

Draper Esprit VCT plc

Co-investing in the dealflow of one of Europe's leading venture capital groups, within a VCT tax wrapper.

Draper Esprit VCT – investing in early and later stage, growth focused technology companies.

Since the deal sharing association with Draper Esprit plc (which from 9 November 2021 is now Molten Ventures plc) was signed in November 2016, the prospects of this VCT have been transformed.

To date the VCT has invested over £38 million new technology companies via its co-investment approach with Molten Ventures plc. Already this new portfolio of technology investments is beginning to show some significant upside, having continued to pay dividends whilst also showing growth in the Net Asset Value (NAV) over the Covid-19 period in the two years to 30 September 2021.

High growth, technology focused investments

New investments will continue to expand the portfolio of high growth/high potential businesses with promising exit prospects via IPO or strategic M&A.

The main sectors where opportunities are expected to be identified are:

- Cloud, Enterprise and SaaS Technology
- Consumer Technology
- AI, Deeptech and Hardware
- Digital Healthcare and Wellness

Established portfolio, yielding VCT dividends

Investors in any new prospectus share issues or buying Draper Esprit VCT plc shares in the market will gain exposure to the existing portfolio, to the Fund's established distributable reserves, and to any potential tax free dividends paid in the future (current target 5% of NAV per annum).

Note that an interim dividend payable in March 2022 is expected to be announced although shares issued in this Offer will not be eligible to receive this dividend.

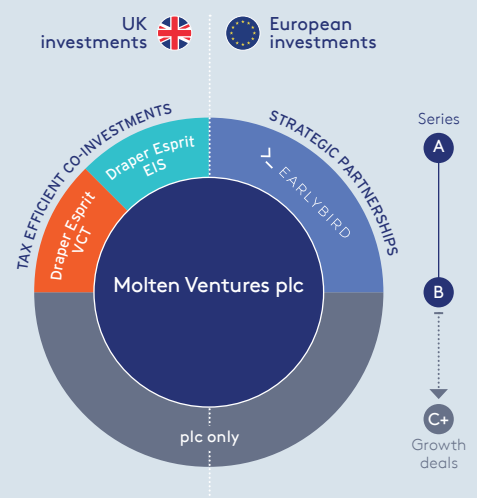
Co-investment model

Draper Esprit VCT plc will co-invest into qualifying opportunities alongside Molten Ventures plc, Draper Esprit EIS and syndicate partners. The co-investment model allows the pooling of multiple sources of capital to give the VCT access to larger investment rounds, and later stage opportunities within the confines of VCT qualifying conditions.²

Draper Esprit VCT continues to receive a high rating from Martin Churchill of Tax Efficient Review – a well-respected VCT analyst – with a score of **87/100**¹

Co-investment structure

The VCT (along with Draper Esprit EIS and Molten Ventures plc), will invest in VCT qualifying investments in UK and in non-UK companies that are VCT qualifying.
































The VCT (along with Draper Esprit EIS and Molten Ventures plc), will invest in VCT qualifying Series A and B rounds but, due to the VCT regulations, is unlikely to participate in Series C and beyond.

Draper Esprit plc (now Molten Ventures plc), the parent company of the VCT manager Elderstreet Investments Limited, is a leading venture capital investor in the UK and European new technology sector and a member of the FTSE 250 which it entered in September 2021 with a market capitalisation of £1.6 billion.

¹ Tax Efficient Review: November 2021.

² Investment allocation splits between the VCT, Molten Ventures plc and Draper Esprit EIS are determined periodically and based on a number of factors including (but not limited to) ensuring that Draper Esprit VCT plc continues to qualify as a VCT, tax, legal and regulatory considerations, capital available for deployment, forecast investment pipeline, applicable investment objectives and restrictions, investor base, and appetite for risk. Conflicts could arise between Draper Esprit VCT plc, Molten Ventures plc, and Draper Esprit EIS with respect to differing investment strategies, deployment and realisation needs, and the contemplated manner and timing of potential exits.

Draper Esprit VCT completed deals

| Sector split as % of the VCT technology portfolio by carrying value as at 30 September 2021 | | | Companies | | | |
|---|---------------------------------------|-----|---|---|---|--|
|  | Consumer Technology | 24% |  pollen  resolver |  crowdcube  Freetrade |  Unbound  PrimaryBid |  allplants  AGORA |
|  | Cloud, Enterprise and SaaS Technology | 32% |  Roomex.com  Thought Machine |  FORM3  Apperio |  SWEEPR  real eyes |  Droplet Computing |
|  | AI, Deeptech and Hardware | 15% |  river Lane  Ravelin |  FocalPoint  SATELLITEVU |  cervest |  hadean |
|  | Digital Health and Wellness | 29% |  PUSH DOCTOR |  evonetix |  endomag+ |  ieso digital health |

Key features

The VCT targets a potential tax free dividend yield of 5% of NAV per annum

Investment into an existing mature portfolio

Investors in either new prospectus share issues or buying on the market would gain immediate exposure to an existing portfolio.

As at 30 September 2021 the VCT had distributable reserves of over £18 million.

Experienced manager with strong track record

The VCT continues to enjoy re-rating. In November 2021 the VCT scored 87/100 from Martin Churchill of Tax Efficient Review, a well-respected VCT analyst, increasing its re-rating from 84/100 since January 2019 whilst for the past seven years running Draper Esprit EIS funds have continued to receive the highest rating with a latest score of 89/100.

Access to larger more mature growth opportunities

The VCT Board believes that the VCT, through the co-investment agreement, provides an excellent opportunity for Shareholders to participate in leading edge investments alongside the widely experienced network of Molten Ventures' associated funds and partners into bigger, as well as better, technology companies.

The VCT has particular expertise in growing businesses through a 'hands-on' investment style and, in aggregate with the Molten Ventures funds, prefers to be part of a syndicate which holds a sizeable stake and often the ability to elect to hold a board position in its portfolio companies.

Target tax-free income of around 5%

It is the VCT Board's objective to maximise dividends to Shareholders, subject to liquidity, the availability of sufficient distributable profits, capital resources and VCT regulations, and to target a dividend return of 5% per annum of NAV.

Further details on the potential yields are shown below.

Potential yield

The following table gives an illustration of potential returns to Ordinary Shareholders, assuming a dividend of either 2 pence, 3 pence or 4 pence per annum is paid, and the equivalent taxable yield grossed up for a taxpayer paying 40% or 45% tax on his income. These illustrations do not include initial VCT tax reliefs.

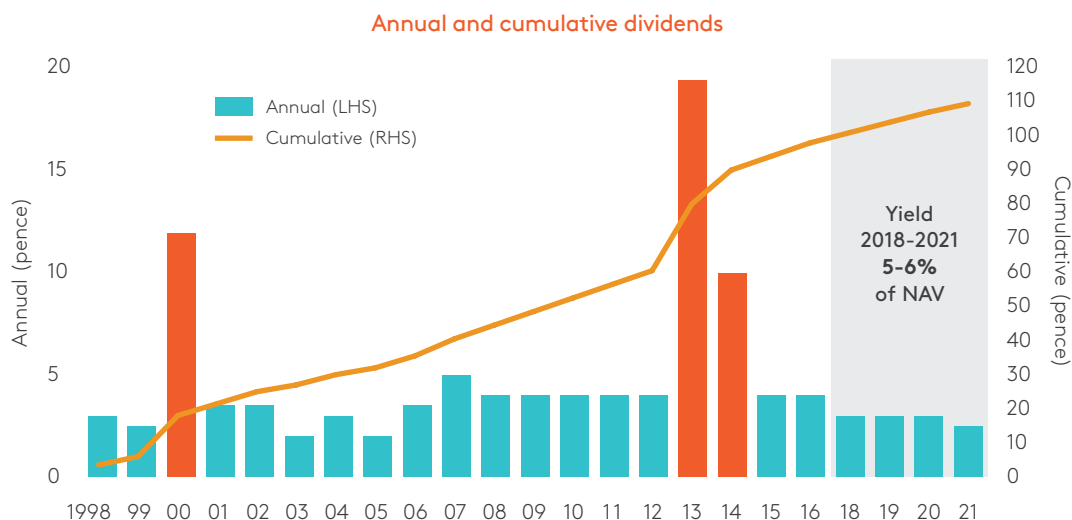
Illustration of potential return per Ordinary Share, excluding the initial tax relief

| Estimated Offer Price* (gross of tax relief) | Target annual dividend | Tax free yield per annum | Grossed up yield per annum | |
|---|------------------------|--------------------------|----------------------------|--------------|
| | | | 40% taxpayer | 45% taxpayer |
| 64.5p | 2.0p | 3.1% | 5.2% | 5.6% |
| 64.5p | 3.0p | 4.6% | 7.7% | 8.5% |
| 64.5p | 4.0p | 6.2% | 10.3% | 11.3% |

*Using an Estimated Offer Price of 61.0p being the 30 September 2021 NAV, adjusted for the maximum issue costs of 5.5%. Note that the NAV will be calculated prior to the allotment and adjusted for any dividend declared and unpaid prior to that allotment. No forecast or projection should be implied or inferred. Prospective investors will not be eligible for any past or declared dividends payable prior to allotment of new shares. The above has been set out for illustrative purposes only, is not guaranteed, is not necessarily a guide to future performance and no forecast or projection should be inferred.

Historic dividends

The VCT has paid a total of 109 pence in dividends since inception. These include special dividends for eligible investors when meaningful exits have occurred. These can be seen in the chart opposite as orange bars.



Portfolio allocation

The VCT will continue to invest predominantly in a diversified portfolio of companies in the technology sector.

Going forward, the anticipation is that average initial deal size will rise with a focus on the following technology sectors:



Consumer Technology

Companies with exceptional growth opportunities in international markets that are underpinned by new consumer facing products, innovative business models and proven execution capabilities.



Cloud, Enterprise and SaaS Technology

Companies developing the software infrastructure, applications and services that drive productivity improvements, convenience and cost reduction for enterprises.



AI, DeepTech and Hardware

Companies developing differentiated technologies that underpin advances in computing, consumer electronics and other industries.



Digital Healthcare and Wellness

Companies leveraging digital and other technologies to create new products and services for the health and wellness markets.

At 30 September 2021, the VCT had £26 million of cash. This represents 29% of the VCT's unaudited net assets as at 30 September 2021.

In October 2021, the VCT completed a new investment into Cervest for £1.3 million. At the time of writing, the Manager has entered into further binding commitments to invest £2.8 million into two new deals and £1.7 million into one follow-on deal. HMRC Advanced Assurance is awaited for these deals. An additional £5.6 million has been set aside for four new deals where term sheets have been signed and/or the process of drafting the legal documents is underway.

If all of these were to complete, the VCT's adjusted cash would be equal to approximately 17% of the 30 September 2021 unaudited NAV. The Manager expects a further three new deals to be committed

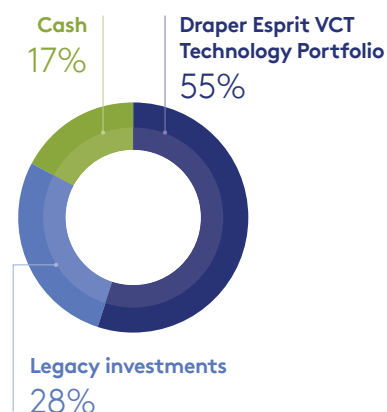
between the publication of the Prospectus and the first allotment of New Ordinary Shares to be made under the Offer. Together with running costs and an estimated, but not guaranteed, dividend which is expected to be paid in March 2022, the Manager expects cash to have fallen to approximately 10% of net assets by that point.

Consequently, if this offer is taken up in full (including the over-allotment facility), once invested, the VCT will have over £100 million of net assets of which over 78% will be allocated predominantly to technology investments, driven by Molten Ventures, one of the UK's leading technology investors.

As to the legacy portfolio, currently 90% of the legacy portfolio is made up of three companies. One is AIM quoted and the other two are private companies which have consistently paid dividends to the VCT.

Taking into account the current carrying value, partial realisations to date, repayment of loan stock, loan stock interest and dividends paid, these companies have returned in aggregate over 4.0x their cost.²

Managers forecast adjusted split of VCT NAV by value – at 30 September 2021



² Returns are realised capital and carrying value.

Sample portfolio companies

Enterprise & SaaS, Fintech



Thought Machine is a software business that is developing core banking systems for the modern era. This is large scale, mission critical, complex software.

Thought Machine's approach enables decades-old, legacy platforms to be replaced with scalable, internet-based technologies.

Customers include Lloyds Banking Group, SEB and Standard Chartered.

Thought Machine's founder is a successful, serial entrepreneur whose last business was acquired by Google.

www.thoughtmachine.net

Digital Health & Wellness



Endomag has developed unique, minimally-invasive, surgical guidance technology with an initial use in breast cancer surgery.

It uses a fluid with magnetic properties to replace the use of radioactive liquids, and a magnetic location marker to pinpoint a tumour and guide the surgeon to that tissue during an operation.

Endomag has enabled 100,000 procedures in 500 hospitals in 30 countries and is the subject of 12 clinical publications, all confirming its efficacy compared with current standards.

www.endomag.com

AI, DeepTech & Hardware



Ravelin provides a fraud detection and prevention platform that helps companies stop online payment fraud. It examines online behaviour coupled with payment details and other factors that are analysed using artificial intelligence (AI) techniques to block fraudulent transactions.

The Fund's investment in Ravelin was made during the coronavirus lockdown. That environment, and the large shifts to online purchasing, food delivery, etc. underlined the value that Ravelin's approach was able to deliver for its clients.

www.ravelin.com

Exit case study



Pod Point is a leading provider of EV (Electric Vehicle) charging points across the UK. Its products cover home charging, workplace charging and commercial charge points.

Draper Esprit plc first backed the company in 2017 and Draper Esprit VCT plc participated in a subsequent growth round investment in 2018. Pod Point was acquired by EDF Energy in 2020, yielding a 2.2x gross return and IRR of 63% for Draper Esprit VCT plc.

The adoption of electric vehicles accelerated rapidly during the lifetime of the investment and at 30 June 2021 Pod Point has powered over 715 million miles of electric charging.



2.2x gross return

Acquired by



Details of the Offer

Early Bird – 0.25% discount on the first £10 million of applications

Minimum Investment

£6,000 per investor – applications should be in multiples of £1,000.

Maximum Investment

£200,000 per investor in VCTs, in total, for the current tax year.

Initial Charge

3.0% of the amount subscribed.

Annual Costs

Total running costs (excluding performance fees) capped at 3.5%. Any excess will be borne by the Manager and Administrator through a reduction in their fees.

For the year ended 31 March 2021 the Total Expenses Ratio (TER) was 2.42%, for the year ended 31 March 2020, the TER was 2.84% and for the year ending March 2019 the TER was 2.89%.

Further information regarding the management of the VCTs and the performance fees is set out in the Prospectus.

Draper Esprit VCT plc is a public limited company (company number: 03424984). Registered office: 6th Floor St Magnus House, 3 Lower Thames Street, London, England, EC3R 6HD. Elderstreet Investments Limited is authorised and regulated by the Financial Conduct Authority, 20 Garrick Street, London WC2E 9BT. Telephone: 0207 931 8800. www.draperespritevct.com

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Risk Warning: This is a financial promotion for the purposes of the Financial Services and Markets Act 2000 (as amended) issued and approved by Elderstreet Investments Ltd, who is authorised and regulated by the Financial Conduct Authority. FCA No.148527. Prospective Investors should note that past performance should not be seen as an indication of future performance. The value of an investment can fall as well as rise and investors may not get back the amount originally invested. **Your capital is at risk.** Therefore, you should only make investments in the VCT which you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances; independent advice should therefore be sought. You are unlikely to be able to make a claim to the Financial Services Compensation Scheme (FSCS) about Draper Esprit VCT plc in the event that Draper Esprit VCT plc found itself in a position where it was unable to pay out.