additional assurance provided to it and the Board through regular externally facilitated compliance checks, internal legal counsel, and through assessments of the Group’s wider compliance with AIFM regulatory requirements, for example via the role of the depository, Aztec Financial Services (UK) Limited.

Significant issues considered in relation to the Financial Statements

Significant issues and accounting judgements are identified by the finance team and the external audit process and then reviewed by the Audit, Risk and Valuations Committee. The significant issues considered by the Audit, Risk and Valuations Committee in respect of the year ended 31 March 2021 are set out below:

Significant issue/ accounting judgement identified	How it was addressed
Fair value of investments in unlisted securities	The Audit, Risk & Valuations Committee reviewed the fair value of unlisted securities established with reference to the IPEV Guidelines by management. Management’s methodologies and assumptions were reviewed and challenged over a number of meetings. The Committee agreed that management’s approach was appropriate and was satisfied with the fair value recognised as at 31 March 2021 in respect of these unlisted securities.
Impact of Covid-19	The Committee has monitored the impact of Covid-19 on the Group, including liquidity, and have reviewed the Annual Report and financial statements. Following challenge and review, it has been deemed appropriate to prepare the financial statements on a going concern basis taking into account the impact of Covid-19.

Risk management and internal controls

As described in the Chair’s report on pages 92-100, the Group has established a system of risk management and internal controls. The Audit, Risk and Valuations Committee is responsible for reviewing the systems of risk management and internal controls and has reviewed both the corporate risk register and management’s progress in implementing and maintaining such control systems during the year. The Committee is satisfied that the internal control systems, which have been established, are operating effectively.

During the year, the Committee reviewed a detailed analysis of the Group’s internal governance and control systems, which include a Group organisational structure with clear lines of responsibility and authority limits, the setting of annual cost budgets (and regular monitoring of performance against those budgets), and documented policies and procedures. The Committee is satisfied that the systems in place are appropriate in the context of the Company’s size and operations.

The Committee, having regard to the Company’s corporate risk register, with particular focus on the principal risks and uncertainties (including emerging risks) for the Company, is satisfied that these risks are appropriately identified, and that the approach to addressing and mitigating those risks is within the defined risk appetite levels agreed by the Board.

Going concern

The Committee has acknowledged its duty to review the Annual Report and financial statements, including the going concern assessment. The assessment of going concern is overseen by the CFO, subject to review and challenge by the Committee and approval by the Board. Following review and challenge, it has been deemed appropriate to prepare the financial statements on a going concern basis, having taken into account the principal risks and uncertainties facing the Group including those relating to liquidity and solvency. For further details, please see the Directors’ Report - page 112-114.

Share dealing, anti-bribery and whistleblowing

The Group has adopted a share dealing code in conformity with the requirements of Rule 21 of the AIM Rules, and the UK Market Abuse Regulation. All employees, including new joiners, are required to agree to comply with the code. The Group has also adopted anti-bribery and whistleblowing policies, which are included in every employee’s staff handbook, as well as systems and controls to ensure compliance with those policies.

The Group operates an open and inclusive culture and employees are encouraged to speak up if they have any concerns. The aim of such policies is to ensure that all employees observe ethical behaviours and bring matters which cause them concern to the attention of either the Group Compliance Officer, the Executive or Non-Executive Directors.

Committee performance evaluation

The Committee has evaluated its own performance this year by way of a questionnaire completed by each member of the Committee. We discussed the outcome of the evaluation process at our meeting in April 2021. The results of the evaluation indicated that the Committee continued to operate effectively, with key areas for development in FY2022 including the need to increase focus on risk assessment and management; and the continued development of the Committee’s oversight of the valuation process.

Grahame Cook

Chair of the Audit, Risk and Valuations Committee

11 June 2021

Remuneration and Nomination Committee Report



Karen Slatford

Chair of the Remuneration and Nomination Committee

Dear Shareholders,

I am pleased to present our Remuneration and Nomination Committee Report, which summarises the work of the Committee, as well as the Remuneration Policy and remuneration paid to Directors during the year. Draper Esprit was listed on AIM for the year under review, and therefore provides these remuneration disclosures on a voluntary basis and will not be putting the Remuneration Policy up for approval at the forthcoming AGM.

Major decisions on Directors' remuneration

In anticipation of admission to the London Stock Exchange Main Market, there have been no major changes to remuneration during the financial year. The Remuneration Policy will be subject to voting at the AGM next year.

Performance in FY2021 and remuneration outcomes

As can be seen from our Strategic Report, Draper Esprit has seen strong performance during the year ending 31 March 2021 and achieved well across all key measures. This is testament to the way the team at Draper Esprit has managed through these challenging times. No Draper Esprit staff have been furloughed or made redundant and the Company has not applied for any of the Government funding schemes.

Gross Portfolio fair value growth of £359.2 million was achieved during the year. This increase in fair value of the gross portfolio of 51% is significant relative to the targeted 20% gross portfolio returns through the cycle.

Following a reduced rate of investment in the first half of the year as the impacts of the pandemic were assessed, the team increased the rate of investment during the second half of the year, with investments for the year totalling £128.0 million, exceeding the target of £120.0 million.

The team made significant strides in building and developing the infrastructure for growth, ending the year with an AuM of over £1.3 billion of assets (including third party funds).

Our excellent results against our targets have delivered 93% on remuneration outturns relating to the corporate financial measures for the short-term incentive plan during the year.

Remuneration decisions for FY2022

In anticipation of the Company's move to the Main Market, the Committee has reviewed and considered changes to the Executive Directors' Remuneration Policy to ensure it continues to be appropriate to attract, motivate and retain high-calibre executives while also meeting investor expectations and best-practice standards for Main Market listed companies. This will include a move away from making carried interest available to Executive Directors and a corresponding increase in salary and variable pay to bring executives in line with equivalent FTSE 250 comparators.

Changes to the policy, which will be proposed for Shareholder approval at our FY2022 AGM, will also include a number of best-practice features such as a two-year post vesting holding period for LTIPs, deferral of part of the annual bonus awards into shares, and the introduction of in-post and post-cessation shareholding requirements.

Executive Director salary levels, and bonus and LTIP opportunities, have been benchmarked against appropriate Main Market comparator groups. Any reviews will be conditional upon a successful move to the Main Market, and described as appropriate in the prospectus required in connection with that transaction.

Board appointments and succession planning

The Committee reviews the composition of the Board and its Committees on an annual basis. In connection with the anticipated move to the Main Market, the Committee identified the need to recruit at least one additional Non-Executive Director. This is in part due to the need to address the enhanced independence requirements of the UK Corporate Governance Code, but more importantly to strengthen the skills and experience of the Board in key areas such as executive remuneration, Main Market listed experience, and experience in technology investing which will support the delivery of the Company's strategy and growth plans moving forwards. The search process is described in more detail below.

The Committee is also conscious of the need to promote diversity in the Board, and has sought to ensure that a diverse range of candidates (including in terms of gender and ethnicity) is considered. It is also our intention to develop a Board Diversity & Inclusion Policy in the coming year, and we will provide more details on that Policy and its objectives in our FY2022 Annual Report.

Karen Slatford

Chair of the Remuneration & Nomination Committee

Remuneration and Nomination Committee Report

Annual Report on Remuneration

Remuneration & Nomination Committee composition and responsibilities

Composition

The members of the Remuneration and Nomination Committee (the "Committee") are: Karen Slatford (Chair of the Committee), Grahame Cook and Richard Pelly, all of whom are independent Non-Executive Directors of the Company.

Role and responsibilities

The Committee operates under terms of reference, which are reviewed annually and approved by the Board. The Committee's core responsibilities include:

- Determining the policy for the remuneration of the Executive Directors and recommending the total remuneration packages (including bonuses, incentive payments and share options or other awards) for those individuals.
- Determining the remuneration of the Chair of the Board (Karen Slatford does not Chair or attend the Committee's meetings when the remuneration of the Chair is discussed).
- Identifying and nominating members of the Board and recommending the composition of each Committee of the Board (including the Chair of each Committee).

Advisers

The Committee has appointed Mercer to provide independent advice on executive remuneration matters. Mercer is a signatory to the Code of Conduct for Remuneration Consultants in the UK. The fees paid to Mercer in relation to advice provided to the Committee for FY2021 were £5,910. The Committee evaluates the support provided by Mercer annually and is comfortable that they do not have any connections with Draper Esprit that may impair their independence. No non-remuneration related advice was provided by Mercer to the Group in the year.

In its Nomination role, the Committee appointed Russell Reynolds to lead the search for additional Non-Executive Directors in anticipation of the Company's move to the Main Market. Other than in respect of this role, Russell Reynolds has no other connection with the Company or its Directors.

NED Search process:

Russell Reynolds received a detailed briefing, including input from all Directors, on the key skills, experience and personal characteristics required for the candidate shortlist. Particular emphasis was placed on the need for Main Market listed company, and in particular executive remuneration, experience, as well as experience in the investment and technology sectors. The Committee was also clear in its instruction to Russell Reynolds of the need to ensure diversity (including gender and ethnicity) in the candidate shortlist.

Remuneration Framework

The objective of the Company's Remuneration Policy is to attract, motivate and retain high calibre, qualified executives with the necessary skills and experience in order for the Company to achieve its strategic objectives. The Directors also recognise the importance of ensuring that employees are incentivised and identify closely with the success of the Company's strategy. Accordingly, the Committee's aim is to provide a framework for remuneration, which creates an appropriate balance between fixed and performance-related elements.

It is the Committee's intention that performance-related remuneration is linked to the achievement of objectives, which are closely aligned with Shareholders' interests over the medium term.

Long-term Incentive Plan

The Committee is responsible for granting awards of options under the LTIP, which was adopted by the Board in June 2020. All employees are eligible to participate in the LTIP, with LTIP awards consisting of options granted under part 2 of the Company Share Option Plan (CSOP) with a nominal value exercise price.

Carried Interest

The Company has established carried interest plans for the Executive Directors (see below), other members of the investment team and certain other employees (together the "Plan Participants") in respect of any investments and follow-on investments made from Admission. To 31 March 2020 each carried interest plan operates in respect of investments made during a 24-month period and related follow-on investments made for a further 36-month period. From 1 April 2020 the carried interest plan operates for a five-year period in respect of any investments made during that period.

Subject to certain exceptions, Plan Participants will receive, in aggregate, 15% of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Company has received an aggregate annualised 10% realised return on investments and follow-on investments made during the relevant period. The carried interest plan from 1 April 2020 has an aggregate annualised 8% realised return on investments and follow-on investments made during the relevant period, to bring the plans more in line with the market.

The Plan Participants' return is subject to a "catch-up" in their favour. Plan Participants' carried interests vests over five years for each carried interest plan and are subject to good and bad leaver provisions. Any unvested carried interest resulting from a Plan Participant becoming a leaver can be reallocated by the Remuneration and Nomination Committee.

As noted in the FY2020 Annual Report, from 2021/22 onwards the Executive Directors are not eligible to participate in new carried interest plans, and instead will participate in the Long-Term Incentive Plan.

Single Total Figure of Directors' Remuneration

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 March 2021. FY2021 bonuses were paid at higher levels recognising outstanding performance during the year.

	Basic salary/fees £'000s	Pension £'000s	Taxable benefits' £'000s	Total fixed remuneration £'000s	Annual bonus £'000s	Total variable remuneration £'000s	Total remuneration £'000s	Carried interest (legacy awards) ² £'000s	Single total figure of remuneration FY21 £'000s	Single total figure of remuneration FY20 £'000s
Executive Directors										
Martin Davis	420	63	4	487	398	398	885	-	885	505
Stuart Chapman	289	43	4	336	274	274	610	150	760	444
Ben Wilkinson	274	41	3	318	260	260	578	30	608	364
Non-Executive Directors										
Karen Slatford	99	-	-	99	-	-	99	-	99	80
Grahame Cook	60	-	-	60	-	-	60	-	60	40
Richard Pelly	51	-	-	51	-	-	51	-	51	40
Total	1,193	147	11	1,351	932	932	2,283	180	2,463	1,473
Former Directors										
Simon Cook (stepped down from the Board w.e.f 1 July 2020)	46	8	2	56	-	-	56	-	56	545

1. Benefits include private medical.

2. The carried interest amounts are legacy award payments during the year in respect of awards no longer available to Executive Directors. These carried interest plan awards were made in prior years and a further description of the plans can be found on page 106.

During the year, a one-off payment of £87k was made to a former director as a payment for loss of office.

Incentive outcomes for FY2021

Annual bonus

The FY2021 annual bonus for Executive Directors was assessed against financial KPIs and personal objectives, with 75% of the bonus opportunity assessed against the corporate financial measures and 25% against personal measures. Challenging targets were set, with 100% of the annual bonus potential (being 100% of salary) earned for achieving maximum performance.

Performance against the corporate financial measures is set out below.

Metric	Weighting	Performance targets			% of max bonus opportunity ¹
		Threshold	Maximum	% vesting	
NAV increase	60%	6%	15%	100%	45%
Third-party AUM	30%	£50m	£135m	77%	17%
Deals completed	10%	6	12	100%	8%
Total				93%	70%

1. 75% of the bonus opportunity is assessed against the corporate financial measures. This is showing the weighting of each metric as a proportion of the overall bonus opportunity.

The Committee also determined that the element of the Executive Directors' annual bonus subject to personal measures should be paid out in full. Based on that performance, the Remuneration Committee determined that the Executive Directors should be awarded bonuses equating to 95 per cent. of the maximum opportunity for FY2021 as disclosed in the Single Total Figure of Directors' Remuneration table above.

Remuneration and Nomination Committee Report

Annual Report on Remuneration

CONTINUED

Scheme interests awarded during the financial year

Awards were made to all Executive Directors under the Company's Long-Term Incentive Plan on 30 June 2020 as set out below:

Director	Position	Basis of award	Face value	Options awarded
Martin Davis	CEO	100% of salary	£420,000	93,541
Stuart Chapman	CPO	100% of salary	£289,000	64,365
Ben Wilkinson	CFO	100% of salary	£274,000	61,024

The closing mid-market price of shares on 29 June 2020 (the day prior to grant) of £4.49 per share was used to calculate the number of options granted. These options are granted for zero consideration and are granted at a nominal value of 1p.

The vesting of these awards is subject to the performance targets set out below, and a one-year lock up from the end of the performance period which runs from 1 April 2020 to 31 March 2023:

Measure	Weighting	Vesting
Absolute Total Shareholder Return (TSR)	40%	50% at threshold TSR, increasing on a straight-line basis to 100% for stretch performance
Group realisations	40%	Vesting based on both annual and aggregate realisations over the period
New third-party assets under management ("AUM")	20%	50% vesting at threshold AUM, increasing on a straight-line basis to 100% for stretch performance

Martin Davis was also granted 200,000 options under the CSOP on 29 June 2020 in accordance with the remuneration arrangements agreed on his appointment as CEO in November 2019. The CSOP options have an exercise price of £4.49 per share, and are subject to a performance condition of an 8% per annum share price growth hurdle and a vesting period of three years.

Statement of Directors' interests

The interests of the Directors who served at balance sheet date and who held an interest in the ordinary shares of the Company are as follows:

	Outstanding scheme interests 31 March 2021			Beneficially owned shares		Total of all scheme interests and shareholdings as at 31 March 2021
	Unvested scheme interests subject to performance conditions ¹	Vested but unexercised scheme interests ²	Total shares subject to outstanding scheme interests	As at 31 March 2020	As at 31 March 2021 (or date of cessation if earlier)	
Executive Directors						
Martin Davis	493,541	–	493,541	–	2,132	495,673
Stuart Chapman	420,899	469,670	890,569	1,344,306	1,046,306	1,936,875
Ben Wilkinson	417,558	–	417,558	5,604	8,475	426,033
Non-executive Directors						
Karen Slatford	–	–	–	–	–	–
Grahame Cook	–	–	–	–	–	–
Richard Pelly	–	–	–	–	380	380

1. CSOP options awarded in 2018 and 2019 (and 2020 for Martin Davis). LTIPs awarded from 2020 onwards.

2. CSOP options awarded in 2016 and 2017

Directors' interests in share options

	Date of grant	Vesting, exercise of release date	Number of Options/ awards held as at 1 April 2020	Awarded	Exercised ¹	Lapsed	Number of Options/ awards held as at 31 March 2021	Grant/ award price (exercise price for CSOP)	Face value of awarded options (at exercise price for CSOP)
Martin Davis									
CSOP (Approved)	26/11/19	26/11/22	6,424	–	–	–	6,424	£4.67	
CSOP (Unapproved)	26/11/19	26/11/22	193,576*	–	–	–	193,576*	£4.67	
CSOP (Unapproved)	30/06/20	30/06/23	–	200,000*	–	–	200,000	£4.49	£898,000
LTIP	29/06/20	29/06/23	–	93,541	–	–	93,541	£4.49	£420,000
Stuart Chapman									
CSOP (Approved)	28/11/16	28/11/19	8,450	–	–	–	8,450	£3.55	
CSOP (Unapproved)	28/11/16	28/11/19	226,385	–	–	–	226,385	£3.55	
CSOP (Unapproved)	28/11/17	28/11/20	234,835	–	–	–	234,835	£3.87	
CSOP (Unapproved)	30/07/18	30/07/21	178,100*	–	–	–	178,100*	£4.92	
CSOP (Unapproved)	12/02/19	12/02/22	178,434*	–	–	–	178,434*	£5.30	
LTIP	29/06/20	29/06/23	–	64,365	–	–	64,365	£4.49	£289,000
Ben Wilkinson									
CSOP (Approved)	28/11/16	28/11/19	8,450	–	8,450	–	–	£3.55	
CSOP (Unapproved)	28/11/16	28/11/19	166,198	–	166,198	–	–	£3.55	
CSOP (Unapproved)	28/11/17	28/11/20	174,648	–	174,648	–	–	£3.87	
CSOP (Unapproved)	30/07/18	30/07/21	178,100*	–	–	–	178,100*	£4.92	
CSOP (Unapproved)	12/02/19	12/02/22	178,434*	–	–	–	178,434*	£5.30	
LTIP	29/06/20	29/06/23	–	61,024	–	–	61,024	£4.49	£274,000

* Options subject to a performance condition of an 8% per annum share price hurdle. The details of the CSOP are set out in Note 13 to the consolidated financial statements.

1. During the year, gains on share options exercised of £1.0 million (gross) were paid out to Directors. These share options were exercised at a share price of £6.52 and the exercise price can be seen in the table above.

Company Share Option Plan (CSOP)

The Committee is responsible for granting awards of options under the CSOP, which was adopted by the Company on 1 August 2016. All employees are eligible to participate in the CSOP. The Executive Directors have outstanding awards previously granted under the CSOP, but following Board approval of the LTIP in 2020, are not eligible for future CSOP awards.

The CSOP comprises two parts. Options granted under the first part are intended to be qualifying CSOP Options under the CSOP Code set out in Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003. This means that options granted under that part are subject to capital gains tax treatment (described as "Approved" in the table above). Options granted under the second part are not tax-favoured options (described as "Unapproved" in the table above).

The CSOP Rules specify that no options may be granted more than ten years after its adoption, and that the number of ordinary shares in the Company over which options may be granted on any date is limited so that the total number of ordinary shares issued and issuable in respect of options granted in any ten-year period under the CSOP and any other employees' share scheme of the Company will be restricted to 5% of the issued ordinary shares from time to time.

As disclosed in the 2020 Annual Report, a grant of 200,000 options under the CSOP was made to Martin Davis on 30 June 2020 in accordance with arrangements agreed on his recruitment. No other grants were made to Executive Directors under the CSOP during the year.

Remuneration and Nomination Committee Report

Annual Report on Remuneration

CONTINUED

Chief Executive Officer Historical Remuneration

The table below sets out the total remuneration delivered to the CEO over the last five years valued using the methodology applied to the single total figure of remuneration. The Remuneration Committee does not believe that the remuneration paid in earlier years as a private company bears any comparative value to that paid in its time as a public company and, therefore, the Remuneration Committee has chosen to disclose remuneration only for the five most recent financial years:

Year	Total single figure (£'000)	Annual bonus payment level achieved (percentage of maximum opportunity)	CSOP vesting level achieved (percentage of maximum opportunity) ¹
2021	885	93%	N/A
2020 (Martin Davis) ²	505	100%	N/A
2020 (Simon Cook) ³	317	53%	100%
2019	503	75%	100%
2018	466	89%	N/A
2017	373	94%	N/A

1. The CSOP awards to Simon Cook which vested in 2019 and 2020 were not subject to performance conditions, and therefore vested in full.

2. Martin Davis was appointed as CEO in November 2019. The total single figure above includes a contractual bonus which was paid in full.

3. Simon Cook served as CEO until Martin Davis's appointment in November 2019, and CIO from that date until 1 July 2020. The single total figure has therefore been pro-rated to reflect Simon Cook's time spent in the role of CEO.

Service Agreements and Letters of Appointment

Each of the Executive Directors' service agreements is for a rolling term and may be terminated by the Company or the Executive Director by giving six months' notice.

The Remuneration Committee's policy for setting notice periods is that a six-month period will apply for Executive Directors. The Remuneration Committee may in exceptional circumstances arising on recruitment allow a longer period, which would in any event reduce to six months following the first year of employment.

Name	Position	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Martin Davis	CEO	4 November 2019	6	6
Stuart Chapman	CPO	15 June 2016	6	6
Ben Wilkinson	CFO	10 October 2016	6	6

The Non-Executive Directors of the Company (including the Chairman) do not have service contracts. The Non-Executive Directors are appointed by letters of appointment. Their terms are subject to their re-election by the Company's Shareholders at any AGM at which the Non-Executive Directors stand for re-election (in accordance with the Company's Articles of Association). The details of each Non-Executive Director's current terms are set out below:

Name	Date of appointment	Commencement date of current term	Unexpired term as at 11 June 2021
Karen Slatford	15 June 2016	15 June 2019	1 year
Grahame Cook	15 June 2016	15 June 2019	1 year
Richard Pelly	15 June 2016	15 June 2019	1 year

Statement of voting at general meetings

The following table shows the results of the advisory vote on the Annual Report on Remuneration at our AGM held on 27 July 2020. As the Company has been listed on AIM since IPO, we have not been required to submit our Directors' Remuneration Policy for a binding vote by Shareholders.

	Approval of the Annual Report on Remuneration	
	No. of votes	% of votes cast
For (including discretionary)	71,429,243	98.50
Against	1,087,199	1.50
Withheld	6,744	N/A

On behalf of the Board

Karen Slatford

Chair of the Remuneration & Nomination Committee

Directors' Report

The Directors present their report together with the audited consolidated financial statements for the year ended 31 March 2021.

Results and dividends

The Group's profit for the year was £267.4 million (year ended 31 March 2020: £40.4 million). In accordance with our dividend policy as stated in our Admission document, the Directors do not recommend the payment of a dividend.

Future developments

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report starting on page 12.

Review of business

The Chair's Introduction on page 09 and the Strategic Report, comprising pages 12 to 87, provide a review of the business, the Group's performance for the year ended 31 March 2021, key performance indicators and an indication of future developments and risks, and form part of this Directors' Report.

Directors

The Directors of the Company who held office during the year were:

Stuart Chapman

Grahame Cook

Simon Cook (until 1 July 2020)

Martin Davis

Richard Pelly

Karen Slatford

Ben Wilkinson

Brief biographical details for each of the Directors are given on pages 90-91.

Articles of Association

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the Company's Shareholders. A copy of the Articles of Association can be found on the Company's website: <https://draperesprit.com/investors/plc/aim-rules>

Directors' interests

A table showing the interests of the Directors in the share capital of Draper Esprit Plc is set out in the Remuneration and Nomination Committee Report on pages 104-111.

Directors' indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements.

The Company has purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Compensation for loss of office

The Company does not have any agreements with any Executive Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company share schemes may cause options and awards outstanding under such schemes to vest on a takeover.

Political donations

The Company made no political donations during the year up to 31 March 2021.

Financial instruments

The financial risk management objectives of the Group, including details of the exposure of the Company and its subsidiaries to financial risks including credit risk, interest rate risk and currency risk, are provided in Note 28 of the financial statements.

Share capital structure

At 31 March 2021, the Company's issued share capital was £1,391k (2020: £1,189k) divided into 139,097k (2020: 118,918k) ordinary shares of £0.01 each. Details of the movements in issued share capital in the year are set out in Note 23 to the financial statements.

Ordinary Shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands, every Shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every Shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. There are no restrictions on the transfer of shares. No Shareholder holds securities carrying any special rights or control over the Company's share capital.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or of voting rights.

Authority for the company to purchase its own shares

Subject to authorisation by Shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

At the Company's AGM held on 27 July 2020, the Company was generally and unconditionally authorised by its Shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 11,891,812 of its Ordinary Shares. The Company has not repurchased any of its Ordinary Shares under this authority, which is due to expire at the next AGM, and accordingly has an unexpired authority to purchase up to 11,891,812 Ordinary Shares with a nominal value of £119k.

Substantial shareholdings

The table below shows the interests in shares (whether directly or indirectly held) known to the Company as at 31 March 2021. There have been no changes in major interests in shares disclosed to the Company under DTR5 as at 11 June 2021 (being the latest practicable date prior to publication of the Annual Report):

	As at 31 March 2021	
	Number of ordinary shares	% of total voting rights*
Baillie Gifford	14,153,120	10.17
National Treasury Management Agency	14,004,502	10.07
T Rowe Price Global Investments	10,260,180	7.38
Canaccord Genuity Wealth Management	7,847,956	5.64
British Business Bank	7,142,857	5.14
Cazenove Capital Management	7,081,766	5.09
Swedbank Robur Fonder AB	7,020,000	5.05
BlackRock	6,791,843	4.88
Armor Advisors LLC	5,256,414	3.78
Jupiter Asset Management	6,363,210	4.57

* Percentages calculated based on issued share capital at 31 March 2021.

Directors' Report

CONTINUED

Change of control – significant agreements

There are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group.

Disclosure of information to Auditors

As far as the Directors are aware, there is no relevant audit information of which the Group's Auditor is unaware, and each Director has taken all reasonable steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information to establish that the Group's Auditors are aware of that information.

Going concern

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

- An assessment of the Group's liquidity and solvency position using a number of adverse scenarios to assess the potential impact on the Group's operations and portfolio companies. These downside scenarios include unpredictability of exit timing and portfolio company valuations subject to change. The Group manages and monitors liquidity regularly and continually assesses investments, commitments, realisations, operating expenses and receipt of portfolio cash income including under stress scenarios ensuring liquidity is adequate and sufficient. As at 31 March 2021 the Group has available cash resources of £160.7 million (including restricted cash of £2.3 million) (2020: £34.1 million) with a further £60.0 million available from undrawn credit facilities. As at 31 March 2021, the Directors believe the Group has sufficient cash resources and liquidity and is well placed to manage the business risks in the current economic environment.
- The Group has to comply with financial and non-financial covenants as part of the revolving credit facility entered into with Silicon Valley Bank and Investec. An assessment of forecast covenant compliance was undertaken using a number of adverse scenarios on valuations. Under each adverse scenario the Group still had sufficient headroom in order to comply with the covenant obligations as set out in Note 20ii.

After making enquiries and following challenge and review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Independent Auditors

PwC has indicated its willingness to continue in office as Auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Notice of the Annual General Meeting and the ordinary and special resolutions to be put to the meeting will be contained in a separate circular to Shareholders shortly after the release of this Annual Report.

Employees

Employees are encouraged to be involved in decision-making processes and are provided with information on the financial and economic factors affecting the Group's performance, through team meetings, updates from the Chief Executive Officer and via an open and inclusive culture.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that workspace and other modifications are made as appropriate. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Directors' Report was approved by the Board on 11 June 2021 and is signed on its behalf by:



Ben Wilkinson
Chief Financial Officer

11 June 2021

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Annual Report on Remuneration comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' report is approved:

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



Ben Wilkinson
Chief Financial Officer

11 June 2021

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Independent Auditors' Report

to the Members of Draper Esprit Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Draper Esprit plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and accounts (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2021; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 8 to the Group financial statements, we have provided no non-audit services to the Company, and its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

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

Key audit matters

- Valuation of unquoted investments (Group and Company)
- COVID-19 (Group and Company)

Materiality

- Overall Group materiality: £20,662,000 (2020: £13,192,000) based on 2% of net assets.
- Overall Company materiality: £19,629,000 (2020: £12,704,000) based on 2% of net assets, capped at 95% of Group materiality.
- Performance materiality: £15,497,000 (Group) and £14,722,000 (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

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

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter

Valuation of unquoted investments (Group and Company)

Refer to Audit, Risk and Valuations Committee Report, Note 3 (Significant accounting policies), Note 4 (Critical accounting estimates and judgements), Note 16 (Financial assets held at fair value through profit and loss), Note 27 (Fair value measurements).

The fair value of unquoted investments is £867m (Group) and £840m (Company) as at 31 March 2021. This is an area of focus due to the fact that unquoted investments ("portfolio company" or "investment") do not have readily determinable prices and involve a number of estimates and unobservable inputs. As detailed in Note 27 to the financial statements the risk in estimation uncertainty can produce a valuation range.

The fair value of investments is established in accordance with IFRS and with reference to the International Private Equity and Venture Capital Valuation Guidelines as well as the IPEV Board, Special Valuation Guidance issued on 31 March 2020 in response to the COVID-19 crisis ("IPEV Guidelines").

The valuation methodologies primarily used by the Group are the 'calibration of last round price', revenue-multiple' and 'NAV of the underlying fund' approaches as detailed in Note 4 and 27 to the financial statements.

Whilst the underlying investments are held within funds or other investment entities such as Draper Esprit (Ireland) Limited, which are valued by the Group at Net Asset Value, management look through these vehicles to value the underlying investments.

How our audit addressed the key audit matter

We understood and evaluated the valuation methodologies applied, by reference to industry practice, guidelines and applicable accounting standards, and tested the techniques used by management in determining the fair value of the investments. For a sample of investments, we performed the following:

- Agreed the recent transaction price to supporting documentation such as purchase agreements, funding drawdown requests or bank statements;
- Obtained management's calibration analysis to evaluate post transaction performance against relevant milestones and comparable public companies;
- Obtained management information, board reports and external market data to validate management's calibration analysis and adjustments made, if any, to the recent transaction price and challenged assumptions made, where appropriate;
- For the revenue-multiple approach we held discussions with management to understand the performance of the portfolio company, the impact of COVID-19, including its cash runway and challenged estimates used in the valuations of the investments. These included but were not restricted to review of the comparable companies, rationale and consistency of discounts or premiums applied and basis for budgeted revenue figures used;
- We evaluated the range of comparable companies used in the valuation and verified revenue multiples to independent sources; and
- Agreed inputs into the valuation model to financial information and board papers from the portfolio companies and publicly available information.

Where the Group has invested capital into a separately managed fund ("a Fund"), the engagement team:

- Confirmed the commitments and capital drawn down with the Fund;
- Reviewed the latest investor reports of the Fund; and
- Reviewed the look-through valuation performed by management on individually material investments to the Group held in the Fund and any subsequent adjustments made.

Furthermore, for a sample of investments, we confirmed the capital structure with the portfolio company and reviewed the allocation of value between the capital structure to ensure the amount attributable to the Group entities was appropriate.

We considered the appropriateness and adequacy of the disclosures around the estimation uncertainty and sensitivities on the accounting estimates.

Overall, based on our procedures, we found that management's valuation of investments and the assumptions used were supported by the audit evidence obtained and appropriately disclosed in the financial statements.

Independent Auditors' Report

to the Members of Draper Esprit Plc

Key audit matter

COVID-19 (Group and Company)

Refer to Strategic and Directors' Report and Note 27 (Fair value measurements).

The ongoing COVID-19 global pandemic has significantly impacted global economies and financial markets. Government subsidies has provided some insulation to the financial impact of COVID-19 on the capital markets and global economies.

Overall, management has observed a positive benefit from COVID-19 as most of its portfolio companies have experienced a demand surge as a result of the accelerated switch to digital.

In order to further assess the impact of COVID-19 on the business, management updated their risk assessment and prepared an analysis of the potential impact on the revenues, profits, cash flows, operations and liquidity position of the Group and Company for the next 12 months.

How our audit addressed the key audit matter

We evaluated the Group's risk assessment and analysis and considered whether it addresses the relevant threats posed by COVID-19. We also evaluated management's assessment and corroborated evidence of the operational impacts, considering their consistency with other available information and our understanding of the business.

Our procedures in respect of the valuation of unquoted investments are set out in the respective key audit matter above.

We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal risks set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit.

In respect of going concern, we assessed management's going concern analysis in light of COVID-19 and obtained evidence to support the key assumptions used in preparing the going concern model, including a downside case scenario. We challenged the key assumptions and the reasonableness of the mitigating actions used in preparing the analysis.

Our conclusions relating to going concern and other information are set out in the 'Conclusions related to going concern' and 'Reporting on other information' sections of our report, respectively, below.

How we tailored the audit scope

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

In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgment to determine the extent of testing required over each balance in the financial statements. The financial statements are produced using a single consolidation spreadsheet that takes information from the general ledger. The Group audit team performed all audit procedures over the consolidation for the purposes of the Group audit. This allowed us to adequately address the key audit matters for the audit and, together with procedures performed over the consolidation, gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Materiality

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

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

	Financial statements - Group	Financial statements - Company
Overall materiality	£20,662,000 (2020: £13,192,000).	£19,629,000 (2020: £12,704,000).
How we determined it	2% of net assets Net assets is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark for a business such as the Group, which invests in other businesses for capital appreciation.	2% of net assets, capped at 95% of Group materiality Net assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted auditing benchmark for a business such as the Company, which invests in other businesses for capital appreciation.
Rationale for benchmark applied		

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was the lower of 95% of the Group materiality and the component materiality as calculated based on 2% of net assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £15,497,000 for the Group financial statements and £14,722,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £1,033,000 (Group audit) (2020: £659,600) and £981,000 (Company audit) (2020: £635,200) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We evaluated the Directors' updated risk assessment and considered whether it addressed the relevant threats presented by COVID-19;
- We obtained the Directors' assessment of going concern, including cash flow forecasts and assessed the key assumptions and considered whether these were supported by the evidence we obtained;
- We evaluated access to credit facilities through review of the renewed facility agreements; and
- We reviewed the disclosures provided relating to the going concern basis of preparation, and found that these provided an explanation of the Directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Independent Auditors' Report

to the Members of Draper Esprit Plc

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those governed by the Financial Conduct Authority, the AIM Rules for Companies and the QCA Corporate Governance Code, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the potential for manipulation of financial data or management bias in accounting estimates in the financial statements such as the valuation of financial assets held at fair value through profit or loss. Audit procedures performed by the engagement team included:

- Challenging assumptions and judgements made by management in their significant areas of estimation through procedures relating to the valuation of unquoted investments described in the related key audit matter above;
- Reviewing financial statement disclosures to underlying supporting documentation;
- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Enquiring with management as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries with unusual characteristics such as unexpected account combinations and words; and
- Reviewing relevant meeting minutes, including those of the Board of Directors, for additional matters relevant to the audit.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

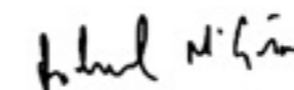
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Richard McGuire

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 June 2021

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Change in gains on investments held at fair value through the profit and loss	5	276,307	40,755
Fee income	6	12,507	11,255
Total income		288,814	52,010
Operating expenses			
General administrative expenses	7	(13,844)	(9,810)
Depreciation and amortisation	14, 17	(650)	(520)
Share-based payments – resulting from company share option scheme	13	(1,548)	(990)
Investments and acquisition expenses		(262)	(239)
Total operating expenses		(16,304)	(11,559)
Other income	18	94	–
Profit from operations		272,604	40,451
Finance (expense)			
Net finance (expense)	10	(5,157)	(68)
Operating profit before tax		267,447	40,383
Income taxes	11	(26)	(17)
Profit for the year		267,421	40,366
Other comprehensive income/(expense)		–	–
Total comprehensive income for the year		267,421	40,366
Profit attributable to:			
Owners of the parent		267,421	39,707
Non-controlling interest [^]	18	–	659
Earnings per share attributable to owners of the Parent:			
Basic earnings per weighted average shares (pence)	12	208	34
Diluted earnings per weighted average shares (pence)	12	206	33

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

The Notes on pages 128 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

AS AT 31 MARCH 2021

	Note	31 March 2021 £'000s	31 March 2020 £'000s
Non-current assets			
Intangible assets	14	10,936	10,028
Investments in associates	15, 18	–	258
Financial assets held at fair value through the profit or loss	16	867,088	657,333
Property, plant and equipment	17, 20	1,368	1,760
Total non-current assets		879,392	669,379
Current assets			
Trade and other receivables	19	3,700	7,719
Cash and cash equivalents		158,417	32,255
Restricted cash	20ii	2,260	1,883
Total current assets		164,377	41,857
Current liabilities			
Trade and other payables	21	(9,645)	(5,038)
Financial liabilities	20	(345)	(358)
Total current liabilities		(9,990)	(5,396)
Non-current liabilities			
Deferred tax	22	(362)	(611)
Financial liabilities	20	(276)	(45,611)
Total non-current liabilities		(638)	(46,222)
Net assets		1,033,141	659,618
Equity			
Share capital	23	1,391	1,189
Share premium account	23	508,279	400,726
Own shares reserve	24i	(331)	–
Other reserves	24ii	26,258	26,259
Retained earnings		497,544	231,444
Equity attributable to owners of parent		1,033,141	659,618
Non-controlling interests	18	–	–
Total equity		1,033,141	659,618
Net assets per share (pence)	12	743	555

The financial statements on pages 124 to 158 were approved by the Board of Directors on 11 June 2021 and signed on its behalf by



B.D. Wilkinson
Chief Financial Officer

The Notes on pages 128 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Cash flows from operating activities			
Profit after tax		267,421	40,366
Adjustments to reconcile operating profit to net cash flows used in operating activities:			
Revaluation of investments held at fair value through the profit and loss	5	(276,307)	(40,755)
Depreciation and amortisation	14,17	650	520
Share-based payments – resulting from company share option scheme	13	1,548	990
Net finance expense	10	5,157	68
Decrease/(Increase) in trade and other receivables and other working capital movements		402	(2,886)
Increase in trade and other payables		4,039	79
Purchase of investments	16	(127,976)	(89,935)
Proceeds from disposals in underlying investment vehicles	16	206,341	39,533
Net loans made to underlying investment vehicles and Group companies	16, 31	(8,122)	(8,541)
Net cash generated from/(used in) in operating activities		73,153	(60,561)
Tax (paid)		(2)	(3)
Net cash inflow/(outflow) from operating activities		73,151	(60,564)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	18	(650)	–
Purchase of property, plant and equipment	17	(143)	(368)
Net cash (outflow)/inflow from investing activities		(793)	(368)
Cash flows from financing activities			
Cash paid to non-controlling interests		–	(893)
(Net loan repayments)/proceeds from loan	20	(45,000)	45,000
Fees paid on issuance of loan	20	(300)	(525)
Interest paid		(2,093)	(887)
Interest received		283	289
Repayments of leasing liabilities	20	(440)	(166)
Net acquisition of own shares	24	(720)	–
Gross proceeds from issue of share capital	23	111,872	993
Equity issuance costs	23	(3,520)	(40)
Cash paid out for share options exercised		(2,553)	(293)
Net cash inflow from financing activities		57,529	43,478
Net increase/(decrease) in cash & cash equivalents		129,887	(17,454)
Cash and cash equivalents at beginning of year		34,138	50,358
Exchange differences on cash and cash equivalents	10	(3,348)	1,234
Cash and cash equivalents at end of year		158,417	32,255
Restricted cash at year end		2,260	1,883
Total cash and cash equivalents and restricted cash at year end		160,677	34,138

The Notes on pages 128 to 158 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

Year ended 31 March 2021	Note	Attributable to equity holders of the parent (£'000s)						Total equity
		Share capital	Share premium	Own shares reserve	Other reserves	Retained earnings		
Brought forward as at 1 April 2020		1,189	400,726	–	26,259	231,444	659,618	
Comprehensive income for the year								
Profit for the year		–	–	–	–	267,421	267,421	
Total comprehensive income/(expense) for the year		–	–	–	–	267,421	267,421	
Contributions by and distributions to the owners:								
Issue of share capital	23	198	106,282	–	–	–	106,480	
Options granted and awards exercised	13, 24	4	1,271	1,936	(1)	(1,321)	1,889	
Acquisition of treasury shares	24	–	–	(2,267)	–	–	(2,267)	
Total contributions by and distributions to the owners		202	107,553	(331)	(1)	(1,321)	106,102	
Balance as at 31 March 2021		1,391	508,279	(331)	26,258	497,544	1,033,141	

Year ended 31 March 2020	Note	Attributable to equity holders of the parent (£'000s)						Attributable to non-controlling interest (£'000s)	Total equity (£'000s)
		Share capital	Share premium	Own shares reserve	Other reserves	Retained earnings	Total equity		
Brought forward as at 1 April 2019		1,179	395,783	–	25,633	195,737	618,332	234	618,566
Comprehensive income for the year									
Profit for the year		–	–	–	–	39,707	39,707	659	40,366
Acquired reserves from non-controlling interest		–	–	–	–	–	–	–	–
Amounts withdrawn by non-controlling interest		–	–	–	–	–	–	(893)	(893)
Total comprehensive income/(expense) for the year		–	–	–	–	39,707	39,707	(234)	39,473
Contributions by and distributions to the owners:									
Adjustment for Encore Ventures acquisition	18	–	–	–	–	(4,000)	(4,000)	–	(4,000)
Issue of share capital	23	10	4,943	–	–	–	4,953	–	4,953
Options granted and awards exercised	13,24	–	–	–	626	–	626	–	626
Total contributions by and distributions to the owners		10	4,943	–	626	(4,000)	1,579	–	1,579
Balance as at 31 March 2020		1,189	400,726	–	26,259	231,444	659,618	–	659,618

The Notes on pages 128 to 158 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

Draper Esprit Plc (the "Company") is a public company limited by shares incorporated and domiciled in England and Wales. The Company is listed on the London Stock Exchange's AIM market and Euronext Dublin's Euronext Growth market.

The Company is the ultimate parent company into which the results of subsidiaries are consolidated where in line with IFRS 10 (see Note 3b below for further details). The consolidated financial statements for the years ended 31 March 2021 and 31 March 2020 comprise the financial statements of the Company and its subsidiaries (together, "the Group").

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

2. Adoption of new and revised standards

No changes to IFRS have impacted this year's financial statements.

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

3. Significant accounting policies

a) Basis of preparation

The consolidated financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Company has taken advantage of disclosure exemptions available under FRS 101 as explained further in Note 1 of the Company's financial statements. The financial statements are prepared on a going concern basis as disclosed in the Audit, Risk and Valuations Committee Report (pages 101-103) and in the Directors' Report (pages 112-114).

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

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

b) Basis of consolidation

The consolidated financial statements comprise the Company (Draper Esprit Plc, 20 Garrick Street, London, England, WC2E 9BT) and the results, cash flows and changes in equity of the following subsidiary undertakings as well as the Draper Esprit Employee Benefit Trust:

Name of undertaking	Nature of business	Country of incorporation	% ownership
Esprit Capital Partners LLP [^]	Investment Management	England	100%
Elderstreet Holdings Limited [^]	Holding company	England	100%*
Elderstreet Investments Limited [^]	Investment Management	England	100%*
Grow Trustees Limited [^]	Trustee	England	100%**
Draper Esprit (Nominee) Limited [^]	Dormant	England	100%
Encore Ventures LLP [^]	Investment Management	England	100%
Esprit Capital I (GP) Limited [^]	General Partner	England	100%
Esprit Capital I General Partner [^]	General Partner	England	100%
Esprit Capital II GP Limited ^{^^^}	General Partner	Cayman	100%
Esprit Capital III Founder GP Limited ^{^^}	General Partner	Scotland	100%
Esprit Capital III GP LP ^{^^}	General Partner	Scotland	100%
Encore I GP Limited ^{^^^}	General Partner	Cayman	100%
Encore I Founder GP Limited ^{^^^}	General Partner	Cayman	100%
Esprit Capital Holdings Limited [^]	Dormant	England	100%
Esprit Nominees Limited [^]	Dormant	England	100%
Esprit Capital I (CIP) Limited [^]	Dormant	England	100%
Esprit Capital III MLP LLP [^]	Dormant	England	100%
Esprit Capital III GP Limited [^]	Dormant	England	100%

3. Significant accounting policies CONTINUED

* At 31 March 2021, the Company owns 100% of the issued share capital of Elderstreet Holdings Limited, which in turns owns 100% of the issued share capital of Elderstreet Investments Limited, following the acquisition of 69.23% of the issued share capital on 9 February 2021. The Company previously owned 30.77% and the investment was accounted for as an Investment in Associate as at 31 March 2020. See Note 18 for further information.

** On 27 November 2020, Draper Esprit Employee Benefit Trust was set up to operate as part of the Draper Esprit employee share options schemes. Grow Trustees Limited was incorporated on 5 November 2020 as trustee to the Draper Esprit Employee Benefit Trust. Both entities are consolidated as part of the Group.

Esprit Capital Management Limited has been removed from the above table as this entity was dissolved following a Members Voluntary Liquidation on 6 October 2020.

Registered addresses

[^] 20 Garrick Street, London, England, WC2E 9BT

^{^^} 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ

^{^^^} c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Subsidiaries

Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which the Group effectively obtains control. They are deconsolidated from the date that control ceases. Control is reassessed whenever circumstances indicate that there may be a change in any of these elements of control. Refer to Note 4(c) for further information.

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

The Group has accounted for the acquisition of the remaining interest in Elderstreet Holdings Limited on 9 February 2021 as a 'step acquisition' in line with IFRS 3 and considers Elderstreet Holdings Limited and its wholly owned subsidiary to be part of the consolidated Group from the date of the transaction having assessed the substance of the transaction, including control and changes in ownership (see note 18).

Employee Benefit Trust

On 27 November 2020, Draper Esprit Employee Benefit Trust (the "Trust") was set up to operate as part of the Draper Esprit employee share option schemes. The substance of the relationship is considered to be one of control by the Group and, therefore, the Trust is consolidated, and all assets and liabilities are consolidated into the Group. Grow Trustees Limited was appointed trustee and the substance of this relationship is also considered to be one of control by the Group and, as such, Grow Trustees Limited is consolidated as at 31 March 2021.

Associates

Associates are all entities over which the Group has significant influence, but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. The carrying amount of equity-accounted investments is tested for impairment where there are indications that the carrying value may no longer be recoverable. Following the acquisition of the remaining interest in Elderstreet Holdings Limited on 9 February 2021, no associates are recognised in the consolidated accounts. For further details, please see Note 18.

Investment company

In accordance with the provisions of IFRS 10, Draper Esprit Plc considers itself to be an investment entity as it obtains funds from investors to invest funds for returns from capital appreciation and the performance of substantially all of its investments are held at Fair Value through Profit and Loss. The Directors have also satisfied themselves that Draper Esprit Plc's wholly owned subsidiary, Draper Esprit (Ireland) Limited, as well as the partnerships listed below meet the characteristics of an investment company. Draper Esprit (Ireland) Limited as well as the partnerships listed below have one investor, however, in substance these partnerships and companies are investing funds on behalf of the investors of Draper Esprit Plc. Consequently, Draper Esprit (Ireland) Limited and the limited partnerships listed below are not consolidated in accordance with IFRS 10; instead, they are recognised as investments held at fair value through profit and loss on the consolidated balance sheet. Loans to investment vehicles are treated as net investments at fair value through the profit and loss.

Notes to the Consolidated Financial Statements

CONTINUED

3. Significant accounting policies CONTINUED

The below is a list of entities that are controlled and not consolidated but held as investments at fair value through the profit and loss on the consolidated balance sheet.

Name of undertaking	Principal activity	Country of incorporation	% ownership
Draper Esprit (Ireland) Limited ^{^^}	Investment company	Ireland	100%
Esprit Capital III LP [^]	Limited partnership	England	100%
Esprit Capital III (B) LP [^]	Limited partnership	England	100%
Esprit Capital IV LP [^]	Limited partnership	England	100%
Esprit Investments (1) LP [^]	Limited partnership	England	100%
Esprit Investments (2) LP [^]	Limited partnership	England	100%
Esprit Investments (1) (B) LP [^]	Limited partnership	England	100%
Seedcamp Holdings LLP [^]	Limited liability partnership	England	100%
Seedcamp Investments LLP ^{^^^}	Limited liability partnership	England	100%
Seedcamp Investments II LLP ^{^^^}	Limited liability partnership	England	100%
Esprit Investments (2) (B) LP [^]	Limited partnership	England	100%

[^] 20 Garrick Street, London, England, WC2E 9BT

^{^^} 32 Molesworth Street, Dublin 2, Ireland, D02 Y512

^{^^^} 727-729 High Road, London, England, N12 0BP

Limited partnerships (co-investment and carried interest)

The following limited partnerships that the Group's General Partners are members of are not considered to be controlled and, therefore, they are not consolidated in these financial statements:

Name of undertaking	Principal activity	Country of incorporation
Encore I GP LP [^]	General partner	Cayman
Esprit Capital II Founder LP [^]	Co-investment limited partnership	Cayman
Esprit Capital II Founder 2 LP [^]	Co-investment limited partnership	Cayman
Encore I Founder LP [^]	Co-investment limited partnership	Cayman
Encore I Founder 2014 LP [^]	Co-investment limited partnership	Cayman
Encore I Founder 2014-A LP [^]	Co-investment limited partnership	Cayman
Esprit Capital III Founder LP ^{^^}	Co-investment limited partnership	Scotland
Esprit Investments (2) (Carried Interest) LP	Carried interest partner	Scotland
Esprit Capital III Carried Interest LP	Carried interest partner	Scotland
Esprit Investments (1) (Carried interest) LP	Carried interest partner	Scotland

[^] c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

^{^^} 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

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

c) Operating segment

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

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. All revenue from services is generated within the UK and is stated exclusive of value added tax.

Revenue from services comprises:

- i. Fund management services
Fund management fees are either earned at a fixed annual rate or are set at a fixed percentage of funds under management, measured by commitments or invested cost, depending on the stage of the fund being managed. Revenues are recognised as the related services are provided.
- ii. Portfolio Directors' fees
Portfolio Directors' fees are annual fees charged to an investee company. Directors' fees are only charged on a limited number of the investee companies. Revenues are recognised as services are provided.

3. Significant accounting policies CONTINUED

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

e) Deferred income

The Group's management fees are typically billed quarterly or half-yearly in advance. Where fees have been billed for an advance period, the amounts are credited to deferred income, and then subsequently released through the profit and loss during the period to which the fees relate. Certain performance fees and portfolio directors' fees are also billed in advance and these amounts are credited to deferred income, and then subsequently released through the profit and loss accounting during the period to which the fees relate.

f) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination, regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: a) fair value of consideration transferred; b) the recognised amount of any non-controlling interest in the acquiree; and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

g) Goodwill and other intangible assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Other intangible assets

Certain previously unrecognised assets acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values, e.g. brand names, customer contracts and lists (see Note 14). All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described below. Customer contracts are amortised on a straight-line basis over their useful economic lives, typically the duration of the underlying contracts. The following useful economic lives are applied:

- i. Customer contracts - Encore Ventures LLP: 8 years; Elderstreet Investments Limited: 3 years.

h) Impairment

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows ("cash generating units" or "CGU"). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the consolidated statement of total comprehensive income for the amount by which the assets or cash generating units carrying amount exceeds its recoverable amount that is the higher of fair value less costs to sell and value-in-use.

Notes to the Consolidated Financial Statements

CONTINUED

3. Significant accounting policies CONTINUED

To determine value-in-use, management estimates expected future cash flows over five years from each cash-generating unit and determine a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profile as assessed by management. Impairment losses for cash generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit with the exception of goodwill, and all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating units recoverable amount exceeds its carrying amount.

i) Foreign currency

Transactions entered into by Group entities in a currency other than the functional currency in which they operate are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit and loss.

The individual financial statements of the Group's subsidiary undertakings are presented in their functional currency. For the purpose of these consolidated financial statements, the results and financial position of each subsidiary undertaking are expressed in Pounds Sterling, which is the presentation currency for these consolidated financial statements.

The assets and liabilities of the Group's undertakings, whose functional currency is not Pounds Sterling, are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period.

j) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified at 'fair value through profit or loss' (FVTPL), which are initially measured at fair value.

Financial assets are classified by the Group into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Fair value through profit or loss

A financial asset may be designated as at FVTPL upon initial recognition if:

- (a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (b) the financial asset forms part of a group of financial assets or financial liabilities, or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Draper Esprit Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (c) it forms part of a contract containing one or more embedded derivatives, and IFRS 9 Financial Instruments permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The Group considers that the investment interests it holds in Esprit Capital III LP, Esprit Capital III(B) LP, Esprit Capital III Founder LP, Esprit Capital II Founder LP, Esprit Capital IV LP, Esprit Investments(I) LP, Esprit Investments (1) (B) LP, Esprit Investments (2) LP, and Esprit Investments (2)(B) LP are appropriately designated as at FVTPL as they meet criteria (b) above.

Amortised cost

A financial asset is held at amortised cost under IFRS 9 where it is held for the collection of cash flows representing solely payments of principal and interest. These assets are measured at amortised cost using the effective interest method, less any expected losses.

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

k) Financial liabilities

The Group's financial liabilities may include borrowings and trade, and other payables.

Trade and other payables

Trade and other payables are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction costs.

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

3. Significant accounting policies CONTINUED

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. All interest-related charges are reported in profit or loss are included within finance costs or finance income.

l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the outflow of resources embodying the economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

m) Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Shares held by Draper Esprit Employee Benefit Trust are held at cost and disclosed as own shares and deducted from other equity.

n) Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

o) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period on a straight line basis. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The employee share option plans are administered by the Draper Esprit Employee Benefit Trust (the "Trust"), which is consolidated in accordance with the principles in Note 3.

p) Leased assets

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

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

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

Notes to the Consolidated Financial Statements

CONTINUED

3. Significant accounting policies CONTINUED

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

Lessee

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

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

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

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

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

Short-term leases and leases of low-value assets

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

q) Dividends

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

r) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

s) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

3. Significant accounting policies CONTINUED

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

t) Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

Leasehold improvements	– over the term of the lease
Fixtures and equipment	– 33% p.a. straight line
Computer equipment	– 33% p.a. straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

u) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits at bank and highly liquid investments with a term of no more than 90 days that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. No cash equivalents are held as at 31 March 2021 (31 March 2020: nil).

v) Segmental reporting

IFRS 8, "Operating Segments", defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resource. The Chief Operating Decision Maker has been identified by the Board of Directors as the Chief Executive Officer.

w) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

x) Interest income

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

y) Carried interest

The Company has established carried interest plans for the Executive Directors (see below), other members of the investment team and certain other employees (together the "Plan Participants") in respect of any investments and follow-on investments made from Admission. To 31 March 2020 each carried interest plan operates in respect of investments made during a 24-month period and related follow-on investments made for a further 36-month period. From 1 April 2020 the carried interest plan operates for a five-year period in respect of any investments.

Subject to certain exceptions, Plan Participants will receive, in aggregate, 15% of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Company has received an aggregate annualised 10% realised return on investments and follow-on investments made during the relevant period. The carried interest plan from 1 April 2020 has an aggregate annualised 8% realised return on investments and follow-on investments made during the relevant period, to bring the plans more in line with market. The Plan Participants' return is subject to a "catch-up" in their favour. Plan Participants' carried interests vest over five years for each carried interest plan and are subject to good and bad leaver provisions. Any unvested carried interest resulting from a Plan Participant becoming a leaver can be reallocated by the Remuneration and Nomination Committee. From 2021/22 onwards, the Executive Directors will not be eligible to participate in new carried interest plans, and instead will participate in the Long-Term Incentive Plan.

Carried interest is measured at FVTPL with reference to the performance conditions described above and is deducted from the valuation of investments measured at FVTPL as this is value of the Gross Portfolio, which is not due to the Group.

Notes to the Consolidated Financial Statements

CONTINUED

3. Significant accounting policies CONTINUED

Fair value measurement

Management uses valuation techniques to determine the fair value of financial assets. This involves developing estimates and assumptions consistent with how market participants would price the assets. Management bases its assumptions on observable data as far as possible, but this is not always available, in that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (See Note 4(a)).

4. Critical accounting estimates and judgements

The Directors have made the following judgements and estimates that have had the most significant effect on the carrying amounts of the assets and liabilities in the consolidated financial statement. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Actual results may differ from estimates. The key estimates, (4) (a) and (4) (b), and judgements, (4) (c), and (4) (d) are discussed below. There have been no changes to the accounting estimates and judgements in the financial year ended 31 March 2021.

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

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

The Group, through its controlled investment companies also invests in investment companies which primarily focus on German or seed investments. These investments are considered to be 'Fund of Fund investments' for the Group and are recognised at their NAV at the year-end date. These Fund of Fund investments are not controlled by the Group and some do not have coterminous year ends with the Group.

To value these investments, management obtain the latest audited financial statements or partner reports of the investments and discuss further movements with the management of the companies. Where the Fund of Funds hold investments that are individually material to the Group, management perform further procedures to determine that the valuation of these investments has been prepared in accordance with the Group's valuation policies for portfolio companies outlined below and these valuations will be adjusted by the Group where necessary based on the Group valuation policy for valuing portfolio companies.

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

The fair value of unlisted securities is established with reference to the International Private Equity and Venture Capital Valuation Guidelines as well as the IPEV Board, Special Valuation Guidance issued on 31 March 2020 in response to the Covid-19 crisis ("IPEV Guidelines"). An assessment will be made at each measurement date as to the most appropriate valuation methodology.

The Group invests in early-stage and growth technology companies, through predominantly unlisted securities. Given the nature of these investments, there are often no current or short-term future earnings or positive cash flows. Consequently, although not considered to be the default valuation technique, the appropriate approach to determine fair value may be based on a methodology with reference to observable market data, being the price of the most recent transaction. Fair value estimates that are based on observable market data will be of greater reliability than those based on estimates and assumptions and accordingly where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation. Recent transactions may include post year-end as well as pre year-end transactions depending on the nature and timing of these transactions.

If this methodology is used, its initial use and the length of period for which it remains appropriate to use the calibration of last round price depends on the specific circumstances of the investment, and the Group will consider whether this basis remains appropriate each time valuations are reviewed. In addition, the inputs to the valuation model (e.g. revenue, comparable peer group, product roadmap) will be recalibrated to assess the appropriateness of the methodology used in relation to the market performance and technical/product milestones since the round and the company's trading performance relative to the expectations of the round.

The Group considers alternative methodologies in the IPEV Guidelines, being principally price-revenue or price-earnings multiples, depending upon the stage of the asset, requiring management to make assumptions over the timing and nature of future revenues and earnings when calculating fair value. When using multiples, we consider public traded multiples in similar lines of business, which are adjusted based on the relative growth potential and risk profile of the subject company versus the market and to reflect the degree of control and lack of marketability.

4. Critical accounting estimates and judgements CONTINUED

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

In all cases, valuations are based on the judgement of the Directors after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Due to this uncertainty, the Group may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale. See Notes 27 and 28 for information on unobservable inputs used and sensitivity analysis on investments held at fair value through the profit and loss.

b) Carrying amount of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill is allocated. An impairment review is performed on an annual basis unless there is a trigger event during the period. The recoverable amount is based on "value in use" calculations, which requires estimates of future cash flows expected from the cash generation unit (CGU) and a suitable discount rate in order to calculate present value. The key assumptions for the value in use calculations are the discount rate using pre-tax rates that reflect the current market assessments of the time value of money and risks specific to the CGU. The internal rate of return ("IRR") used was based on past performance and experience. The carrying amount of the goodwill as at the statement of financial position date was £9.7 million. The Group has conducted a sensitivity analysis on the impairment test of the CGU and the carrying value.

A higher discount rate in the range of 15%-20% does not reduce the carrying value of goodwill to less than its recoverable amount.

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

c) Control assessment

The Group has a number of entities within its corporate structure and a judgement has been made of which should be consolidated in accordance with IFRS 10, and which should not. The Group consolidates all entities where it has control over the following: power over the investee to significantly direct the activities; exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The Company does not consolidate qualifying investment companies it controls in accordance with IFRS 10 and instead recognises them as investments held at fair value through the profit and loss.

During the year, management have considered the relationships with Elderstreet Holdings Limited, Elderstreet Investments Limited, Draper Esprit Employee Benefit Trust, and Grow Trustees Limited and has deemed their substance to be of control within the Group.

See Note 3(b) for further details.

d) Business combinations

- iv. The Directors have undertaken a detailed assessment of the substance of the transaction through which the Company acquired the underlying investment vehicles and Esprit Capital Partners LLP and its subsidiaries with reference to the requirements of IFRS 10 and IFRS 3. Following that assessment based on the judgement of Directors, it has been determined that this transaction is appropriately accounted for as an acquisition.
- v. During the year ending 31 March 2021, Draper Esprit Plc acquired the remaining 69.23% of the issued share capital in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited (manager of Draper Esprit VCT Plc). Elderstreet Holdings Limited was held as an Investment in Associate on the Consolidated Statement of Financial Position as at 31 March 2020. Total consideration for the remaining issued share capital not previously held was cash consideration of £0.8 million. This transaction is accounted for under IFRS 3 as a business combination achieved in stages (or "step acquisition") as this transaction resulted in Draper Esprit Plc obtaining control over Elderstreet Holdings Limited. For further details of the acquisition, please see Note 18.
- vi. During the year ending 31 March 2020, the Group acquired the remaining membership interest in Encore Ventures LLP on 10 March 2020. Prior to this, the Group held a membership interest of 71% and had determined based on its control assessment (see (4) (c) above) that the Group had control over Encore Ventures LLP and consolidated this entity in accordance with IFRS 10. As a result, the acquisition of the remaining membership interest was assessed to be a change in ownership interest and is accounted for as such under IFRS 10. This is not deemed to be a business combination.

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

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Change in unrealised gains on investments held at fair value through the profit and loss	183,575	(4,266)
Change in realised gains on investments held at fair value through the profit and loss	143,941	21,921
Net foreign exchange (loss)/gain on investments held at fair value through the profit and loss	(51,209)	23,100
Total movements on investments held at fair value through the profit and loss	276,307	40,755

6. Fee income

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

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Management fees	12,462	11,213
Portfolio directors' fees	45	42
Total fee income	12,507	11,255

7. General administrative expenses

Administrative expenses comprise:

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
General employee and employee related expenses (Note 9)	9,950	6,074
Legal and professional	1,423	1,827
Travel expenses	97	349
Marketing expenses	705	741
IT expenses	157	85
Building costs and rates	420	503
Other administrative costs	1,092	231
Total administrative expenses	13,844	9,810

8. Profit from operations

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

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Fees paid to the Company's auditor for the audit of the Group and Company annual accounts	188	146
Fees payable to the company's auditor for other services:		
Audit of the accounts of subsidiaries and related undertakings	76	75
Audit-related assurance services	44	43
Non-audit services	31	-
Total fees payable to the Company's auditors	339	264

Non-audit services paid to the Company's Auditors in the year were £17k in relation to CASS reporting to the FCA in respect of certain subsidiaries, £27k in respect of the review of the Company's interim financial statements and £31k in respect of ESG advisory work (note – this was commenced before 1 December 2020).

9. Employee and employee-related expenses

Employee benefit expenses (including Directors) comprise:

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Wages and salaries	7,585	4,595
Defined contribution pension costs	677	278
Benefits (healthcare and life assurance)	172	127
Recruitment costs	38	473
Social security contributions and similar taxes	1,478	601
General employee and employee related expenses	9,950	6,074
Share-based payment expense arising from company share option scheme	1,548	990
Total employee benefit expenses	11,498	7,064

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

	Year ended 31 March 2021 Number	Year ended 31 March 2020 Number
Directors	6	6
Investment	12	12
Infrastructure	19	15
Total	37	33

Infrastructure comprises finance, marketing, human resources, legal, IT, and administration.

10. Net finance (expense)/income

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Interest on leases (Note 20i)	(84)	(94)
Interest and expenses on loans and borrowings (Note 20ii)	(2,009)	(1,497)
Net foreign exchange loss	(3,348)	-
Finance costs	(5,441)	(1,591)
Net foreign exchange gain	-	1,234
Interest income on cash and cash equivalents	284	289
Finance income	284	1,523
Net finance (expense)/income	(5,157)	(68)

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11. Income taxes

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

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Current tax expense		
Current tax on profits for the year	339	2
Adjustments for under/(over) provision in prior years	(65)	35
Total current tax	274	37
Deferred tax expense		
Arising on business combinations (Note 18)	(23)	(20)
Other temporary differences	(225)	–
Total deferred tax	(248)	(20)

The UK standard rate of corporation tax is 19% (for the year ending 31 March 2020: 19%).

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit/(loss) for the year before tax are as follows:

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Profit/(loss) for the year before tax	267,421	40,383
Profit/(loss) on ordinary activities of Group companies before tax		
Tax using the Company's domestic tax rate of 19% (2020: 19%)	50,810	7,673
Income not subject to tax	(18)	–
Unrealised gains on investments	(50,713)	(7,743)
Others	(53)	87
Total tax charge for the year	26	17

12. Earnings per share and net asset value

The calculation of basic earnings per share is based on the profit attributable to shareholders and the weighted average number of shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share options and awards.

	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
Basic earnings per ordinary share			
For the year ended 31 March 2021	267,421	128,860	208
For the year ended 31 March 2020	39,707	118,013	34

	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
Diluted earnings per ordinary share			
For the year ended 31 March 2021	267,421	129,741	206
For the year ended 31 March 2020	39,707	120,961	33

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

	Net assets £'000s	No. of shares at balance sheet date '000	Pence per share
Net asset value per ordinary share			
31 March 2021	1,033,141	139,097	743
31 March 2020	659,618	118,918	555

	Net assets £'000s	No. of shares at balance sheet date '000	Pence per share
Diluted net asset value per ordinary share			
31 March 2021	1,033,141	140,044	738
31 March 2020	659,618	121,609	542

Dividends: There were no Dividends paid out in the year to 31 March 2021 (2020: nil).

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13. Share-based payments

	Date of Grant	b/f 1 April 2020 (No.)	Granted (No.)	Lapsed (No.)	Exercised (No.)	c/f 31 March 2021	Approved options (No.)	Vesting period	Exercise price (p)	FV per granted instrument (p)
Draper	28/11/2016	1,216,034	-	-	(603,075)	612,959	33,800	3 years	355	64.1
Esprit	28/11/2016	101,685	-	-	-	101,685	-	3 years	355	89.3
Plc 2016	11/11/2017	160,000	-	(20,000)	(20,000)	120,000	8,356	3 years	354	89.8
Company Share	28/11/2017	1,155,364	-	(45,775)	(741,254)	368,335	6,831	3 years	387	70.9
Options Plan (CSOP)	28/11/2017	116,016	-	-	-	116,016	-	3 years	387	97.9
	30/07/2018	1,027,500	-	(184,950)	-	842,550	-	3 years	492	152.9
	30/07/2018	102,750	-	-	-	102,750	-	3 years	492	186.4
	12/02/2019	796,868	-	(61,566)	-	735,302	-	3 years	530	67.8
	12/02/2019	75,000	-	-	-	75,000	-	3 years	530	95.2
	26/11/2019	200,000	-	-	-	200,000	-	3 years	467	71.5
	29/06/2020	-	200,000	-	-	200,000	-	3 years	449	81.2
Draper Esprit Plc Long Term Incentive Plan (LTIP)	29/06/2020	-	583,645	(1,949)	-	581,696	-	3 years	1	449.0
Total		4,951,217	783,645	(314,240)	(1,364,329)	4,056,293	48,987			

Both the CSOP and LTIP are as of 31 March 2021 partly administered by the Draper Esprit Employee Benefit Trust ("Trust"). The Trust is consolidated in these consolidated financial statements. The Trust may purchase shares from the market and, from time to time, when the options are exercised, the Trust transfers the appropriate amount of shares to the employee or sells these as agent for the employee. The proceeds received, net of any directly attributable transaction costs, are credited directly to equity. Shares held by the Trust at the end of the reporting period are shown as own shares in the financial statements (see Note 24i). Of the 1,364,329 options exercised during the year, 359,131 were satisfied with new ordinary shares issued by Draper Esprit Plc (see Note 23).

For share options granted under the Draper Esprit Plc 2016 Company Share Options Plan, 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 group's 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 the share options granted under the Draper Esprit Plc 2016 Company Share Options Plan.

Share options granted during the year under the LTIP vest if certain performance standards are met. The amount of options that will vest depends on performance conditions included within the agreement relating to realisations, assets under management, and Total Shareholder Return ("TSR"). These options are granted under the plan for no consideration and are granted at a nominal value of 1p. All options are settled in shares. The fair value of the LTIP shares will be valued using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model. A six-monthly review takes place of non-market performance conditions and as at 31 March 2021 we are currently on target for LTIPs issued in 2020.

The share-based payment charge for the year is £1.5 million (year ended 31 March 2020: £1.0 million). This also includes amounts of £0.7 million, which was paid out during the year and was in substance deemed to be a cash-settled share based payment.

14. Intangible assets

	Goodwill ¹ £'000s	Customer contracts ² £'000s	Total £'000s
Year ended 31 March 2021			
Cost			
Cost carried forward as at 1 April 2020	9,653	818	10,471
Acquisition of business (see Note 18)	697	328	1,025
Cost as at 31 March 2021	10,350	1,146	11,496
Accumulated amortisation			
Amortisation carried forward as at 1 April 2020	-	(443)	(443)
Charge for the year	-	(117)	(117)
Accumulated amortisation as at 31 March 2021	-	(560)	(560)
Net book value:			
As at 31 March 2021	10,350	586	10,936
As at 31 March 2020	9,653	375	10,028

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

1. During the year, goodwill of £0.7 million arose on the step acquisition of all issued share capital in Elderstreet Holdings Limited. Elderstreet Holdings Limited is the holding company of Elderstreet Investments Limited, a VCT manager incorporated in the UK, on 9 February 2021 and represents the value of the acquired expertise and knowledge of the investment team. 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 the investee companies to create value and maximise returns for the Group. The Group tests Goodwill annually for impairment comparing the recoverable amount using value-in-use calculations and the carrying amount. Value-in-use calculations are based on future expected cash flows generated by the CGU fee income from management fees over the next three years with reference to the most recent financial budget and forecasts. A three-year cash flow period was deemed appropriate for value in use calculation given the terms of the Investment Management Agreement. The key assumptions for the value in use calculations are the discount rate using pre-tax rates that reflect the current market assessments of the time value of money and risks specific to the CGU. The internal rate of return ("IRR") will be based on past performance and experience.

Goodwill of £9.7 million arose on the acquisition of all the capital interests in Esprit Capital Partners LLP, a Venture Capital manager based in the UK, on 15 June 2016 and represents the value of the acquired expertise and knowledge of the fund managers. The Directors have identified the fund managers as the cash-generating unit ("CGU") being the smallest group of assets that generates cash inflows independent of cash flows from other assets or groups of assets. The fund managers are responsible for generating deal flow and working closely with investee companies to create value and maximising returns for the Group. The Group tests goodwill annually for impairment comparing the recoverable amount using value-in-use calculations and the carrying amount. Value-in-use calculations are based on future expected cash flows generated by the CGU fee income from management fees over the next five years with reference to the most recent financial budget and forecasts.

A 5-year cash flow period was deemed appropriate for the value in use calculation given the patient capital model adopted by the Group. The key assumptions for the value in use calculations are the discount rate using pre-tax rates that reflect the current market assessments of the time value of money and risks specific to the CGU. The internal rate of return ("IRR") used was based on past performance and experience. The discount rate used was 10% and the IRR used was 20%.

2. An intangible asset of £0.3 million was recognised in respect of the anticipated profit from the participation in Elderstreet Investments Limited following the acquisition of the remaining issued share capital the Group did not previously owned on 9 February 2021.

In FY17, an intangible asset of £0.8 million was recognised in respect of the anticipated profit from the participation in Encore Ventures LLP as a consequence of the acquisition of Esprit Capital Partners LLP.

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15. Investments in associates and related undertakings

Investments in associates

Until 9 February 2021, Elderstreet Holdings Limited (registered office: 20 Garrick Street, London, United Kingdom, WC2E 9BT), the holding company of Elderstreet Investments Limited, was accounted for as an Investment in Associate following acquisition of a 30.77% stake in the entity on 24 November 2016. 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. The Group's share of profits until 9 February 2021 was not material.

On 9 February 2021, the remaining stake in Elderstreet Investments Limited was purchased by Draper Esprit Plc and this was accounted for as a step acquisition. Please see Note 18 for further details. No Investment in Associate is recognised on the Consolidated Statement of Financial Position at 31 March 2021.

Related undertakings

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

Name	Address	Type of share holding	Interest FD category* at reporting date/ partnership interest
SportPursuit Limited	Unit 1.18, Canterbury Court, Kennington Park, 1-3 Brixton Road, London, England, SW9 6DE	Ordinary shares Preference shares	E
Bright Computing Holding B.V.	Kingsfordweg 151, 1043 GR Amsterdam, the Netherlands	Ordinary shares Preference shares	E
RavenPack Holding AG	Churerstrasse 135, CH-8808 Pfäffikon, Switzerland	Ordinary shares Preference shares	D
Earlybird GmbH & Co. Beteiligungs-KG IV	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Partnership interest	27%
Earlybird DWES Fund VI GmbH & Co. KG	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Partnership interest	56.5%
Earlybird Special Opportunities LP	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Partnership interest	34.8%

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

Details of the fair value of the 17 core companies are detailed as part of the Gross Portfolio Value table on page 59.

The latest publicly available accounts for the related undertakings above reflect the following net asset and profit or loss positions. These relate to historic periods:

- SportPursuit Limited: Net assets as at 30 November 2019 of £1.1 million and loss for the 11 month period ending 30 November 2019 of £0.6 million.
- Bright Computing Holding B.V.: Net liabilities as at 31 December 2018 of US\$6.9 million and a loss for the year ending 31 December 2018 of US\$4.3 million.

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

The Group holds investments through investment vehicles it manages. The investments are predominantly in unlisted securities and are carried at fair value through the profit and loss. The Group's valuation policies are set out in Note 4(a) and Note 28. The table below sets out the movement in the balance sheet value of investments from the start to the end of the year, showing investments made, cash receipts and fair value movements.

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
As at 1 April	657,333	562,061
Investments made in the year	127,976	89,935
Loans repaid from underlying investment vehicles	(206,341)	(39,533)
Loans made to underlying investment vehicles	11,813	4,115
Unrealised gains on the revaluation of investments	276,307	40,755
As at 31 March	867,088	657,333

17. Property, plant and equipment

	Right of use assets £'000s	Leasehold improvements £'000s	Computer equipment £'000s	Total £'000s
Year ended 31 March 2021				
Cost				
Cost carried forward as at 1 April 2020	1,614	680	72	2,366
Additions during the year	–	88	55	143
Disposals during the year	–	–	(8)	(8)
Cost as at 31 March 2021	1,614	768	119	2,501
Accumulated depreciation				
Depreciation carried forward as at 1 April 2020	(306)	(261)	(39)	(606)
Charge for the year	(348)	(163)	(22)	(533)
Disposals during the year	–	–	6	6
Accumulated depreciation as at 31 March 2021	(654)	(424)	(55)	(1,133)
Net book value:				
As at 31 March 2021	960	344	64	1,368
As at 31 March 2020	1,308	419	33	1,760

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

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

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

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18. Acquisition of subsidiaries

Elderstreet

On 9 February 2021, Draper Esprit Plc acquired the remaining 69.23% of the issued share capital in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited (manager of Draper Esprit VCT Plc). Elderstreet Holdings Limited was held as an Investment in Associate on the Consolidated Statement of Financial Position as at 31 March 2020. Total consideration for the remaining issued share capital not previously held was £792,148 (with an amount withheld for tax on share options). This transaction is accounted for under IFRS 3 as a business combination achieved in stages (or "step acquisition") as this transaction resulted in Draper Esprit Plc obtaining control over Elderstreet Holdings Limited and Elderstreet Investments Limited (as its 100% owned subsidiary). As the Group own 100% of Elderstreet Holdings Limited following the acquisition, no non-controlling interest will be recognised.

The assets and liabilities recognised as a result of the acquisition are as follows:

Recognised amounts of identifiable net assets:	£'000s
Intangible assets	328 [^]
Cash and cash equivalents	94
Trade and other receivables	87
Net identifiable assets acquired	509
Add: goodwill	635
Add: Deferred tax on intangible asset	62
Net assets acquired	1,206

[^] Previously unrecognised intangible asset relating to the anticipated profit from the participation in Elderstreet Investments Limited.

Goodwill represents the investment team's ability to drive value creation by generating deal flow and fundraising, leveraging their networks and years of experience and expertise to work closely with investee companies to create value and thereby maximise returns for the Group.

The outflow of cash to acquire the subsidiary, net of cash acquired was £0.6 million. The acquisition date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition was £0.4 million. A gain of £0.1 million was recognised as a result of remeasuring to fair value the equity interest in the subsidiary held by the Group before the business combination, which has been recognised in other income in the consolidated statement of comprehensive income.

The fair value of acquired trade receivables is Nil.

Revenue contributed and net profit of the acquired business to the Group between 9 February 2021 and 31 March 2021 was immaterial. If the acquisition had taken place on 1 April 2020, consolidated pro-forma revenue and profit for the year ended 31 March 2021 would have been £277.5 million and £267.2 million respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- Differences in accounting policies between the group and subsidiary; and
- The additional depreciation and amortisation that would have been charged, if the fair value adjustments to intangible assets had applied from 1 April 2020.

Immaterial acquisition-related costs not directly attributable to the issue of shares are included in administrative expenses in the consolidated statement of comprehensive income and in operating cash flows in the statement of cash flows.

Encore Ventures LLP

During the year ending 31 March 2020, the Group acquired the remaining economic and beneficial membership interest in Encore Ventures LLP on 10 March 2020. Prior to this, the Group held a membership interest of 71%. This resulted in a change in ownership interest which did not result in a loss of control and has been accounted for in accordance with IFRS 10.

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

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

19. Trade and other receivables

	31 March 2021 £'000s	31 March 2020 £'000s
Trade receivables	2,535	2,669
Other receivables and prepayments	1,165	1,358
Loans made to related investment vehicles (Note 30)	–	3,692
Total	3,700	7,719

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

	31 March 2021 £'000s	31 March 2020 £'000s
Not past due	710	242
Past due 1-30 days	786	45
Past due 31-60 days	761	34
More than 60 days	278	2,348
Total	2,535	2,669

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

20. Financial liabilities

	31 March 2021 £'000s	31 March 2020 £'000s
Current		
Leases	(345)	(358)
Loans and borrowings	–	–
Total current financial liabilities	(345)	(358)
Non-current		
Leases	(669)	(975)
Loans and borrowings	393	(44,636)
Total non-current financial liabilities	(276)	(45,611)
Total Financial liabilities	(621)	(45,969)

20(i). Leases

This Note provides information for leases where the Group is a lessee. The Group is not a lessor.

Real Estate Leases

The Group leases office buildings in London for use by its staff. The Group also has an office in Dublin and had an office in Cambridge until Q3 FY21, however these contracts are classified as service contracts and not leases. Information about leases for which the Group is a lessee is presented below.

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

(i) Amounts recognised on consolidated statement of financial position

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20. Financial liabilities CONTINUED

Right-of-use assets

	31 March 2021 £'000s	31 March 2020 £'000s
Property	960	1,308
Total right-of-use assets	960	1,308

Lease liabilities

	31 March 2021 £'000s	31 March 2020 £'000s
Current	345	358
Non-current	669	975
Total lease liabilities	1,014	1,333

Additions to the right-of-use assets during the year ending 31 March 2021 was Nil (year ending 31 March 2020: £0.8 million).

(ii) Amounts recognised in the consolidated statement of profit or loss

The following amounts relate to leases:

Amounts recognised in the consolidated statement of comprehensive income

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Interest on lease liabilities	(84)	(94)
Depreciation charge for the period on right-of-use assets	(348)	(306)
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(4)	(5)

The total cash outflow for leases in the year ending 31 March 2021 was £0.4 million (year ending 31 March 2020 £0.3 million in respect of rental payments and a contribution of £0.2 million for a rent-free period on the 3rd floor of 20 Garrick Street – these appear net in the consolidated statement of cash flows).

20(ii). Loans and borrowings

In June 2019 the Company entered into a revolving credit facility agreement with Silicon Valley Bank and Investec (together the "Financiers") of £50.0 million over a three-year term to provide financial flexibility and to fund the future growth plans of investee companies. This was extended in June 2020 by £10.0 million to £60.0 million with a maturity of June 2023. See Note 33 for post year-end activity. The Company incurred initial costs of £0.5 million in the year ending 31 March 2020 and £0.3 million in the year ending 31 March 2021 in respect of the increase and extension of the facility in June 2020, which are both presented within loans and borrowings on the statement of financial position and are amortised over the life of the facility. Interest-related charges are reported in the consolidated statement of comprehensive income as finance costs (see Note 10). The bank loans are secured on agreed assets of the Group within the asset class of investments, updated as agreed with the Financiers from time to time, and are subject to customary financial and non-financial conditions with which the Group must comply.

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

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

20. Financial liabilities CONTINUED

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

As collateral for interest payments, an amount equal to the aggregate amount of interest costs due for the coming six months, all being equal, must always be held in an Interest Reserve Account. The balance of this at 31 March 2021 was £2.3 million (31 March 2020: £1.9 million) and is reflected on the consolidated statement of financial position as restricted cash.

The debt facility is repayable on maturity (June 2023 – see Note 33 for post year-end activity) but may become repayable earlier if certain conditions are not met.

As at 31 March 2021, the Company has drawn down Nil of the £60.0 million facility (31 March 2020: £45.0 million of the £50.0 million facility).

	31 March 2021 £'000s	31 March 2020 £'000s
Bank loan senior facility amount	60,000	50,000
Interest rate	BOE base rate + 6.75% / 7.50% floor	BOE base rate + 6.75% / 7.50% floor
Drawn at balance sheet date	-	45,000
Arrangement fees	(393)	(364)
Loan liability balance	(393)	44,636
Undrawn facilities at balance sheet date	60,000	5,000

21. Trade and other payables

	31 March 2021 £'000s	31 March 2020 £'000s
Trade payables	(557)	(739)
Other taxation and social security	(389)	(280)
Other payables	(200)	(164)
Accruals and deferred income	(8,499)	(3,855)
Total	(9,645)	(5,038)

All trade and other payables are short-term.

Included in accruals and deferred income is an amount relating to accrued tax expense of £0.3 million.

22. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020: 19%). The movement on the deferred tax account is shown below:

	31 March 2021 £'000s	31 March 2020 £'000s
Arising on business combination	(114)	(75)
Arising on co-invest and carried interest	(520)	(414)
Other timing differences	272	(122)
As at 31 March	(362)	(611)

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

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23. Share capital and share premium

Ordinary share capital

31 March 2021 – Allotted and fully paid	Number	Pence	£'000s
At the beginning of the year	118,918,124	1	1,189
Issue of share capital during the year ¹	359,131	1	4
Issue of share capital during the year ²	19,819,820	1	198
As at the end of the year	139,097,075	1	1,391

1. Between August 2020 and March 2021, 359,131 new 1p ordinary shares were issued in association with share options being exercised.

2. In October 2020, the company secured commitments to raise gross proceeds of £110.0 million at a placing price of 555 pence per share by way of a conditional placing of 19,819,820 new ordinary shares.

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

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

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

Share premium

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Allotted and fully paid		
At the beginning of the year	400,726	395,783
Premium arising on the issue of ordinary shares [^]	111,073	4,983
Equity issuance costs	(3,520)	(40)
As at the end of the year	508,279	400,726

[^] The movement on share premium during the year ending 31 March 2021 has arisen as a result of 359,131 ordinary shares issued in association with share options being exercised during the year and the issue of 19,819,820 ordinary shares issued by way of a conditional placing in October 2020.

The movement on share premium during the year ending 31 March 2020 has arisen as a result of 195,842 ordinary shares issued in association with share options being exercised during the year, and the issue of 796,812 shares of ordinary shares at 502 pence in association with the transaction to purchase the additional interest in Encore Ventures LLP (see Note 18).

24. Own shares and other reserves

(i) Own shares reserve

Own shares

	Number of shares 000's	£'000s
Opening balance as at 1 April 2020	–	–
Acquisition of shares by the Trust	(350)	(2,267)
Disposal or transfer of shares by the Trust	235	1,936
Balance as at 31 March 2021	(115)	(331)

Own shares are shares in Draper Esprit Plc that are held by Draper Esprit Employee Benefit Trust ("Trust") for the purposes of issuing shares under the Draper Esprit Plc 2016 Company Share Options Plan and Long-Term Incentive Plan (see Note 13 for further details). Shares issued to employees are recognised on a weighted average cost basis. The Trust holds under 0.1% of issued share capital at 31 March 2021.

24. Own shares and other reserves CONTINUED

(ii) Other reserves

The following table shows a breakdown of the "other reserves" line in the consolidated statement of financial position and the movements in those reserves during the year. A description of the nature and purpose of each reserve is provided below this table.

	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)	Total other reserves (£'000s)
Brought forward as at 1 April 2020	13,097	2,339	10,823	26,259
Share based payments (Note 13)	–	760	–	760
Share based payment - exercised during the year (Note 13)	–	(761)	–	(761)
Balance as at 31 March 2021	13,097	2,338	10,823	26,258

	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)	Total other reserves (£'000s)
Brought forward as at 1 April 2019	13,097	1,713	10,823	25,633
Share based payments (Note 13)	–	990	–	990
Share based payment - exercised during the year (Note 13)	–	(364)	–	(364)
Balance as at 31 March 2020	13,097	2,339	10,823	26,259

Merger relief reserve

In accordance with the Companies Act 2006, a Merger Relief Reserve of £13.1 million (net of the cost of share capital issued of £80k) was created on the issue of 4,392,332 ordinary shares for 300 pence each in Draper Esprit Plc as consideration for the acquisition of 100% of the capital interests in Esprit Capital Partners LLP on 15 June 2016.

Share-based payment reserve

Where the Group engages in equity-settled share-based payment transactions, the fair value at the date of grant is recognised as an expense over the vesting period of the options. The corresponding credit is recognised in the share-based payment reserve. Please see Note 13 for further details on how the fair value at the date of grant is recognised.

25. Retirement benefits

The Draper Esprit Group makes contributions to personal pension schemes set up to benefit its employees. The Group has no interest in the assets of these schemes and there are no liabilities arising from them beyond the agreed monthly contribution for each employee or member that is included in employment costs in the profit and loss account as appropriate.

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26. Financial assets and liabilities

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

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
31 March 2021			
Financial assets	867,088	-	867,088
Long-term financial assets	867,088	-	867,088
Trade and other receivables (excluding prepayments)	-	3,040	3,040
Loans to related investment vehicles	-	-	-
Cash and cash equivalents	-	158,417	158,417
Restricted cash	-	2,260	2,260
Short-term financial assets	-	163,717	163,717
Total financial assets	867,088	163,717	1,030,805
Financial liabilities			
Loans and borrowings [^]	-	393	393
Lease liabilities	-	(669)	(669)
Long-term financial liabilities	-	(276)	(276)
Trade and other payables (excluding deferred income)	-	(8,517)	(8,517)
Loans and borrowings	-	-	-
Lease liabilities	-	(345)	(345)
Short-term financial liabilities	-	(8,862)	(8,862)
Total financial liabilities	-	(9,138)	(9,138)

[^] Initial costs incurred on setting up the revolving credit facility. As there are no amounts drawn down at year-end, these are presented as a debit within long-term financial liabilities. For further details, see Note 20(ii).

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
31 March 2020			
Financial assets	657,333	-	657,333
Long-term financial assets	657,333	-	657,333
Trade and other receivables	-	4,027	4,027
Loans to related investment vehicles	-	3,692	3,692
Cash and cash equivalents	-	32,255	32,255
Restricted cash	-	1,883	1,883
Short-term financial assets	-	41,857	41,857
Total financial assets	657,333	41,857	699,190
Financial liabilities			
Loans and borrowings	-	(44,636)	(44,636)
Lease liabilities	-	(975)	(975)
Long-term financial liabilities	-	(45,611)	(45,611)
Trade and other payables	-	(5,038)	(5,038)
Loans and borrowings	-	-	-
Lease liabilities	-	(358)	(358)
Short-term financial liabilities	-	(5,396)	(5,396)
Total financial liabilities	-	(51,007)	(51,007)

27. Fair value measurements

This section should be read with reference to Note 4(a) and Note 16. The Group classifies financial instruments measured at FVTPL 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.

The investments are held through the investment companies as set out in Note 3(b) at their respective net asset values and as such are noted to be all Level 3 for FY20 and FY21. However, for the purposes of the disclosures below, these are made on a look basis and are also based on the Gross Portfolio Value. For details of the Gross Portfolio Value and its reconciliation to the investment balance in the financial statements, please refer to page 59.

During the year ending 31 March 2021, there was a transfer of £85.5 million of investments held at FVTPL into a Level 1 classification. All other investments held at FVTPL are classified as Level 3 in the fair value hierarchy – see movements in Level 3 items in the table below. There were no transfers between level 1, 2 and 3 during the year ending 31 March 2020.

	Level 3 £'m
Movements in Level 3 items	
Opening balance at 1 April 2020	701.1
Investments	128.0
Gains	357.8
Realisations	(205.7)
Closing balance 31 March 2021	981.2
Transfer to Level 1	(85.5)
Closing balance 31 March 2021	895.7

Significant unobservable inputs for Level 3 valuations

The fair value of unlisted securities is established with reference to the International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines"). In line with the IPEV Guidelines, the Group may base valuations on earnings or revenues where applicable, market comparables, last round price in the investee companies, or on net asset values. An assessment will be made at each measurement date as to the most appropriate valuation methodology, including that for investee companies owned by third-party funds that Draper Esprit Plc invests in and which are valued on a look-through basis. As at 31 March 2021:

- Financial instruments measured using last round price valuation methodology were £450.5 million (31 March 2020: £231.7 million), of which £160.6 million was held through fund of funds investments.
- Financial instruments measured using revenue-multiple valuation methodology were £326.6 million (31 March 2020: £401.3 million) of which £23.8 million was held through fund of funds investments.
- Financial instruments measured at amounts reported by the general partner of the underlying fund were £118.6 million (31 March 2020: £68.1 million).

See Note 4(a) where valuation policies are discussed in more detail.

Financial instruments, measured at fair value, categorised as Level 3 within the fair value hierarchy can be split into 3 main valuation techniques. Valuation techniques can be categorised as based on last round price, revenue-multiple or at NAV of the underlying fund (adjusted where relevant).

Each portfolio company will be subject to individual assessment. Where the Group invests in fund of fund investments, the value of the portfolio will be reported by the fund to the Group. The Group will ensure that the valuations comply with the Group policy and that they are calibrated with any cash and known valuations movements where reporting periods do not align.

The valuation multiple is the main assumption applied to valuation based on a revenue-multiple methodology. The multiple is derived from comparable listed companies or relevant market transaction multiples. Companies in the same industry and geography, and, where possible, with a similar business model and profile are selected and then adjusted for factors including liquidity risk, growth potential and relative performance. They are also adjusted to represent our longer-term view of performance through the cycle or our existing assumption. The portfolio we have is diversified across sectors and geographies and the companies which have valuations based on revenue-multiples have a range of multiples of between 0.6x - 9.1x (31 March 2020: 0.9x - 12.7x) and a weighted average multiple of 4.8x (31 March 2020: 5.1x).

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27. Fair value measurements CONTINUED

If the multiple used to value each unquoted investment valued on a revenue-multiple basis as at 31 March 2021 were to decrease by 10%, the investment portfolio would decrease by £32.6 million (31 March 2020: £40.1 million). If the multiple were to increase by 10%, the investment portfolio would increase by £32.6 million (31 March 2020: £40.1 million).

If the multiple used to value each unquoted investment valued on a revenue-multiple basis as at 31 March 2021 were to decrease by 15%, the investment portfolio would decrease by £48.9 million (31 March 2020: £60.2 million). If the multiple were to increase by 15%, the investment portfolio would increase by £48.9 million (31 March 2020: £60.2 million).

28. Financial instruments risk

Financial risk management

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

Market risk – Foreign currency

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

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

	31 March 2021 £'000s	31 March 2020 £'000s
Foreign currency exposures – Investments		
Investments denominated in USD	477,771	338,885
10% decrease in GBP	530,833	376,539
10% increase in GBP	434,357	308,077
Investments denominated in EUR	286,550	218,682
10% decrease in GBP	318,374	242,980
10% increase in GBP	260,512	198,802

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:

	31 March 2021 £'000s	31 March 2020 £'000s
Foreign currency exposures – Cash		
Cash denominated in EUR	40,565	6,976
10% decrease in EUR:GBP	36,508	6,278
10% increase in EUR:GBP	44,621	7,673
Cash denominated in USD	26,253	3,627
10% decrease in USD:GBP	23,627	3,264
10% increase in USD:GBP	28,878	3,990

The combined theoretical impact on shareholders' equity of the changes to revenues, investments and cash and cash equivalents of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

	31 March 2021 £'000s	31 March 2020 £'000s
Foreign currency exposures – equity		
Shareholders' Equity	1,033,141	659,618
10% decrease in EUR:GBP/USD:GBP	929,827	593,656
10% increase in EUR:GBP/USD:GBP	1,136,455	725,580

Market risk – Price risk

Market price risk arises from the uncertainty about the future prices of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements, which have been heightened due to Covid-19.

28. Financial instruments risk CONTINUED

The Group is exposed to equity price risk in respect of equity rights and investments held by the Group and classified on the balance sheet as financial assets at FVTPL (Note 27). These equity rights are held in unquoted high growth technology companies and are valued by reference to revenue or earnings multiples of quoted comparable companies, last round price, or NAV of underlying fund - as discussed more fully in Note 4(a). These valuations are subject to market movements.

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

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

£'m	Revenue- multiple	NAV of underlying fund	Last round price
As at 31 March 2021	32.6	11.8	45.1
As at 31 March 2020	40.1	6.8	23.2

We further flexed by 15% given the volatility resulting from the Covid-19 pandemic. Theoretical impact of a fluctuation of +/- 15% would have the following impact:

£'m	Revenue- multiple	NAV of underlying fund	Last round price
As at 31 March 2021	48.9	17.8	67.6
As at 31 March 2020	60.2	10.2	34.7

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. The utilisation of the loan facility and requirement for utilisation requests is monitored as part of this process.

All trade payable amounts are short-term.

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

As part of our seed fund of funds strategy, we make commitments to funds to be drawn down over the life of the fund. Projected drawdowns are monitored as part of the monitoring process above. For further details see Note 31.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Group is exposed to this risk for various financial instruments; for example, by granting receivables to customers and placing deposits. The Group's trade receivables are amounts due from the investment funds under management, or underlying portfolio companies. The Group's maximum exposure to credit risk is limited to the carrying amount of trade receivables and cash at bank and in hand at 31 March, as summarised below:

	31 March 2021 £'000s	31 March 2020 £'000s
Classes of financial assets impacted by credit risk, carrying amounts		
Trade receivables	2,535	2,669
Loan to related investment vehicle	–	3,692
Cash at bank and in hand	158,417	32,255
Restricted cash	2,260	1,883
	163,212	40,499

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

Notes to the Consolidated Financial Statements

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28. Financial instruments risk CONTINUED

Investments in unlisted securities are held within limited partnerships for which the Group acts as manager, and consequently the Group has responsibility itself for collecting and distributing cash associated with these investments. The credit risk of amounts held on deposit is limited by the use of reputable banks with high-quality external credit ratings and as such is considered negligible. Cash at 31 March 2021 is held with the following institutions: (1) Barclays Bank Plc; (2) Silicon Valley Bank Plc; and (3) Investec Bank Plc.

Capital management

The Group's objectives when managing capital are to:

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

The Group is funded through equity at the balance sheet date. The Group has a revolving credit facility in place, with no drawdowns at 31 March 2021 (31 March 2020: £45.0 million). Please refer to Note 20ii for further information on the revolving credit facility.

In order to maintain or adjust the capital structure, the Group may make distributions to shareholders, return capital to shareholders, issue new shares or sell assets to manage cash.

Interest rate risk

The Group's interest rate risk arises from borrowings on the £60.0 million loan facility with Silicon Valley Bank and Investec, which was entered into in June 2019 and increased and extended in June 2020. Prior to the period ending 30 September 2019, the Group did not have any borrowings. The Group's borrowings are denominated in GBP and are carried at amortised cost.

- A drawdown totalling £35.0 million was rolled during the year (maximum drawn during the year of £45.0 million) at an interest rate of 7.5% – this was fully repaid by 31 March 2021 (all drawn amounts were repaid during the period). Future drawdowns may be subject to a different interest rate. The facility agreement has an interest rate calculated with reference to the Bank of England base rate (currently 0.10%) with a Margin of 6.75%. The agreement has an interest rate floor of 7.5%. As such, if the base rate increases, the interest charged on future drawdowns will increase.

If the Bank of England base rate had been 1.0% higher during the year to 31 March 2021 the difference to the consolidated statement of comprehensive income would have been an increase in finance costs of £0.1 million. If the Bank of England base rate had been 1.0% higher during the year to 31 March 2021 the difference to the consolidated statement of cash flows would have been an increase in expenditure of £0.1 million.

29. Alternative Performance Measures ("APM")

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

Gross Portfolio Value

The Gross Portfolio Value ("GPV") is the gross fair value of the Group's investment holdings before deductions for the fair value of carry liabilities and any deferred tax. The Gross Portfolio Value is subject to deductions for the fair value of carry liabilities and deferred tax to generate the net investment value, which is reflected on the consolidated statement of financial position as financial assets held at FVTPL. Please see page 59 for a reconciliation to the net investment balance. This table also shows the Gross to Net movement described above, which is 88% in the current year calculated as the net investment value divided by the Gross Portfolio Value. The table reflects a Gross fair value movement of £359.2, which is 51% as a percentage of the 31 March 2020 Gross Portfolio Value, which is described in the report as the Gross fair value increase.

NAV per share

The NAV per share is the Group's net assets attributable to shareholders divided by the number of shares at the relevant reporting date. See the calculation in Note 12.

30. 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 and other related entities in the form of management fees and expense recharges.

The Group may require that one of its members be appointed to the board of a portfolio company in a non-executive role. In certain cases, an administration fee is charged to the portfolio company for the provision of Director services. Fees of £44k have been invoiced during the current year (31 March 2020: £44k). At the year-end, there was a balance of £4k outstanding (31 March 2020: £6k).

30. Related party transactions CONTINUED

At times, expenses incurred relating to Director services can be recharged to portfolio companies – these are immaterial. Draper Esprit does not exercise control or management through any of these non-executive positions.

During the year, £0.9 million (2020: £1.2 million) was invoiced from Draper Esprit Plc to Encore Ventures LLP for overheads, at year-end a balance of Nil (2020: £0.1 million) remained outstanding.

During the year, the Company invoiced Elderstreet, previously an associate and now a subsidiary, £0.1 million (year to 31 March 2020: £0.4 million), with a balance outstanding at year-end of £0.01 million (31 March 2020: £nil).

In the year ended 31 March 2020, the Company loaned £3.7 million to Esprit Capital Fund No 1 & No 2 LP. The loan was repaid during the year ending 31 March 2021 along with accrued interest of £0.4 million.

During the year, management fees of £9.2 million from related parties (the unconsolidated structured entities described below) are included in the consolidated statement of comprehensive income (31 March 2020: £8.4 million). Management fees of £3.0 million from the EIS funds are also included in the consolidated statement of comprehensive income (31 March 2020: £2.8 million).

During the year, employees of Draper Esprit Plc exercised share options – see Note 13 for further details.

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

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and are considered to be the Directors of the Company listed on pages 90-91.

	Year ended 31 Mar 2021 £'000s	Year ended 31 Mar 2020 £'000s
Wages and salaries	2,169	2,019
Short-term non-monetary benefits	13	9
Defined contribution pension costs	155	163
Share-based payment expense	977	466
Social security contributions and similar taxes	443	287
Carried interest paid	180	–
	3,937	2,944

The details of individual Directors' remuneration and pension benefits, as set out in the tables contained in the Remuneration and Nomination Committee Report on pages 104-111, form part of these consolidated financial statements.

Unconsolidated structured entities

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

The Group ultimately invests all funds via a number of limited partnerships and some via Draper Esprit Plc's wholly-owned subsidiary, Draper Esprit (Ireland) Limited. These are controlled by the Group and not consolidated, but they are held as investments at fair value through the profit and loss on the consolidated balance sheet in line with IFRS 10 (see Note 3b for further details and for the list of these investment companies and limited partnerships). The material assets and liabilities within these investment companies are the investments, which are held at FVTPL in the consolidated accounts. See further details in the table below.

Name of undertaking	Registered office	Activity	Holding	Country	Fair value 31 March 2021 £'m	Fair value 31 March 2020 £'m
Esprit Investments (1) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	12.0	16.5
Esprit Investments (2) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	157.6	61.6
Draper Esprit (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland	Investment company	100%	Ireland	670.6	553.3

Draper Esprit (Ireland) Limited invests via the following limited partnerships: Esprit Investments (1) LP, Esprit Investments (2) LP, Esprit Capital IV LP, Esprit Capital III LP.

The investments balance in the consolidated statement of financial position also includes investments held by consolidated entities.

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

Notes to the Consolidated Financial Statements

CONTINUED

31. Capital commitments

The Group has made commitments to fund of funds investments as part of its investment activity. At 31 March 2021, the Group was committed to £67.2 million (translated at year-end rates) (31 March 2020: £39.1 million) in relation to investments in fund of funds vehicles, of which £25.5 million of this has been drawn at 31 March 2021 (31 March 2020: £13.3 million).

A Strategic Partnership Agreement was entered into with Earlybird in the year ending 31 March 2019 to share deal flow and resources to co-invest in high growth technology companies across Europe. The first stage of this partnership included a 50% commitment to EB VI of approximately £74.5 million (€87.5 million) to 2022, of which £68.2 million has been deployed to 31 March 2021 (to 31 March 2020: £56.4 million). Commitments have also been made to other Earlybird funds and total exposure to the Group is £287.0 million of investments (31 March 2020: £187.3 million) with undrawn commitments across all Earlybird entities of £26.5 million (translated at year-end exchange rates) (31 March 2020: £25.2 million).

32. Ultimate controlling party

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

33. Subsequent events

- Increased and extended our revolving credit facility with SVB and Investec by an additional 1 year to £65m post year-end.
- Invested a further £48m post year-end to 11 June 2021, including investments into Manna, FintechOS, Cervest, Ledger, and Lyst.
- Refreshed fund of funds programme, with the approval by the Board and Investment Committee of an additional £75.0 million investment budget.

Company Statement of Financial Position

AS AT 31 MARCH 2021

	Note	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Assets			
Non-current assets			
Financial assets held at fair value through the profit and loss	6	840,155	631,403
Investments in subsidiary undertaking	7	14,227	13,177
Investments in associates	7	–	258
Property, plant and equipment	8, 10	1,368	1,760
Total non-current assets		855,750	646,598
Current assets			
Trade and other receivables	9	6,805	5,445
Cash and cash equivalents		150,598	31,165
Restricted cash	11	2,260	1,883
Total current assets		159,663	38,493
Current liabilities			
Trade and other payables	12	(11,186)	(3,898)
Loans and borrowings	11	–	–
Lease liabilities	10	(345)	(358)
Total current liabilities		(11,531)	(4,256)
Non-current liabilities			
Loans and borrowings	11	393	(44,636)
Lease liabilities	10	(669)	(975)
Total non-current liabilities		(276)	(45,611)
Total liabilities		(11,807)	(49,867)
Net assets		1,003,606	635,224
Equity			
Share capital	13	1,391	1,189
Share premium account	13	508,279	400,726
Other reserves	14	26,258	26,259
Retained earnings		467,678	207,050
Total equity		1,003,606	635,224

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented a statement of comprehensive income for the Company. The Company's profit for the year ended 31 March 2021 was £262.0 million (31 March 2020: £41.4 million).

These financial statements on pages 159-168 were approved by the Board of Directors on 11 June 2021 and signed on its behalf by



B.D. Wilkinson

Chief Financial Officer

Company registration number: 09799594

The notes on pages 161-168 are integral to these financial statements.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

		Attributable to equity holders of the parent (£'000s)				
		Share capital	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 March 2021						
Brought forward at 1 April 2020	Notes	1,189	400,726	26,259	207,050	635,224
Comprehensive income for the year						
Profit for the year		-	-	-	261,949	261,949
Total comprehensive income for the year		-	-	-	261,949	261,949
Contributions by and distributions to the owners:						
Issue of share capital	13	198	106,282	-	-	106,480
Options granted and exercised awards	14	4	1,271	(1)	(1,321)	(47)
Total contributions by and distributions to the owners		202	107,553	(1)	(1,321)	106,433
Balance at 31 March 2021		1,391	508,279	26,258	467,678	1,003,606

		Attributable to equity holders of the parent (£'000s)				
		Share capital	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 March 2020						
Brought forward at 1 April 2019	Notes	1,179	395,783	25,633	165,656	588,251
Comprehensive income for the year						
Profit for the year		-	-	-	41,394	41,394
Total comprehensive income for the year		-	-	-	41,394	41,394
Contributions by and distributions to the owners:						
Issue of share capital	13	10	4,943	-	-	4,953
Options granted and exercised awards	14	-	-	626	-	626
Total contributions by and distributions to the owners		10	4,943	626	-	5,579
Balance at 31 March 2020		1,189	400,726	26,259	207,050	635,224

The notes on pages 161-168 are integral to these financial statements.

Notes to the Company Financial Statements

FOR THE YEAR ENDED 31 MARCH 2021

1. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework, and the Companies Act 2006 as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of IFRS in conformity with the Companies Act 2006.

The financial statements have been prepared on a going concern basis and under the historical cost convention modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss. A summary of the more important Company accounting policies, which have been consistently applied except where noted, is set out below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- IAS 7 Statement of Cash Flows;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into and between two or more members of a group;
- IAS 1 Presentation of Financial Statements and the following paragraphs of IAS 1: (d) (statement of cash flows), 16 (statement of compliance with all IFRS), 111 (cash flow statement information), and 134-136 (capital management disclosures).

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

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

No new Standards have been adopted in the current financial year ending 31 March 2021.

2. Investments in subsidiary undertakings

Unlisted investments are held at cost less any provision for impairment with the exception of unconsolidated investment entity subsidiaries that are held at fair value.

3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. No cash equivalents are held in the current or prior year.

4. Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

Leasehold improvements	- over the term of the lease
Fixtures and equipment	- 33% p.a. straight line
Computer equipment	- 33% p.a. straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Company Financial Statements

CONTINUED

5. Results for the Parent Company

The Auditors' remuneration for audit services and other services is disclosed in Note 8 to the consolidated financial statements.

6. Financial assets held at fair value through the profit and loss

Name of subsidiary undertaking	Registered office	Activity	Holding	Country	31 March 2021	31 March 2020
					Fair value £'000	Fair value £'000
Draper Esprit (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland.	Investment company	100%	Ireland	670,588	553,254
Esprit Investments (1) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	12,004	16,537
Esprit Investments (2) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	157,563	61,612
Totals					840,155	631,403

	31 March 2021 £'000s	31 March 2020 £'000s
As at 1 April	631,403	532,897
Investments made in the year ¹	127,976	89,935
Loans repaid from underlying investment vehicles ¹	(194,528)	(35,418)
Unrealised gains on the revaluation of investments	275,304	43,989
As at 31 March	840,155	631,403

1. Investments and loans made in the year are amounts the Company has invested in underlying investment vehicles. This is not the equivalent to the total amount invested in portfolio companies, as existing cash balances from the investment vehicles are reinvested

See Notes 3 and 4 in the consolidated financial statements for the accounting policies in respect of investments held at fair value through the profit and loss.

7. Investments in subsidiary undertakings, associates, and Employee Benefit Trust

On 15 June 2016, the Company acquired the entire capital interests of Esprit Capital Partners LLP for £13.2 million, which was satisfied in shares and is held at cost on the Company's balance sheet within investments in subsidiary undertakings as at 31 March 2021 (2020: £13.2 million).

On 26 of November 2016, the Company acquired 30.77% of the capital interests in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited (manager of Draper Esprit VCT Plc) for £0.26 million as explained in Note 18 of the consolidated financial statements, which was held at cost on the Company's balance sheet at 31 March 2020 within investments in associates.

On 9 February 2021, Draper Esprit Plc acquired the remaining 69.23% of the issued share capital in Elderstreet Holdings Limited. Elderstreet Holdings Limited was held as an Investment in Associate on the Consolidated Statement of Financial Position as at 31 March 2020. Total consideration for the remaining issued share capital not previously held was cash consideration of £0.79 million (with an amount withheld for tax on share options). This transaction is accounted for under IFRS 3 as a business combination achieved in stages (or "step acquisition") as this transaction resulted in Draper Esprit Plc obtaining control over Elderstreet Holdings Limited and Elderstreet Investments Limited (as its 100% owned subsidiary). At 31 March 2021, the total investment in subsidiary undertaking is £1.05 million made up of initial ownership and the cash consideration.

On 27 November 2020, Draper Esprit Employee Benefit Trust (the "Trust") was set up to operate as part of the Draper Esprit employee share option schemes. The Trust is funded via a loan from Draper Esprit Plc, which is included in trade and other receivables on the Company Statement of Financial Position.

8. Property, plant and equipment

	Right of use assets £'000s	Leasehold improvements £'000s	Computer equipment £'000s	Total £'000s
31 March 2021				
Cost				
Cost carried forward as at 1 April 2020	1,614	680	72	2,366
Additions during the year	-	88	55	143
Disposals during the year	-	-	(8)	(8)
Cost as at 31 March 2021	1,614	768	119	2,501
Accumulated depreciation				
Depreciation carried forward as at 1 April 2020	(306)	(261)	(39)	(606)
Charge for the year	(348)	(163)	(22)	(533)
Disposals during the year	-	-	6	6
Accumulated depreciation as at 31 March 2021	(654)	(424)	(55)	(1,133)
Net book value				
As at 31 March 2021	960	344	64	1,368
As at 31 March 2020	1,308	419	33	1,760

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

[^] 1 April 2019 figure includes adjustment for IFRS 16 conversion under right of use assets - please see Note 10 below for further details.

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

9. Trade and other receivables due within one year

	31 March 2021 £'000s	31 March 2020 £'000s
Trade receivables	181	292
Other receivables and prepayments	1,060	1,345
Loans made to Group companies	4,618	3,692
Intercompany debtors	946	116
Total	6,805	5,445

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

10. Leases

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

Notes to the Company Financial Statements

CONTINUED

11. Loans and Borrowings

In June 2019 the Company entered into a revolving credit facility agreement with Silicon Valley Bank and Investec (together the "Financiers") of £50.0 million over a three-year term to fund the future growth plans of investee companies. This was extended in June 2020 by £10.0 million to £60.0 million with a maturity of June 2023. Refer to Note 20ii of the consolidated financial statements.

12. Trade and other payables due within one year

	31 March 2021 £'000s	31 March 2020 £'000s
Trade payables	(527)	(594)
Other taxation and social security	(377)	(280)
Intragroup creditors	(2,973)	(1)
Other payables	(8)	(8)
Accruals and deferred income	(7,301)	(3,015)
Total	(11,186)	(3,898)

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

Accruals and deferred income includes and amount of £0.3 million relating to accrued tax expense.

13. Share capital and share premium

31 March 2021 – Allotted and fully paid	Number	Pence	£'000s
At the beginning of the year	118,918,124	1	1,189
Issue of share capital during the year ¹	359,131	1	4
Issue of share capital during the year ²	19,819,820	1	198
At the end of the year	139,097,075	1	1,391

1. Between August 2020 and March 2021, 359,131 new 1p ordinary shares were issued in association with share options being exercised.

2. On 2 October 2020, the Company secured commitments to raise gross proceeds of £110.0 million at a placing price of 555 pence per share by way of a conditional placing of 19,819,820 new ordinary shares.

31 March 2020 – Allotted and fully paid	Number	Pence	£'000s
At the beginning of the year	117,925,470	1	1,179
Issue of share capital during the year ³	195,842	1	2
Issue of share capital during the year ⁴	796,812	1	8
At the end of the year	118,918,124	1	1,189

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

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

Movements in share capital and share premium are explained in Note 23 of the consolidated financial statements.

14. Other reserves

Movements in other reserves are explained in Note 24ii of the consolidated financial statements.

15. Share-based payments

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

16. Employee information

Employee benefit expenses (including Directors) comprise:

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Wages and salaries	7,585	4,595
Defined contribution pension costs	677	278
Benefits (healthcare and life assurance)	172	127
Recruitment costs	38	473
Social security contributions and similar taxes	1,478	601
General employee and employee related expenses	9,950	6,074
Share-based payment expense arising from company share option scheme	1,548	990
Total employee benefit expenses	11,498	7,064

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

	Year ended 31 March 2021 Number	Year ended 31 March 2020 Number
Directors	6	6
Investments	12	12
Infrastructure	19	15
Total	37	33

Infrastructure comprises finance, marketing, human resources, legal, IT, and administration.

Notes to the Company Financial Statements

CONTINUED

17. Subsidiary undertakings

Name of subsidiary undertaking	Activity	Holding	Registered office	
Draper Esprit (Ireland) Limited	Investment company	100%	32 Molesworth Street, Dublin 2, Ireland	(Note 6)
Esprit Capital Partners LLP	Investment management	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 7)
Encore Ventures LLP	Investment management	100% ²	20 Garrick Street, London WC2E 9BT, United Kingdom	–
Esprit Investments (1) (B) LP	Limited partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 6)
Seedcamp Holdings LLP	Limited liability partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 6)
Seedcamp Investments LLP	Limited liability partnership	100%	727-729 High Road, London, England, N12 0BP	(Note 6)
Seedcamp Investments II LLP	Limited liability partnership	100%	727-729 High Road, London, England, N12 0BP	(Note 6)
Esprit Investments (2) (B) LP	Limited partnership	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 6)
Draper Esprit (Nominee) Limited ¹	Dormant	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	–
Elderstreet Holdings Limited ³	Holding company	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 7)
Elderstreet Investments Limited ³	Investment Management	100%	20 Garrick Street, London WC2E 9BT, United Kingdom	(Note 7)

1. Draper Esprit Nominee Limited is held at cost £Nil (2020: £Nil) on the Company's balance sheet.

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

3. The remaining interest in Elderstreet Holdings Limited, holding company of Elderstreet Investments Limited, was purchased by Draper Esprit Plc on 9 February 2021. For further details, see Note 18 of the consolidated financial statements.

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

18. Critical accounting estimates and judgements

The Directors have made judgements and estimates with respect to those items that have made the most significant effect on the carrying amounts of the assets and liabilities in the financial statements. The Directors have concluded that the judgements and estimates in the Company financial statements are consistent with those applied in the consolidated financial statements, further details of which can be found in Note 4 of the consolidated financial statements.

19. Financial assets and liabilities

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

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
31 March 2021			
Financial assets			
Investments	840,155	–	840,155
Long-term financial assets	840,155	–	840,155
Trade and other receivables (excluding prepayments)	–	1,529	1,529
Loans to Group companies	–	4,618	4,618
Cash and cash equivalents	–	150,598	150,598
Restricted cash	–	2,260	2,260
Short-term financial assets	–	159,005	159,005
Total financial assets	840,155	159,005	999,160
Financial liabilities			
Loans and borrowings	–	393	393
Lease liabilities	–	(669)	(669)
Long-term financial liabilities	–	(276)	(276)
Trade and other payables	–	(11,186)	(11,186)
Lease liabilities	–	(345)	(345)
Short-term financial liabilities	–	(11,531)	(11,531)
Total financial liabilities	–	(11,807)	(11,807)

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
31 March 2020			
Financial assets			
Investments	631,403	–	631,403
Long-term financial assets	631,403	–	631,403
Trade and other receivables	–	1,753	1,753
Loans to Group companies	–	3,692	3,692
Cash and cash equivalents	–	31,165	31,165
Restricted cash	–	1,883	1,883
Short-term financial assets	–	38,493	38,493
Total financial assets	631,403	38,493	669,896
Financial liabilities			
Loans and borrowings	–	(44,636)	(44,636)
Lease liabilities	–	(975)	(975)
Long-term financial liabilities	–	(45,611)	(45,611)
Trade and other payables	–	(3,898)	(3,898)
Lease liabilities	–	(358)	(358)
Short-term financial liabilities	–	(4,256)	(4,256)
Total financial liabilities	–	(49,867)	(49,867)

Notes to the Company Financial Statements

CONTINUED

20. Fair value measurements

The investments are held through the investment companies as set out in Note 3b in the consolidated financial statements at their respective net asset values and as such are all noted to be Level 3 for FY21 and FY20. The difference between investments disclosed in Note 27 and the company investments related to unvested carry held within subsidiaries not being included in the Company financial statements. The Company holds investments at FVTPL. Refer to Note 27 for the Group's policies with respect to fair value measurements and Note 6 of the Company financial statements.

21. Financial instruments risk

In the normal course of business, the Company uses certain financial instruments including cash, trade and other receivables and investments. The Company is exposed to a number of risks through the performance of its normal operations. Refer to Note 28 of the consolidated financial statements.

22. Related party transactions

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and are considered to be the Directors of the Company listed on pages 90-91. This also includes Martin Davis who joined as CEO during the year ending 31 March 2020, as announced on 4 November 2019.

	Year ended 31 March 2021 £'000s	Year ended 31 March 2020 £'000s
Wages and salaries	2,169	2,019
Short-term non-monetary benefits	13	9
Defined contribution pension costs	155	163
Share-based payment expense	977	466
Social security contributions and similar taxes	443	287
Carried interest paid	180	-
Total	3,937	2,944

The details of individual Directors' remuneration and pension benefits, as set out in the tables contained in the Remuneration and Nomination Committee Report on pages 104-111, form part of these financial statements.

Other related party transactions

Please refer to Note 30 in the consolidated financial statements for further details on related party transactions.

23. Post-balance sheet events

Please refer to Note 33 of the consolidated financial statements.

Directors, Secretary and Advisers

Directors

Ben Wilkinson (Chief Financial Officer)
Grahame Cook (Non-Executive Director)
Karen Slatford (Non-Executive Chair)
Martin Davis (Chief Executive Officer)
Richard Pelly (Non-Executive Director)
Stuart Chapman (Chief Portfolio Officer)
Simon Cook (Founding Partner)
– resigned with effect from 1 July 2020

Registered office

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Website

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United Kingdom

Broker and Euronext Growth Adviser

Goodbody Stockbrokers UC
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Ballsbridge
Dublin 4
Ireland

Legal Advisers to the Company (as to English law)

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London SE1 2AU
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Legal Advisers to the Company (as to Irish law)

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Dublin 2
Ireland

Independent Auditor

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Public Relations Adviser

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Registrar

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Company Secretary

Prism Cosec Limited
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Data Provider

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

Glossary

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

“Admission” or “IPO”	the Admission of the enlarged share capital to trading on AIM and Euronext Growth (formerly the Enterprise Securities Market operated and regulated by the Irish Stock Exchange) on 15 June 2016 and such admission becoming effective in accordance with the AIM Rules and the Euronext Growth Rules respectively. The IPO included the acquisition of Esprit Capital Partners LLP and Draper Esprit (Ireland) Limited.
“Act”	the UK Companies Act 2006.
“AIM”	AIM, the market of that name operated by the London Stock Exchange.
“BoE”	Bank of England.
“Company” or “Draper Esprit” or “Plc”	Draper Esprit Plc, a company incorporated in England and Wales with registration number 09799594 and having its registered office at 20 Garrick Street, London, England, WC2E 9BT.
“Core Portfolio Companies”	the top companies by value that represent 68% of the overall Gross Portfolio Value.
“Covid”/“Covid-19”/“Coronavirus”/“CV19”	Coronavirus disease, the infectious disease caused by a new strain of coronavirus in 2019/20.
“Directors” or “Board”	the Directors of the Company from time to time.
“EB VI”/“Earlybird Fund VI”	Earlybird DWES Fund VI GmbH & Co. KG
“EB VII”/“Earlybird Fund VII”	Earlybird DWES Fund VII GmbH & Co. KG
“EIS”	the EIS funds managed by Encore Ventures LLP. EIS funds being Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007.
“Elderstreet”	Elderstreet Investments Limited, a private company limited by shares incorporated in England and Wales under registration number 01825358 with its registered office at 20 Garrick Street, London, WC2E 9BT.
“Encore Funds”/“Draper Esprit’s EIS funds”	DFJ Esprit Angels’ EIS Co-Investment Fund, DFJ Esprit Angels’ EIS Co-Investment II, DFJ Esprit EIS III, DFJ Esprit EIS IV, Draper Esprit EIS 5, and Draper Esprit EIS, each an “Encore Fund”.
“Encore Ventures”	Encore Ventures LLP, a limited liability partnership incorporated in England and Wales under the registration number OC347590 with its registered office at 20 Garrick Street, London, WC2E 9BT.
“ESG”	Environmental, Social and Governance.
“Esprit Capital”/“ECP”	Esprit Capital Partners LLP (previously Draper Esprit LLP), a limited liability partnership incorporated in England and Wales under the registration number OC318087 with its registered office at 20 Garrick Street, London, WC2E 9BT.
“Euronext Dublin”	the trading name of the Irish Stock Exchange Plc.
“Euronext Growth”	the Euronext Growth securities market (formerly the Enterprise Securities Market) operated and regulated by the Irish Stock Exchange Plc (trading as “Euronext Dublin”).
“FCA”	the UK Financial Conduct Authority.
“Gross Portfolio Value”	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.

“Group”	the Company and its subsidiaries from time to time and, for the purposes of this document, including Esprit Capital Partners LLP and its subsidiaries and subsidiary undertakings.
“HMRC”	HM Revenue & Customs.
“IFRS” or “IFRSs”	International accounting standards in conformity with the requirements of the Companies Act 2006.
“IPO”	the Company’s listing on the London Stock Exchange’s AIM market and the Irish Stock Exchange’s Euronext Growth Dublin market on 15 June 2016.
“International Private Equity and Venture Capital Valuation Guidelines”/“IPEV Guidelines”	the International Private Equity and Venture Capital Valuation Guidelines, as amended from time to time.
“IRR”	the internal rate of return.
“NAV”	the value, as at any date, of the assets of the Company and/or Group after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company and/or Group from time to time.
“Ordinary Shares”	ordinary shares of £0.01 pence each in the capital of the Company.
“PwC”	PricewaterhouseCoopers LLP, a limited liability partnership registered in England and Wales under the registration number OC303525 and having its registered office at 7 More London Riverside, London, SE1 2RT.
“SVB”	Silicon Valley Bank.
“VC”	venture capital.
“VCT”	The VCT funds of Draper Esprit VCT Plc, under the management of Elderstreet. VCT being Venture Capital Trusts under the provisions of part 6 of the Income Tax Act 2007.

Shareholder notes

