

RNS Half-year/Interim Report



Interim Results

MOLTEN VENTURES PLC

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Draper Esprit plc

("plc", "Draper Esprit", "the Group" or the "Company")

INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2020

Draper Esprit (LSE: GROW, Euronext Growth: GRW), a leading venture capital firm investing in and developing high growth digital technology businesses, today announces its interim results for the six-month period ended 30 September 2020.

Financial highlights

- Gross Portfolio Value, even after significant cash realisations of £106m, of £702m (31 March 2020: £703m).
- 10% Gross Portfolio Value fair value growth in the six-month period to 30 September 2020 (six months to 30 September 2019: 12%).
- Net assets increased by 8% to £715m (31 March 2020: £660m).
- NAV per share increase to 600p (31 March 2020: 555p).
- £62m available plc cash, as well as £39m available from EIS/VCT funds.
- Cash realisations of £106m (six months to 30 September 2019: £23m).
- Profit after tax of £54m (£59m for the six months to 30 September 2019).
- Operating costs (net of fee income) continue to be less than the targeted 1% of period-end NAV.

Operational highlights

- Significant realisations during the period with proceeds of £106m, predominantly generated by the realisations of Peak Games and TransferWise (as well as escrows and partial disposals).
- Invested £32m in the period into 2 new companies, Cazoo and Ravelin, (and 2 via our partnership with Earlybird*), and 7 follow-ons (as well as a further 2 through our partnership with Earlybird*).
- Committed to 2 new seed funds, bringing the total seed fund of funds portfolio to 22. Total commitments of approximately £41m, with total drawn of £17m, of which £3m within the period. The majority of the remaining commitments will be drawn over 3-5 years.
- Increased and extended our revolving credit facility with SVB and Investec by 1 year to £60m.

Post period-end

- £110m additional gross capital raised by plc in an oversubscribed placing to new and existing investors.
- Deployment of £18m post period-end, including our investment into PrimaryBid.

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

Some of the above measures are Alternative Performance Measures ("APMs") - see note 21 to the condensed consolidated interim financial statements for further details

Martin Davis, CEO at Draper Esprit, commented:

"Despite the challenges of the pandemic, our investment process continues to deliver, with a portfolio value maintained at a record level even after over £100m of realisations.

We have also made significant progress in building the model which allows us to scale our delivery, support our talented partners to identify and nurture even more of the best opportunities in European technology.

We look forward to building on our strong first half performance with the goal of rewarding our investors further for their support."

Availability of Interim Report

The Interim Report for the period ending 30 September 2020 will be available today on Draper Esprit's website at <http://draperesprit.com/>.

-ENDS-

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If you would like to access the 9.00am results presentation, please contact Powerscourt at draperesprit@powerscourt-group.com for dial in details.

About Draper Esprit

Draper Esprit is one of the most active venture capital firms in Europe, investing in disruptive, high growth technology companies. We believe the best entrepreneurs in Europe are capable of building the global businesses of the future. We fuel their growth with long-term capital, access to international networks and decades of experience building businesses.

Currently, Draper Esprit is a shareholder in a diverse portfolio of 67 companies with 15 of those part of our core portfolio which accounts for over 60% of our holdings. Our core companies include Trustpilot, UiPath, Aircall, Graphcore and Revolut. We invest across four sectors: Consumer Technology, Enterprise Technology, Hardware and Deeptech, and Digital Health and Wellness, with highly experienced partners constantly looking for new opportunities in each. We look for high-growth companies with strong IP, powerful technology, and the management teams to deliver success. They operate in new markets, with serious potential for global expansion. We also look for businesses with the potential to generate strong margins to ensure rapid, sustainable growth in substantial addressable markets.

Draper Esprit provides an opportunity for public market investors to access these fast growing tech businesses, without having to commit to long term investments with limited liquidity. Since IPO in June 2016, we have deployed circa £450m+ capital into fast growing technology companies and have realised over £210m. In October 2020 we raised gross proceeds of circa £110m to help us capitalise on a European VC market which is expanding rapidly but is still less than one quarter of the combined size of the US and European market by value. It will also allow us to capitalise on the transition to a digital future that has been given added impetus as a result of the recent pandemic.

For more information, go to <https://draperesprit.com/>

STRATEGIC REPORT

Chief Executive's review

Overview

The six months to the end of September was my first complete six-month reporting period as CEO, having joined in November 2019. We entered it hoping for the global pandemic to be short-lived and exited it with governments worldwide still debating approaches to manage its impact.

When reporting our final results in June, I reflected on our priority being to support our existing portfolio in this difficult period and to identify those businesses with strong models which would continue to succeed and in some cases play an important role in the recovery of the world from this crisis. We are proud to have done precisely this, despite the day to day challenges facing our people. I am deeply grateful for their contribution to helping European VC invent the future at a time when we all hope for better, soon.

We also reflected on our belief that the recovery from the pandemic would accelerate the trends that our portfolio businesses focus on, and there is now plenty of evidence to support this. This, along with the ongoing rapid expansion of the European VC market, with much more expansion still to come, encouraged us to raise £110.0 million post period-end by way of an oversubscribed placing to accelerate our investment strategy. These funds, along with proceeds from strong exits in the period, and the availability of the full revolving debt facility of £60.0 million, will support us as we plan to increase our rate of investment to c. £120.0 million per annum to capture a greater share of the technology investment opportunities we see.

We were active in investing and in strengthening our business in a way which will now support accelerated deployment of capital into high growth, privately owned technology companies. Our activities and performance during the period should be viewed through this lens.

Operating review

We are a scalable platform building the model and infrastructure to enable us to capture the growing European market opportunities, whilst maintaining the integrity of our investment process.

We continue to explore ways to scale the co-investment model, which provides improved access to the best deals and third-party funds, as well as being a source of management fees. Our platform enables our investors to access the best deal flow across Europe, via our fund of funds programme, and across smaller and early stage investments and larger growth stage deals. Our evergreen model of a listed vehicle provides additional flexibility to build stakes in the top performing investments over time.

We continue to believe that the high standards of governance, oversight, and transparency to which we are held as a result of our listing are fundamental to our success at a time when the companies we invest in are increasingly mindful of who they choose to partner with. In this context, we have continued to implement our 12-month roadmap to progress our ESG journey as detailed below.

We have also continued to invest in best-in-class processes and capabilities, building on the expansion last year of our Partnership and Platform teams, as well as our HR, IT and legal functions.

In order to identify, attract and originate the most exciting technology prospects in Europe, the Group has worked to establish an internal dual-platform investment process. The Partnership team focuses on deals, our portfolio companies and their founders, while the Platform team focuses on optimising deal flow and collaborating with the entrepreneur community, other investors and the wider ecosystem. We continue to hire and grow our teams to complement the knowledge and experience already within the business.

Successful realisations

During the period, we generated £105.6 million of cash through realisations. The Company has announced fair value uplifts amounting to £23.0 million with respect to two exits, Peak Games and TransferWise.

The sale of Peak Games represented a significant return on our original investment. It also reinforced the value of our partnership with Earlybird, which provides us with a broader opportunity to invest in the best European technology companies on behalf of our shareholders.

The TransferWise disposal highlighted our focus on active management in the portfolio and was also an excellent example of a successful secondary transaction that enabled us to generate a healthy return on our initial investment in a relatively short space of time.

Investments

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

In the first six months, we invested at a reduced rate, though a healthy one in the context of the pandemic, deploying £32.3 million into new and existing portfolio companies (six months to 30 September 2019: £41.5 million). We invested £11.2 million of primary investment into new portfolio companies, Cazoo and Ravelin, £17.8 million in follow-ons into existing portfolio companies (and drawdowns relating to our partnership with Earlybird), and a further £3.3 million was drawn down as part of our fund of funds programme.

Sustainability

Our ESG Committee, established in the previous financial year, continues to implement our twelve-month roadmap to progress our ESG journey. This continues to be seen as a key focus by the Board with regular updates provided to them on progress against the roadmap by CFO, Ben Wilkinson, sitting as an executive sponsor on the ESG Committee.

Key activities within the period include the development and approval of the Group's Responsible Investment Policy, progression of the process of mapping our existing portfolio to the UN Sustainable Development Goals (of which a significant proportion aligned to the goals), and engagement of an external ESG consultant to support with training and ESG processes.

Summary

We have used the period to support our portfolio companies, further strengthen our high-quality portfolio and develop the model to support us to scale further while maintaining strong discipline over valuation process and methodology.

Despite the challenges of the pandemic, our investment process continues to deliver, with a gross fair value increase in the period of £72.7 million (gross fair value growth of 10%).

As part of the recent capital raising process we set out a clear set of priorities for deploying further capital. We have a strong portfolio from which we will back the emerging winners, as well as invest in new deal flow, and continue to support our seed funds strategy and Earlybird partnership, via a planned investment in Earlybird Fund VII. With a stronger balance sheet, we can lead more deals and increase our average equity holdings over time. We also recognise the potential opportunity to raise capital alongside company investment via a growth fund. Third party funds alongside Draper Esprit investment would provide a greater ability to lead deals and secure influence and allocation while management fees would provide additional income to reduce our cost base.

Outlook

We believe there is significant opportunity to deploy further capital driven by a growing European venture capital market, and an accelerated transition to digital driven in part by the COVID-19 pandemic. However, we remain mindful of market uncertainty and increased pressures on the global economy resulting from the ongoing pandemic. Our unique model positions us well to realise value for shareholders, even in highly uncertain times, from the fast growth in European private technology businesses. Our investment into infrastructure will allow us to scale while maintaining the discipline for which we have become known.

We have performed well in the first half of the year and we feel well placed for continuing momentum into the full year.

Martin Davis

Chief Executive Officer

Portfolio review

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

During the six-month period ended 30 September 2020, against the backdrop of the continuing uncertainty resulting from the COVID-19 pandemic, the Group has seen strong exits resulting in the receipt of proceeds of £105.6 million, mostly generated from the disposal of two core companies, Peak Games and TransferWise. Further to this, the gross portfolio has returned a 10% fair value growth during the period, and we believe we have good momentum for the full financial year. The current COVID-19 related environment has accelerated the transition to digital which in turn is benefiting the business models of much of our portfolio.

Portfolio

As at 30 September 2020, the Gross Portfolio Value (gross value of the Group's investment holding before deductions for carry and deferred tax) is £702.4 million (31 March 2020: £702.9 million) following proceeds of £105.6 million received from realisations during the period (which reduces the size of the portfolio), investments of £32.3 million during the period and a gross fair value movement of £72.7 million. The Gross Portfolio Value Table in the Interim Financial Review provides further detail on the movements in the portfolio.

Fifteen core holdings represent over 60% of the Gross Portfolio Value. The core holdings as at 30 September 2020 are Trustpilot, Graphcore, UiPath, Ravenpack, M-files, Aircall, Revolut, Smava, Perkbox, Ledger, ThoughtMachine, SportPursuit, ICEYE, Aiven, and, following investments in its Series C and Series D in the period, Cazoo is now also a core holding. SportPursuit returns to the core in this period, while Finalcad was in the core at 31 March 2020 but falls below the threshold for the core in this period. Peak Games and TransferWise were also formerly core holdings but were fully realised during the period.

Investments

£32.3 million was invested by Draper Esprit plc between 1 April 2020 and 30 September 2020. This represents a reduced rate to our anticipated cadence as the impacts of the COVID-19 pandemic were assessed. A further £17.7 million was invested from EIS/VCT funds. Of the £32.3 million invested during the period, £11.2 million was invested in new portfolio companies, £17.8 million was invested in follow-ons into existing portfolio companies (and drawdowns relating to our partnership with Earlybird), and £3.3 million of this was drawn down within our fund of funds strategy.

New investments

During the period, plc invested in 2 new portfolio companies (as well as 2 via our partnership with Earlybird), both of which benefit from increased online activity:

- **Cazoo** - Draper Esprit invested 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 participated in Cazoo's £240.0 million Series D round; and
- **Ravelin** - Draper Esprit led a US\$20.0 million Series C investment round in Ravelin, a fraud detection company. 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.

We also invested in a range of new investments via our partnership with Earlybird, including Conny GmbH (ex LexFox GmbH), a Berlin-based Legal Tech company that enforces consumer rights across multiple verticals, and Curio Labs Limited, the London-based company building a global platform for curated journalism, consumed over audio.

Follow-on investments

The Group continued to support existing portfolio companies and made 7 follow-on investments (as well as 2 via our partnership with Earlybird), notably:

- **Push Doctor** - £2.9 million invested into Push Doctor, providing online doctor and prescription services in the UK, as an extension to their Series C round;
- **Pollen** - £1.3 million invested into Pollen (formerly Verve), building a global platform to enable users to discover and buy aspirational brands from their network;
- **Form3** - £0.9 million invested during the period into Form3, the leading cloud-native payment and technology provider for banks and regulated fintechs, as part of their US\$33.0 million strategic investment round. Alongside the plc, the EIS/VCT funds

invested £3.1 million during the period; and

- **Aircall** - £0.8 million invested into Aircall, the cloud-based call centre software for teams, as part of a US\$65.0 million Series C round led by DTCP.

Investments made via our partnership with Earlybird included GetSafe GmbH, a Heidelberg-based company which uses AI to manage insurance via smartphones, and space tech company, Isar Aerospace Technologies GmbH.

Seed funds

We continue with our fund of funds strategy allowing us to identify Series A and B investment opportunities early as well as supporting seed stage funding across Europe, with commitments made to 2 new funds during the period:

- **DraperB1** (early stage, Spanish ecosystem) - Valencia-headquartered Draper B1 Fund III is the third venture capital fund intended to invest in technology-based start-ups in the seed phase. Draper Esprit has committed US\$0.5 million into the fund; and
- **EKA Ventures** (early stage, focus on companies with positive societal impact) - EKA Ventures invests in consumer technology companies building a healthy, inclusive and sustainable economy. Draper Esprit has committed £1.0 million into the fund.

Including the 2 new funds during the period, plc has committed a cumulative total of approximately £40.6 million to 22 funds with a total drawn to 30 September 2020 of £16.6 million, of which £3.3 million was drawn during the current period.

Realisations

Proceeds of £105.6 million were received during the period to 30 September 2020 from the full realisations of our holdings in Peak Games (via our partnership with Earlybird) and TransferWise, as well as partial disposals of UiPath (via our partnership with Earlybird) and escrow proceeds from disposals in previous periods of Clavis and Podpoint.

We announced our disposal of Peak Games in June 2020, following confirmation by Zynga Inc that it would enter into an agreement with Earlybird to acquire Istanbul-based mobile games developer Peak Games 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.

The 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.

Post period-end

Post period-end, we have continued to see a strong pipeline of investments and have deployed £18.3 million post period-end, including our investment co-leading PrimaryBid's Series B round. PrimaryBid is a technology platform that allows retail investors fair access to public companies raising capital.

Core portfolio updates

Aircall

Aircall is a cloud-based call centre system. It is headquartered in Paris and New York. It has more than 300 employees, is available in over 80+ countries, with 60,000 users world-wide.

In May 2020, demonstrating the value of the product to provide its customers with integrations, flexibility, productivity tools, Aircall raised US\$65.0 million in Series C funding, led by DTCP with participation from new investors Swisscom and Adam Street. Existing investors including Draper Esprit, eFounders, Balderton Capital and NextWorld participated in the round. This most recent round brings the company's total funding to date to over US\$100.0 million and will be used to expand with more developers, a bigger sales team, and a new office in Australia.

The company's new customers include food delivery startup Door Dash Inc. Aircall is adding features to improve sales and service, such as features that analyse the emotion in customers voices.

Invested: £10.7 million

Investment valuation: £23.3 million

Aiven

Aiven, the data infrastructure management platform, 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 8 open-source products, 6 Cloud platforms, and covers 87 regions with headquarters in Boston, Berlin, Sydney, and Helsinki.

The company released Kafka MirrorMaker 2 as a stand-alone service, enabling enterprises to access the Apache Kafka ecosystem more easily. In July it announced the launch of Karapace, an open-source tool that serves as a drop-in replacement for Confluent's Kafka REST and Schema Registry. Aiven announced two executive hires, VP of marketing and VP of sales EMEA to fuel Aiven's global expansion.

Invested: £5.0 million

Investment valuation: £12.8 million

Cazoo

Cazoo is one the UK's fastest-growing digital businesses and leading online car retailers. Launched in 2018 by founder Alex Chesterman, founder of LoveFilm and Zoopla, the company allows customers to research and purchase cars online. The cars can be delivered to customers' homes or picked up at customer centres with 11 locations across the UK with 3 more opening shortly.

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

The company has a team of over 700 employees and growing, and appointed Fern Wake as COO and Stephen Morana as CFO in June 2020.

Invested: £10.0 million

Investment valuation: £17.5 million

Graphcore

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

In July 2020 the IPU developer launched a new chip, the GC200, and a new IPU Machine that runs on it, the M2000, which Graphcore says is the first AI computer to achieve a petaflop of processing power "in the size of a pizza box." Post period-end Graphcore released new polar SDK 1.3, which includes new optimisations and improvements to help developers run their models faster and more efficiently.

With 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.

Invested: £13.7 million

Investment valuation: £80.5 million

ICEYE

Commercial radar imaging satellite company, ICEYE, provides imaging services, designed to deliver frequent coverage, both day and night, to help clients resolve challenges in sectors such as maritime, disaster management, insurance, and finance.

During the period, ICEYE raised a US\$87.0 million Series C round with participation from return investors True Ventures, OTB Ventures, Finnish Industry Investment (Tesi), Draper Esprit, DNX Ventures, Draper Associates, Seraphim Capital, Promus Ventures and Space Angels. The funding round was joined by New Space Capital and Luxembourg Future Fund. The European Investment Fund (EIF) participated both as advisor to Luxembourg Future Fund and as investor through the InnovFin For Equity (IFE) programme, which is backed by the European Commission.

The company has successfully launched 5 satellite missions, starting with the first ever small SAR satellite launched in January 2018. ICEYE plans to launch 4 additional SAR satellites this year and is on course to launch at least an additional 8 in 2021.

The company provides radar imaging data from its commercial synthetic-aperture radar (SAR) satellite constellation to the International Charter: Space and Major Disasters for use in monitoring and response activities. ICEYE provides these images to the Charter's Authorised Users to enable wider and more timely information access for disaster events worldwide. The European Space Agency (ESA) also announced ICEYE as a data provider under assessment through its Earthnet Third Party Mission programme.

Invested: £7.5 million

Investment valuation: £14.0 million

Ledger

Ledger, the cryptocurrency and blockchain hardware security wallet successfully launched the Nano X product and Ledger live companion software. The Nano X received CSPN (First Level Security Certificate) certification issued by the National Agency for Information Systems Security (ANSSI). The Ledger Vault continues to be sold across Europe, Asia, and the US as an enterprise solution, and the company is committed to furthering its pursuit of partnerships like the ones with Engie, the French multinational electric utility business, and Nomura, to augment the ways in which its technology can support IOT applications.

The company launched a new capability allowing for crypto assets to be secured, bought, managed, and exchanged directly through Ledger Live via its partner Changelly. Ledger also announced support for Algorand (ALGO) and Algorand Standard Assets (ASA) in its software application, Ledger Live, bringing the total amount of supported coins to 27 and more than 1500 tokens.

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

Invested: £17.7 million

Investment valuation: £17.7 million

M-Files

Intelligent information management platform, M-Files, organises customers' content with the ability to connect to existing network folders and systems to enhance them with the help of AI to categorise and protect information.

M-Files was named 2020 Top Rated Enterprise Content Management ("ECM") Software by End-Users on TrustRadius. The company received one of the highest overall rankings, including top scores for product scalability, and likelihood to renew. It also was named a "Leader" in the 2020 Nucleus Research Content Manager Value Matrix Report, which marks the seventh consecutive year that M-Files has achieved "leader" status earning the highest recognition for both usability and functionality.

The company has expanded a number of its strategic international partnerships with Iron Mountain, Fulton Hogan, Devoteam Management Consulting Denmark, and Fuji Xerox Asia Pacific Pte LTD. It has also received SOC 3 accreditation, certifying it is in compliance with the Trust Services Criteria of security, availability and confidentiality developed by the American Institute of CPAs (AICPA).

Invested: £5.0 million

Investment valuation: £27.0 million

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.

In the period, Perkbox secured new partnerships with Action Aid, Dakota Hotel, Igloo Energy, and Landmark, while existing partners Gymshark and Krispy Kreme have enhanced their benefits.

Invested: £14.0 million

Investment valuation: £18.6 million

Ravenpack

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

In October 2019 the business raised a Series B Round of US\$10.0 million from the technology advisory and investment firm GP Bullhound. Ravenpack has used the funds to expand to Asia, establishing an office in Sydney, Australia and to diversify their product offering to better serve corporate customers.

Ravenpack has announced partnerships with both Wall Street Horizon, a leading provider of market-moving corporate event data, and Cosaic, a leader in the field of interactive visualization tools. The company has also launched an Insider Transactions Data Solution and a free 2020 US Election Media Monitoring Insights and free Coronavirus monitoring insights.

Invested: £7.5 million

Investment valuation: £31.9 million

Revolut

In September 2020 fintech company, Revolut, celebrated 3 years of business and 500k business customers since its launch in 2017. The company currently boasts 12 million+ personal customers, is supported in 35 countries and has 30+ in-app currencies.

In February 2020, Revolut raised a US\$500.0 million Series D round led by TCV, which was subsequently topped up in July by a further US\$80.0 million by TSG Consumer Partners. The funding has enabled the company to build new products, grow into new markets, enhance its existing product suite for existing users, and to further develop the company's operational infrastructure to support its continued growth.

During the period, Revolut has launched Revolut Jr. for under 17s to help teach financial literacy and money management to children at a young age and delivered a number of accounting software integrations on Revolut Business including Clearbooks, Sage in the UK, QuickBooks in France, and Bullet in Ireland. Revolut Business perks now include Indeed, Zipcar, Advertio, PayFit UK, and Covve Scan. The company also introduced SEPA Instant Euro Transfer on Revolut Business, and launched in Australia and Japan.

Invested: £7.4 million

Investment valuation: £21.9 million

Smava

Online lending platform, Smava, provides easy access to the best conditions for consumer loans from more than 25 banks. The company is the largest specialised loan marketplace in Germany, providing access to over €3.0 billion a year in loans.

In May, 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 loans 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. On average, Smava borrowers pay about 35 percent less interest than the German national average.

The company also announced a new partnership with Commerzbank.

Invested: £14.5 million

Investment valuation: £18.7 million

SportPursuit

SportPursuit is a membership-based eCommerce business using data to inspire consumers to treat themselves to the best products from the world's best sports and outdoor brands at unbeatable prices in a premium, content-rich, personalised environment.

Sales are focused on outdoor, running, snowsports, triathlon, cycling, and health & wellbeing. The company works with over 1,000 top sport and outdoor brands like Rapha, Arc'teryx, Garmin, Spyder, and Rab to deliver market-beating prices to their members-only platform. In addition, the business has built a portfolio of high-quality, owned brands.

Data is at the heart of every aspect of the business, from recruiting new customers to delivering 1-2-1 personalised content to their audience. The proprietary technology platform uses sophisticated algorithms and artificial intelligence to surprise and delight SportPursuit's customers, delivering market leading retention rates and CLTV / CAC.

SportPursuit continues to contribute to the preservation of the great outdoors through their partnership with Size of Wales which works with the Welsh Government, partners in Uganda, and experts in Wales to deliver tree planting programs in Uganda and Kenya. In the last year, SportPursuit have funded the planting of 100,000 trees.

Invested: £5.6 million

Investment valuation: £14.3 million

Thought Machine

Thought Machine offers cloud native core banking infrastructure to both incumbent and challenger banks. The company's technology provides an alternative more flexible cloud-based solution 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 US\$42.0 million extension was led by Eurazeo, with British Patient Capital and SEB also joining the round as new investors. Former HSBC Group COO Andy Maguire joined as new Chairman in September of this year.

The business' core offering, Vault, now runs on every major cloud infrastructure provider including Google Cloud Platform, Amazon Web Services, Microsoft Azure and IBM Cloud. In addition, Vault can be deployed on either the bank's choice of cloud provider, on premise, in a hybrid cloud using Red Hat OpenShift, or as a SaaS product.

Monese and Curve, the popular pan-European fintechs have announced they will be adopting Thought Machine's platform, Vault.

Thought Machine was selected to join the Mastercard StartPath programme, an industry collaboration which convenes banks, merchants and startups to scale new technology solutions for the financial services and payments industries.

The company has also been awarded ISO 27001 certification: a globally recognised standard for information security practices which covers the full spectrum of people, processes and technology.

Invested: £16.5 million

Investment valuation: £17.4 million

Trustpilot

Online global review site, Trustpilot, has tracked over 100 million reviews, of over 400,000 companies since it launched in 2007. With offices in Copenhagen, London, New York, Denver, Berlin, Melbourne and Vilnius, Trustpilot's 750 employees represent more than 40 different nationalities.

In July, founder Peter Mühlmann announced new initiatives to 'fight for trust online' in his Trust promise. The initiatives, set to be implemented by the end of 2020, demonstrate Trustpilot's ongoing commitment to leading the reviews industry, which remains useful for, and trusted by, both consumers and businesses.

Trustpilot announced the creation of a new global R&D and Innovation Hub in Edinburgh, Scotland, to develop new, world-leading technology that proactively tackles the behaviour that threatens trust online. The Hub is being supported through a £1.8 million R&D grant from Scottish Enterprise, bringing new investment into Scotland's leading digital and technology sector with the aim to initially create 30 new advanced data science jobs as well as a number of new local partnerships in Edinburgh over the course of the next three years.

Invested: £29.7 million

Investment valuation: £80.9 million

UiPath

In July, UiPath, the robotic process automation (RPA) software company raised a US\$225.0 million Series E Round led by Alkeon Capital Management. Other participants included Accel, Coatue, Dragoneer, IVP, Madrona Venture Group, Sequoia Capital, Tencent, Tiger Global and Wellington. At over US\$400.0 million in ARR, UiPath is one of the fastest growing enterprise software companies worldwide.

UiPath earned the number 3 spot on Forbes 2020 Cloud 100, the definitive ranking of the top 100 private cloud companies in the world. Published annually by Forbes in partnership with Bessemer Venture Partners and Salesforce Ventures, the Cloud 100 has recognized UiPath on the strength of its market leadership, its culture and valuation, and revenue and growth for the third year in a row. The company was also named a 2020 CNBC Disruptor 50, and positioned by Gartner, Inc. as a leader in the 2020 "Magic Quadrant for Robotic Process Automation".

The company has created a Legal Automation Task Force to drive the development and implementation of end-to-end legal automation solutions in legal and compliance departments and corporations and has launched a virtual streaming solution that allows customers, prospects, and partners to explore enterprise automation solution showcases, attend demos and participate in workshops as part of a fully remote UiPath Immersion Lab experience.

The company has made enhancements to its Business Partner Program to enable organizations around the world to leverage the power of hyper automation, and is offering new training, certification, and marketing programs for business partners through the launch of its UiPath Services Network (USN). It also announced it would be working with Deloitte to deliver Deloitte Intelligent Document Processing (DIDP).

In October, 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. In response to the COVID-19 pandemic, the company launched a 1-hour Academy Live programme for children aged 8-13 to learn about software robots and the functions they can perform.

Invested: £10.3 million

Investment valuation: £36.7 million

Interim financial review

The six-month period to 30 September 2020 created challenges brought about by the COVID-19 pandemic but ultimately contained many bright spots with the initial robustness of the underlying portfolio being reinforced by enhanced opportunity. At the corporate level we delivered a strong period of cash realisations, increased the size of the revolving credit facility, and raised further equity to take advantage of the growing opportunities in the European venture capital market.

We ended the period with a strong liquidity position of £62.1 million of plc cash (including restricted cash) complemented by £39.2 million of available cash resources from EIS/VCT, £60.0 million undrawn on the revolving credit facility (increased and extended by 1 year to £60.0 million in June 2020), as well as proceeds post period-end of £106.6 million net of fees (£110.0 million gross) from the fundraise announced in October 2020. During the period, £105.6 million of proceeds were received from exits (including escrows).

Portfolio valuation

The Gross Portfolio Value as at 30 September 2020 is £702.4 million (31 March 2020: £702.9 million). Proceeds of £105.6 million were received from realisations (including escrows) during the period. Investments of £32.3 million were made and a gross fair value movement was recognised of £72.7 million, including the impact of currency movement during the period (10% gross fair value growth).

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 £644.8 million (31 March 2020: £657.3 million), which is reflected in the condensed consolidated interim statement of financial position as a financial asset held at fair value through profit or loss. The Gross Portfolio Value Table below reflects the gross and net movement in value of the portfolio during the period. The net fair value gain on investments of £56.4 million is reflected in the consolidated statement of comprehensive income.

A deferred tax provision of £6.6 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 condensed consolidated interim statement of financial position. Carry balances of £51.4 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.

Value drivers in the period have been a combination of realisations and funding rounds with third party investors at higher values, as well as revenue growth in the underlying portfolio businesses. Key movements in the period include Peak Games (increased value on realisation), UiPath, Trustpilot, M-Files and Cazoo.

Condensed consolidated interim statement of financial position

Net assets have increased by 8.4% to £714.7 million from 31 March 2020 (31 March 2020: £659.6 million). £105.6 million of proceeds for realisations and escrow payments were received during the period, facilitating the repayment of drawn amounts on the revolving credit facility with Silicon Valley Bank and Investec. Performance on target from the portfolio during the period has led to a net fair value uplift of £56.4 million, which has translated through to equivalent NAV growth.

The consolidated cash balance at 30 September 2020 is £62.1 million, including £2.3 million of restricted cash. The cash balance has increased by £28.0 million since 31 March 2020 (31 March 2020: £34.1 million) as a result of £105.6 million of realisations, offset by investments made of £32.3 million and repayments of the revolving credit facility of £45.0 million, and other operational and financing related cash movements.

In June 2020, the plc's revolving credit facility was extended and increased by 1 year to £60.0 million. As a revolving credit facility, drawdowns and paydowns will continue to be driven by portfolio investments and realisations. With the facility undrawn, there is no borrowing liability recognised on the condensed consolidated interim statement of financial position as at 30 September 2020. The balance recognised under borrowings of £0.5 million relates to the capitalised fees from the setup and extension of the facility, which are being amortised over its life. Plc has been in compliance with all covenants throughout the duration of the facility and at 30 September 2020.

Condensed consolidated interim statement of comprehensive income

Investment income for the period ended 30 September 2020 comprises £56.4 million of unrealised investment gains (six months to 30 September 2019: £57.6 million) and fee income of £6.1 million (six months to 30 September 2019: £5.5 million), which is generated from management fees and director fees. General and administration costs are £6.6 million (six months to 30 September 2019: £5.0 million), the majority of which relate to employee costs. Net operating costs (net of fee income) as a percentage of NAV are substantially less than our target of 1%.

Post-balance sheet events

An oversubscribed fundraise was announced post period-end in October 2020, in which Draper Esprit raised proceeds of £106.6 million net of fees (£110.0 million gross).

Ben Wilkinson

Chief Financial Officer

Gross Portfolio Value table

	Investments	Fair Value		Movements	Fair Value	Interest
		of investments	Investments			
		31-Mar-20		(Ireland) Limited	30-Sep-20	category*
		£m	£m	£m	£m	at reporting date
1	Trustpilot	65.3	-	-	15.6	C
2	Graphcore	86.8	-	-	(6.3)	A
3	Ui Path	28.0	-	(2.5)	11.2	A
4	Ravenpack	30.9	-	-	1.0	D
5	M-files	20.0	-	-	7.0	B
6	Aircall	24.3	1.0	-	(2.0)	B
7	Revolut	21.9	-	-	-	A
8	Smava	16.7	-	-	2.0	B
9	Perkbox	19.9	-	-	(1.3)	C
10	Ledger	17.7	-	-	-	B
11	Cazoo	-	10.0	-	7.5	A
12	Thought Machine	17.4	-	-	-	B

13	SportPursuit	11.1	-	-	-	3.2	14.3	E
14	ICEYE	14.0	-	-	-	-	14.0	A
15	Aiven	12.8	-	-	-	-	12.8	B
	Remaining portfolio	314.4	21.3	(103.1)	-	34.4	267.0	-
	Total	701.1	32.3	(105.6)	-	72.3	700.2	
	Co-invest assigned to plc	1.8	-	-	-	0.4	2.2	
	Gross Portfolio Value	702.9	32.3	(105.6)	-	72.7	702.4	
	Carry external	(40.6)	-	-	-	(10.8)	(51.4)	
	Portfolio deferred tax	(5.3)	-	-	-	(1.3)	(6.6)	
	Trading carry & co-invest	0.3	-	-	-	0.1	0.4	
	Draper Esprit (Ireland) Limited	0.0	-	-	4.3	(4.3)	0.0	
	Net portfolio value	657.3	32.3	(105.6)	4.3	56.4	644.8	

* 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%

Condensed consolidated interim statement of comprehensive income

for the period ended 30 September 2020

	Notes	Unaudited Period Ended 30 Sep 2020 £'000s	Unaudited Period Ended 30 Sep 2019 £'000s	Audited Year Ended 31 March 2020 £'000s
Change in unrealised gains on investments held at fair value through the profit and loss	10	56,416	57,646	40,755
Fee income		6,053	5,480	11,255
Total investment income		62,469	63,126	52,010
Operating expenses				
General administrative expenses		(6,611)	(5,005)	(9,810)
Depreciation and amortisation		(310)	(219)	(520)
Share based payments - resulting from Company share option scheme		(283)	(442)	(990)
Investment and acquisition costs		(121)	(45)	(239)
Total operating costs		(7,325)	(5,711)	(11,559)
Profit from operations		55,144	57,415	40,451
Finance (expense)/income				
Net finance (expense)/income	6	(1,534)	1,288	(68)
Operating profit before tax		53,610	58,703	40,383
Income taxes	13	199	-	(17)
Profit for the period/year		53,809	58,703	40,366
Other comprehensive income/(expense)		-	-	-
Total comprehensive income for the period/year		53,809	58,703	40,366
Profit attributable to:				
Owners of the parent		53,809	58,307	39,707
Non-controlling interest [^]		-	396	659
Earnings per share attributable to owners of the parent:				
Basic earnings per weighted average shares (pence)	7	45	49	34
Diluted earnings per weighted average shares (pence)	7	45	47	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.

The notes below are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 30 September 2020

	Notes	Unaudited 30 Sep 2020 £'000s	Unaudited 30 Sep 2019 £'000s	Audited 31 March 2020 £'000s
Non-current assets				
Intangible assets	8	9,977	10,079	10,028

Investments in associates	9	258	258	258
Financial assets held at fair value through the profit or loss	10	644,809	638,452	657,333
Property, plant and equipment		1,596	1,823	1,760
Total non-current assets		656,640	650,612	669,379
Current assets				
Trade and other receivables		3,734	8,357	7,719
Cash and cash equivalents		59,870	43,654	32,255
Restricted cash	12	2,255	1,878	1,883
Total current assets		65,859	53,889	41,857
Current liabilities				
Trade and other payables		(6,708)	(5,361)	(5,038)
Lease liabilities	16	(372)	(310)	(358)
Total current liabilities		(7,080)	(5,671)	(5,396)
Non-current liabilities				
Deferred tax	13	(412)	(621)	(611)
Loans and borrowings	12	536	(19,538)	(44,636)
Lease liabilities	16	(805)	(1,176)	(975)
Total non-current liabilities		(681)	(21,335)	(46,222)
Net assets		714,738	677,495	659,618
Equity				
Share capital	14	1,192	1,179	1,189
Share premium account	14	401,752	395,747	400,726
Merger relief reserve		13,097	13,097	13,097
Share-based payments reserve - resulting from Company share option scheme	15	2,621	2,155	2,339
Share-based payments reserve - resulting from acquisition of subsidiary	15	10,823	10,823	10,823
Retained earnings		285,253	254,044	231,444
Equity attributable to owners of Draper Esprit Plc		714,738	677,045	659,618
Non-controlling interests [^]		-	450	-
Total equity		714,738	677,495	659,618
Net assets per share (pence)	7	600	574	555

[^] On 10 March 2020, the Group acquired the remaining interest in Encore Ventures LLP and as such no equity is attributable to non-controlling interest after 10 March 2020.

The condensed interim financial statements were approved by the Board of Directors and authorised for issue on 27 November 2020.

B.D. Wilkinson
Chief Financial Officer

The notes below are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

for the period ended 30 September 2020

	Notes	Unaudited Period 30 Sep 2020 £'000s	Unaudited Period 30 Sep 2019 £'000s	Audited Year 31 March 2020 £'000s
Cash flows from operating activities				
Profit after tax		53,809	58,703	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	10	(56,416)	(57,646)	(40,755)
Depreciation and amortisation		310	219	520
Share-based payments - resulting from Company share option scheme	15	283	442	990
Net finance expense/(income)		1,534	(1,288)	68
Decrease/(Increase) in trade and other receivables and other working capital movements		292	(3,525)	(2,886)
Increase/(decrease) in trade and other payables and other working capital movements		1,314	402	79
Purchase of investments		(32,343)	(41,453)	(89,935)
Proceeds from disposals in underlying investment vehicles		105,565	22,674	39,533
Net loans made (to)/returned from underlying investment vehicles and Group companies		(771)	(3,751)	(8,541)
Net cash used in operating activities		73,577	(25,223)	(60,561)
Tax paid		-	(10)	(3)
Net cash (outflow) from operating activities		73,577	(25,233)	(60,564)
Cash flows from investing activities				

Purchase of property, plant and equipment		(95)	(267)	(368)
Interest received	6	187	100	289
Net cash (outflow)/inflow from investing activities		92	(167)	(79)
Cash flows from financing activities				
Cash paid to non-controlling interests		-	(180)	(893)
Net borrowing cash movements	12	(46,386)	19,401	43,588
Repayments of lease liabilities	16	(220)	(109)	(166)
Net equity cash movements		973	(36)	660
Net cash (outflow)/inflow from financing activities		(45,633)	19,076	43,189
Net (decrease)/ increase in cash & cash equivalents		28,036	(6,324)	(17,454)
Cash and cash equivalents at beginning of period/year		34,138	50,358	50,358
Exchange differences on cash and cash equivalents		(49)	1,498	1,234
Cash and cash equivalents at end of period/year		59,870	43,654	32,255
Restricted cash at period/year end		2,255	1,878	1,883
Total cash and cash equivalents and restricted cash at period/year end		62,125	45,532	34,138

The notes below are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

for the period ended 30 September 2020

Unaudited	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve - resulting from Company share option scheme £'000s	Share-based payments reserve - resulting from acquisition of subsidiary £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 31 March							
2020	1,189	400,726	13,097	2,339	10,823	231,444	659,618
Comprehensive income for the year							
Profit for the period	-	-	-	-	-	53,809	53,809
Total comprehensive income for the period	-	-	-	-	-	53,809	53,809
Contributions by and distributions to the owners:							
Issue of share capital (note 14)							
	3	-	-	-	-	-	3
Share premium (note 14)							
	-	1,026	-	-	-	-	1,026
Merger relief reserve							
	-	-	-	-	-	-	-
Net movements in share based payments - resulting from Company share option scheme (note 15)							
	-	-	-	282	-	-	282
Balance at 30 September 2020							
	1,192	401,752	13,097	2,451	10,823	285,253	714,738

Unaudited	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve - resulting from Company share option scheme £'000s	Share-based payments reserve - resulting from acquisition of subsidiary £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non-controlling interests £'000s	Total equity £'000s
Balance at 31 March									
2019	1,179	395,783	13,097	1,713	10,823	195,737	618,332	234	618,566
Comprehensive income for the year									
Profit for the period	-	-	-	-	-	58,307	58,307	396	58,703
Amounts paid to non-controlling interest	-	-	-	-	-	-	-	(180)	(180)
Total comprehensive income for the period	-	-	-	-	-	58,307	58,307	216	58,523
Contributions by and distributions to the owners:									
Issue of share capital (note 14)									
	-	-	-	-	-	-	-	-	-
Share premium (note 14)									
	-	(36)	-	-	-	-	(36)	-	(36)

Merger relief reserve	-	-	-	-	-	-	-	-	-
Net movements in share based payments - resulting from Company share option scheme (note 15)	-	-	-	442	-	-	442	-	442
Balance at 30 September 2019	1,179	395,747	13,097	2,155	10,823	254,044	677,045	450	677,495

Audited	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve - resulting from Company share option scheme £'000s	Share-based payments reserve - resulting from acquisition of subsidiary £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non-controlling interests £'000s	Total equity £'000s
Balance at 31 March 2019	1,179	395,783	13,097	1,713	10,823	195,737	618,332	234	618,566
Comprehensive Income for the year									
Profit for the year	-	-	-	-	-	39,707	39,707	659	40,366
Amounts withdrawn by non-controlling interest	-	-	-	-	-	-	-	(893)	(893)
Total comprehensive income for the year	-	-	-	-	-	39,707	39,707	(234)	39,473
Contributions by and distributions to the owners:									
Adjustment for Encore Ventures acquisition	-	-	-	-	-	(4,000)	(4,000)	-	(4,000)
Issue of share capital (note 14)	10	-	-	-	-	-	10	-	10
Share premium (note 14)	-	4,943	-	-	-	-	4,943	-	4,943
Net movements in share based payments - resulting from Company share option scheme (note 15)	-	-	-	626	-	-	626	-	626
Balance at 31 March 2020	1,189	400,726	13,097	2,339	10,823	231,444	659,618	-	659,618

The notes below are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. General information

Draper Esprit plc (the "Company") is a public limited 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 in which results of subsidiaries are consolidated in line with IFRS 10 (see the Draper Esprit plc annual report for the year ended 31 March 2020 for further details). The condensed consolidated interim financial statements for the period ended 30 September 2020 comprise the condensed consolidated interim financial statements of the Company and its subsidiaries (together, "the Group"). The information for the six-month period ended 30 September 2020 and 2019 do not constitute statutory accounts as described in section 80 of the Companies Act 2006. Comparative figures for the year ended 31 March 2020 are taken from the full statutory accounts, which contained an unqualified audit opinion.

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

2. Standards not affecting the reported results or financial position

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. Adoption of new and revised standards

No changes to IFRS have impacted this period's financial statements.

4. Significant accounting policies

Basis of accounting

The condensed consolidated interim financial statements are for the six-month period ended 30 September 2020 and have been prepared on a going concern basis in accordance with IAS 34 'Interim Financial Statements' (IAS 34). They are unaudited and do not include all of the information required in statutory annual financial statements in accordance with the IFRSs as adopted by the EU and should be read conjunction with the consolidated financial statements for the year ended 31 March 2020.

The condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 27 November 2020.

a) Significant accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted by the Group's most recent annual financial statements for the year ended 31 March 2020.

5. 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, (5)(a) and (5)(b), and judgements, (5)(c) and (5)(d), are discussed below. There have been no changes to the accounting estimates and judgements in the period ended 30 September 2020.

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

The Group invests into Limited Companies and Limited Partnerships which are considered to be investment companies that invest in unquoted equity for the benefit of the Group. These investment companies are measured at fair value through the profit or loss based on their NAV at the period/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 period-/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 (together the "IPEV Guidelines"). An assessment will be made at each measurement date as to the most appropriate valuation methodology.

The Group invests in early-stage and growth technology companies, through predominantly unlisted securities. Given the nature of these investments, there are often no current or short-term future earnings or positive cash flows. Consequently, although not considered to be the default valuation technique, the appropriate approach to determine fair value may be based on a methodology with reference to observable market data, being the price of the most recent transaction. Fair value estimates that are based on observable market data will be of greater reliability than those based on estimates and assumptions and accordingly where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation.

If this methodology is used, its initial use and the length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment, and the Group will consider whether this basis remains appropriate each time valuations are reviewed. In addition, the inputs to the valuation model (e.g. revenue, comparable peer group, product roadmap) will be recalibrated to assess the appropriateness of the methodology used in relation to the market performance and technical/product milestones since the round and the company's trading performance relative to the expectations of the round.

The Group considers alternative methodologies in the IPEV Guidelines, being principally price-revenue or price-earnings multiples, depending upon the stage of the asset, requiring management to make assumptions over the timing and nature of future revenues and earnings when calculating fair value. Since March we have updated company valuations using portfolio companies revised forecasts reflecting the anticipated impact due to COVID-19.

We continue to monitor cash runway, supply chain risk, sector risk, and average length of customer contract, amongst other things across the portfolio.

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 17 and 18 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 as at the end of March 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.

d) Business combinations

In June 2016, the Company acquired the underlying investment vehicles and Esprit Capital Partners LLP and its subsidiaries. The Directors undertook a detailed assessment of the substance of this transaction 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 was appropriately accounted for as an acquisition.

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

6. Net finance (expense)/income

	Period ended 30 September 2020 £'000s	Period ended 30 September 2019 £'000s	Year ended 31 March 2020 £'000s
Interest on leases (Note 16)	(45)	(43)	(94)
Interest and expenses on loans and borrowings (Note 12)	(1,627)	(267)	(1,497)
Net foreign exchange loss	(49)	-	-
Finance costs	(1,721)	(310)	(1,591)
Net foreign exchange gain	-	1,498	1,234
Interest income on cash and cash equivalents	187	100	289
Finance income	187	1,598	1,523
Net finance (expense)/income	(1,534)	1,288	(68)

7. Earnings per share and net asset value

The calculation of basic earnings per weighted average shares is based on the profit attributable to shareholders and the weighted average number of shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share options and awards.

Basic earnings per ordinary share

	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
30 September 2020	53,809	118,962	45
30 September 2019	58,307	117,925	49
31 March 2020	39,707	118,013	34

Diluted earnings per ordinary share

	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
30 September 2020	53,809	119,485	45
30 September 2019	58,307	122,814	47
31 March 2020	39,707	120,961	33

Net asset value per share is based on the net assets attributable to shareholders and the number of shares at the relevant reporting date (balance sheet date). When calculating the diluted earnings per share, the number of shares in issue at balance sheet date is adjusted for the effect of all dilutive share options and awards.

Net asset value per ordinary share

	Net assets attributable to owners of Draper Esprit plc £'000s	No. of shares '000	Pence per share
30 September 2020	714,738	119,208	600
30 September 2019	677,045	117,925	574
31 March 2020	659,618	118,918	555

Diluted net asset value per ordinary share

	Net assets attributable to owners of Draper Esprit plc £'000s	No. of shares '000	Pence per share
30 September 2020	714,738	119,765	597
30 September 2019	677,045	122,814	551
31 March 2020	659,618	121,609	542

8. Intangible assets

30 September 2020	Goodwill ¹ £'000s	Customer contracts ² £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2020	9,653	818	10,471
Additions during the period	-	-	-
Cost as at 30 September 2020	9,653	818	10,471
Accumulated amortisation			
Amortisation carried forward as at 1 April 2020	-	(443)	(443)
Charge for the period	-	(51)	(51)
Accumulated amortisation as at 30 September 2020	-	(494)	(494)
Net book value:			
As at 30 September 2020	9,653	324	9,977

30 September 2019	Goodwill ¹ £'000s	Customer contracts ² £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2019	9,653	818	10,471
Additions during the period	-	-	-
Cost as at 30 September 2019	9,653	818	10,471
Accumulated amortisation			
Amortisation carried forward as at 1 April 2019	-	(341)	(341)
Charge for the period	-	(51)	(51)
Accumulated amortisation as at 30 September 2019	-	(392)	(392)
Net book value:			
As at 30 September 2019	9,653	426	10,079

31 March 2020	Goodwill ¹ £'000s	Customer contracts ² £'000s	Total £'000s
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

1 Goodwill of £9.7 million recognised on the acquisition of all the capital interests in Esprit Capital Partners LLP, a Venture Capital manager based in the UK, on 15 June 2016 and represents the value of the acquired expertise and knowledge of the fund managers. The directors have identified the fund managers as the cash-generating unit ("CGU") being the smallest group of assets that generates cash inflows independent of cash

flows from other assets or groups of assets. The fund managers are responsible for generating deal flow and working closely with investee companies creating value and maximising returns for the Group. The Group tests goodwill annually for impairment comparing the recoverable amount using value-in-use calculations and the carrying amount. Value-in-use calculations are based on future expected cash flows generated by the CGU from management fees that would be received if the portfolio of assets were managed by an independent third party under commercial terms over the next eight years. The key assumptions for the value in use calculations are the discount rate using pre-tax rates that reflect the current market assessments of the time value of money and risks specific to the CGU, and the percentage of management fees. The discount rate used was 10% and the management fees were charged at 2% of portfolio assets.

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

9. Investments in associates and related undertakings

On 24 November 2016, Draper Esprit acquired a 30.77% stake in Elderstreet Holdings Limited (registered office: 20 Garrick Street, London, United Kingdom, WC2E 9BT), the holding company of Elderstreet with an option to acquire the balance of the Elderstreet Holdings Limited shares. The initial consideration of £0.26 million has been satisfied by the issue of 73,667 new ordinary shares of 1 pence each in the capital of the Company. The Group's share of profits in the period was not material and there were no indications of impairment at balance sheet date.

Related undertakings

Please see below details of investments held by the Group's investment companies, where the ownership percentage or partnership interest exceeds 20%:

Name	Address	Type of share holding	Interest FD category* at reporting date/partnership interest
SportPursuit Limited	Unit 1.18, Canterbury Court, Kennington Park, 1-3 Brixton Road, London, England, SW9 6DE	Ordinary shares Preference shares	E
Bright Computing Holding B.V.	Kingsfordweg 151, 1043 GR Amsterdam, the Netherlands	Ordinary shares Preference shares	E
Ravenpack Holding AG	Churerstrasse 135, CH-8808 Pfäffikon, Switzerland	Ordinary shares Preference shares	D
Earlybird IV	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Partnership interest	27%
Earlybird VI	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Partnership interest	56.5%

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

Details of the FV of the core companies are detailed as part of the Gross Portfolio Progression table above.

10. 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 detail in the annual audited consolidated financial statements for the year ended 31 March 2020. The table below sets out the movement in the balance sheet value of investments from the start to the end of the year, showing investments made, cash receipts and fair value movements.

	Unaudited As at 30 Sept 2020 £'000s	Unaudited As at 30 Sept 2019 £'000s	Audited As at 31 Mar 2020 £'000s
As at 1 April	657,333	562,061	562,061
Investments made in the period ¹	32,343	41,453	89,935
Investments settled in shares	-	-	-
Loans repaid from underlying investment vehicles	(105,565)	(22,674)	(39,533)
Loans made to underlying investment vehicles	4,282	(34)	4,115
Unrealised gains on the revaluation of investments	56,416	57,646	40,755
As at period end	644,809	638,452	657,333

¹ Investments and loans made in the period/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.

11. Operating segments

IFRS 8 *Operating Segments* defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resource. The Chief Operating Decision Maker has been identified by the Board of Directors as the Chief Executive Officer. The Group has one operating segment identified, the investment portfolio of the Group, which is monitored closely, and strategic decisions are made on the basis of the investment portfolio performance.

12. Loans and borrowings

In June 2019 the Company entered into a revolving credit facility agreement with Silicon Valley Bank and Investec (together the "Financiers") of £50.0 million over a 3-year term to provide financial flexibility and to fund the future growth plans of investee companies. This was extended in June 2020 by £10.0 million to £60.0 million with a maturity of June 2023. The Company incurred initial costs of £0.5 million and £0.3 million in respect of the increase and extension of the facility in June 2020, which are 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 condensed consolidated statement of comprehensive income as finance costs (see note 6). 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 facility agreement contains financial and non-financial covenants.

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

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

As collateral for interest payments, an amount equal to the aggregate amount of interest costs due for the coming six months, all being equal, must be held in an Interest Reserve Account at all times. The balance of this at 30 September 2020 was £2.3 million and is reflected on the Condensed Consolidated Interim Statement of Financial Position as restricted cash.

The debt facility is repayable on maturity (June 2023) but may become repayable earlier if certain conditions are not met.

As at 30 September 2020, the Company has nil drawn down of the £60.0 million facility.

	Period ended 30 Sep 2020 £'000s	Period ended 30 Sep 2019 £'000s	Year ended 31 Mar 2020 £'000s
Bank loan senior facility amount	60,000	50,000	50,000
	BOE base rate + 6.75%	BOE base rate + 6.75% /	BOE base rate + 6.75% /
	7.50% floor	7.50%	7.50%
Interest rate		floor	floor
Drawn at balance sheet date	-	20,000	45,000
Arrangement fees	(536)	(462)	(364)
Loan liability balance	(536)	19,538	44,636
Undrawn facilities at balance sheet date	60,000	30,000	5,000

13. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (31 March 2020: 19%). The movement on the deferred tax account is shown below:

	Period ended 30 Sep 2020 £'000s	Period ended 30 Sep 2019 £'000s	Year ended 31 Mar 2020 £'000s
Arising on business combination	(62)	(95)	(75)
Arising on co-invest and carried interest	(483)	(526)	(414)
Other timing differences	133	-	(122)
At the end of the period	(412)	(621)	(611)

The tax movement in the condensed consolidated interim statement of comprehensive income of £0.2 million results from the movement in deferred tax.

14. Share capital and share premium

Ordinary share capital

30 September 2020 - Allotted and fully paid	Number	Pence	£'000s
At the beginning of the period	118,918,124	1	1,189
Issue of share capital during the period for cash ¹	289,835	1	3
Issue of share capital during the period as consideration for investment purchase	-	1	-
At the end of the period	119,207,959	1	1,192

1. Between 18 August 2020 and 16 September 2020, 289,835 new 1p ordinary shares were issued in association with share options being exercised.

30 September 2019 - Allotted and fully paid	Number	Pence	£'000s
At the beginning of the period	117,925,470	1	1,179
Issue of share capital during the period for cash	-	-	-
Issue of share capital during the period as consideration for investment purchase	-	-	-
At the end of the period	117,925,470	1	1,179

There were no new shares issued in the period.

31 March 2020 - Allotted and fully paid	Number	Pence	£'000s
At the beginning of the period	117,925,470	1	1,179
Issue of share capital during the period for cash ¹	195,842	1	2
Issue of share capital during the period as consideration for investment purchase ²	796,812	1	8

At the end of the period	118,918,124	1	1,189
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- Between 24 December 2019 and 21 February 2020, 195,842 new 1p ordinary shares were issued in association with share options being exercised.
- On 10 March 2020, as part of the acquisition agreement relating to the remaining interest in Encore Ventures LLP it was agreed that the Company would issue 796,812 new ordinary shares at 502p.

Share premium

Allotted and fully paid	Period ended 30 Sep 2020 £'000s	Period ended 30 Sep 2019 £'000s	Year ended 31 Mar 2020 £'000s
At the beginning of the period	400,726	395,783	395,783
Premium arising on the issue of ordinary shares ¹	1,026	-	4,983
Transfer to merger relief reserve	-	-	-
Equity issuance costs ²	-	(36)	(40)
At the end of the period	401,752	395,747	400,726

- The movement on share premium during the period has arisen as a result of 289,835 ordinary shares issued at a premium in association with share options being exercised during the period.
- The negative premium movement on ordinary shares in the period ending 30 September 2019 arises from costs that fell in this period relating to an issuance of shares in the prior period.

15. Share-based payments

Date of Grant	b/f 1 April 2020	Granted in the period	Lapsed in the period	Exercised in the period	c/f 30 September 2020	Approved options	Vesting period	Exercise price (pence)	FV per granted instrument (pence)
28/11/2016	1,216,034	-	-	(289,835)	926,199	67,600	3 years	355	64.1
28/11/2016	101,685	-	-	-	101,685	-	3 years	355	89.3
11/11/2017	160,000	-	-	-	160,000	25,068	3 years	354	89.8
Draper Esprit plc 2016 Company Share Options Plan (CSOP)	28/11/2017	1,155,364	-	(20,775)	1,134,589	15,502	3 years	387	70.9
	28/11/2017	116,016	-	-	116,016	-	3 years	387	97.9
	30/07/2018	1,027,500	-	(150,700)	876,800	-	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	6,424	3 years	467	71.5
	29/06/2020	-	200,000	-	200,000	-	3 years	449	81.2
Draper Esprit plc Long Term Incentive Plan	29/06/2020	-	568,682	-	568,682	-	3 years	1	449.0

During the period, 289,835 options granted in November 2016 were exercised and 233,041 options lapsed.

During the period, 200,000 share options were granted under the Draper Esprit plc 2016 Company Share Options Scheme and 568,682 as part of the Draper Esprit plc Long Term Incentive Plan under the Amended and Restated Draper Esprit plc 2016 Company Share Options Plan (the "LTIP").

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 period 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 will take place of non-market performance conditions.

16. Leases

Lessee - Real Estate Leases

The Group leases office buildings in London for use by its staff. The Group also has offices in Cambridge (closed post period-end) and in Dublin, however these contracts are classified as service contracts and not leases. Information about leases for which the Group is a lessee is presented below.

The Group 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 in the condensed consolidated interim statement of financial position*

Right-of-use assets

	Period ending 30 September 2020	Period ending 30 September 2019	Year ending 31 March 2020
Property	1,134	1,482	1,308
Total	1,134	1,482	1,308

No new leases have been entered into during the period and, therefore, no new right-of-use assets were recognised.

Lease liabilities

	Period ending 30 September 2020	Period ending 30 September 2019	Year ending 31 March 2020
Current	372	310	358
Non-current	805	1,176	975
Total	1,177	1,486	1,333

(ii) *Amounts recognised in the condensed consolidated interim statement of comprehensive income*

The condensed consolidated interim statement of comprehensive income shows the following amounts relating to leases:

	Period ending 30 September 2020	Period ending 30 September 2019	Year ending 31 March 2020
Interest on lease liabilities	45	43	94
Depreciation charge for the period on right-of-use assets	174	131	306
Expenses relating to short-term leases	-	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2	3	5

(iii) *Amounts recognised in the condensed consolidated interim statement of cash flows*

The total cash outflow for leases in the period ending 30 September 2020 was £0.2 million (30 September 2019: £0.1 million, 31 March 2020: payments of £0.3 million net of a contribution for a rent-free period on the 3rd floor of 20 Garrick Street of £0.2 million)

17. Fair value measurements

This section should be read with reference to note 5(a) of this report and note 16 of the Annual Report of Draper Esprit plc for the year ended 31 March 2020. The Group classifies financial instruments measured at fair value through the profit and loss according to the following fair value hierarchy in line with IFRS 13:

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

All investments held at fair value through the profit and loss are classified as level 3 in the fair value hierarchy. There were no transfers between Levels 1, 2 and 3 during the period.

Significant unobservable inputs for Level 3 valuations

The fair value of unlisted securities is established with reference to the International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines"). In line with the IPEV Guidelines, the Group may base valuations on earnings or revenues where applicable, market comparables, price of recent investments in the investee companies, or on net asset values. An assessment will be made at each measurement date as to the most appropriate valuation methodology.

See note 5(a), where valuation policies are discussed in more detail.

Financial instruments, measured at fair value, categorised as Level 3 within the fair value hierarchy can be split into 3 main valuation techniques. Valuation techniques can be categorised as based on last round price (calibrated with reference to market performance and technical/product milestones since the round and the companies trading performance relative to the expectations of the round), revenue multiple or at NAV of the underlying fund (adjusted where relevant). As at 30 September 2020, financial instruments measured using last round price valuation methodology were £287.3 million (including those at a discount) (31 March 2020: £231.7 million). As at 30 September 2020, financial instruments measured using revenue-multiple valuation methodology were £321.7 million (31 March 2020: £401.3 million). As at 30 September 2020, financial instruments measured at NAV of the underlying fund (adjusted where relevant) were £91.2 million (31 March 2020: £68.1 million).

Each portfolio company will be subject to individual assessment. Where the Group invests in fund of fund investments, the value of the portfolio will be reported by the fund to the Group. The Group will ensure that the valuations comply with the Group policy.

The valuation multiple is the main assumption applied to valuation based on a revenue-multiple methodology. The multiple is derived from comparable listed companies or relevant market transaction multiples. Companies in the same industry and geography, and, where possible, with a similar business model and profile are selected and then adjusted for factors including liquidity risk, growth potential and relative performance. They are also adjusted to represent our longer-term view of performance through the cycle or our existing assumption. The portfolio we have is diversified across sectors and geographies and the companies within our core portfolio holdings which have valuations based on revenue-multiples have an average multiple of 3.4x.

If the multiple used to value each unquoted investment valued on a revenue-multiples basis as at 30 September 2020 were to decrease by 10%, the investment portfolio would decrease by £32.2 million (31 March 2020: £40.1 million). If the multiple increases by 10% then the investment portfolio would increase by £32.2 million (31 March 2020: £40.1 million).

If the multiple used to value each unquoted investment valued on a revenue-multiples basis as at 30 September 2020 were to decrease by 15% the investment portfolio would decrease by £48.3 million (31 March 2020: £60.2 million). If the multiple increases by 15% then the investment portfolio would increase by £48.3 million (31 March 2020: £60.2 million).

18. Financial instruments risk

Financial risk management

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

Market risk - Foreign currency

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

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

	30 Sep 2020 £'000s	30 Sep 2019 £'000s	31 Mar 2020 £'000s
Foreign currency exposures - Investments			
Investments - exposures in USD/EUR	521,692	486,255	557,567
10% decrease in GBP*	579,658	540,338	619,519
10% increase in GBP**	474,265	415,327	506,879

* £386.7 million (Sept 2019: £280.0 million, March 2020: £376.5 million) denominated in USD and £193.0million (Sept 2019: £260.0 million, March 2020: £242.9 million) denominated in EUR.

** £316.4 million (Sept 2019: £215.0 million, March 2020: £ 308.1 million) denominated in USD and £157.9 million (Sept 2019: £200.0 million, March 2020: £198.8 million) denominated in EUR.

Certain cash deposits held by the Group are denominated in Euros and US Dollars. The theoretical impact of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

	30 Sep 2020 £'000s	30 Sep 2019 £'000s	31 March 2020 £'000s
Foreign currency exposures - Cash			
Cash denominated in EUR	19,090	14,473	6,976
10% decrease in EUR: GBP	17,181	13,026	6,278
10% increase in EUR: GBP	20,999	15,921	7,673
Cash denominated in USD	12,879	5,921	3,627
10% decrease in USD: GBP	11,591	5,329	3,264
10% increase in USD: GBP 10% increase in EUR: GBP	14,167	6,513	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:

	30 Sep 2020 £'000s	30 Sep 2019 £'000s	31 Mar 2020 £'000s
Foreign currency exposures - equity			
Shareholders' Equity	714,738	677,045	659,618
10% decrease in EUR:GBP/USD:GBP	643,264	609,341	593,656
10% increase in EUR:GBP/USD:GBP	786,212	744,750	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.

The Group is exposed to equity price risk in respect of equity rights and investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss (note 17). 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 5(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 in equity prices of +/-10% would be as follows:

£'000s	Revenue- multiple	NAV of underlying fund	Last round price
As at 30 September 2020	32,170	9,106	28,726
As at 31 March 2020	40,131	6,810	23,169

We further flexed by 15% given the volatility resulting from the COVID-19 pandemic. Theoretical impact of a fluctuation in equity prices of +/-15% would be as follows:

£'000s	Revenue- multiple	NAV of underlying fund	Last round price
As at 30 September 2020	48,254	13,659	43,090
As at 31 March 2020	60,197	10,216	34,753

Liquidity risk

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of 3 months or less held in readily accessible bank accounts. The carrying amount of these assets is approximately equal to their fair value. Responsibility for liquidity risk management rests with the Board of Draper Esprit plc, which has established a framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows. The utilisation of the loan facility and requirement for utilisation requests is monitored as part of this process.

All trade payable amounts are short-term.

Lease liabilities fall due over the term of the lease - see note 16 for further details. The debt facility has a term of 3 years - for further details, see note 12. 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. See further details in note 19.

Credit risk

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

Classes of financial assets impacted by credit risk, carrying amounts	30 Sep 2020 £'000s	30 Sep 2019 £'000s	31 March 2020 £'000s
Trade receivables	2,938	3,262	2,669
Loan to related investment vehicle	-	-	3,692
Cash at bank and on hand	59,870	43,654	32,255
Restricted cash	2,255	1,878	1,883

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

Investments in unlisted securities are held within limited partnerships for which Esprit Capital Partners LLP 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 30 September 2020 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

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

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

Interest rate risk

The Group's interest rate risk arises from borrowings on the £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 period (maximum drawn during the period of £45.0 million) at an interest rate of 7.5% - this was repaid as at 30 September 2020 (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 period to 30 September 2020 the difference to the condensed consolidated interim 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 period to 30 September 2020 the difference to the consolidated statement of cash flows would have been an increase in expenditure of £0.1 million.

19. Related party transactions

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

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 £22k have been invoiced during the current period (6-month period to 30 September 2019: £22k, year to 31 March 2020: £44k). At the period-end, there was a balance of £24k outstanding (30 September 2019: £16k, 31 March 2020: £6k). At times, expenses incurred relating to director services can be recharged to portfolio companies - these are immaterial.

During the period, the Company invoiced Elderstreet, an associate, £0.2 million (6-month period to 30 September 2019: £39k, year to 31 March 2020: £0.4 million), with a balance outstanding at period-end of £0.2 million (31 March 2020: £nil; 30 September 2019: £nil).

In the year ended 31 March 2020, the Company loaned £3.7 million to Esprit Capital Fund No 1 & No 2 LP on an arm's length basis. The loan was repaid during the period along with accrued interest of £0.4 million.

For the period ending 30 September 2020, management fees of £4.6 million from related parties are included in the condensed consolidated interim statement of comprehensive income (6-month period to 30 September 2019: £4.0 million, year to 31 March 2020: £8.4 million).

During the period, employees of Draper Esprit plc exercised share options - see note 15 for further details.

Unconsolidated structured entities

The Group has exposure to a number of unconsolidated structured entities as a result of its venture capital investment activities.

The Group 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 of the Draper Esprit plc annual report for the year ended 31 March 2020 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	30 Sep 2020 £'m	31 Mar 2020 £'m
Esprit Investments (1) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	6.7	16.5
Esprit Investments (2) (B) LP	20 Garrick Street, London, WC2E 9BT	Limited Partnership	100%	England	86.0	61.6
Draper Esprit (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland	Investment company	100%	Ireland	529.7	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 condensed 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 of the Draper Esprit plc annual report for the year ended 31 March 2020 for further details). The exposure to these entities is immaterial.

Capital commitments

The Group has made commitments to fund of funds investments as part of its investment activity. At 30 September 2020, the Group was committed to approximately £40.6 million (31 March 2020: £39.1 million) in relation to investments in fund of funds vehicles. As at 30 September 2020, £16.6 million of this has been drawn.

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 £79.7 million (€87.5 million) to 2022, of which £64.8 million has been deployed to 30 September 2020 (to 31 March 2020: £56.4 million). Total exposure to the Group is £152.6 million of NAV (31 March 2020: £187.3 million) with undrawn commitments across all Earlybird entities of £19.9 million (31 March 2020: £28.5 million).

20. Ultimate controlling party

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

21. Alternative Performance Measures ("APM")

The Group has included the APMs listed below in this 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 this report. These measures are not defined by IFRS and should be considered in addition to IFRS measures.

Gross Portfolio Value

The Gross Portfolio Value is the gross fair value of the Group's investment holdings before deductions for the fair value of carry liabilities and any deferred tax. The Gross Portfolio Value is subject to deductions for the fair value of carry liabilities and deferred tax to generate the net investment value, which is reflected on the interim condensed consolidated statement of financial position as financial assets held at fair value through profit or loss. Please see the Gross Portfolio Value table above for a reconciliation to the net investment balance.

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 7.

22. Subsequent events

Post period-end, we have continued to see a strong pipeline of investments and have deployed £18.3 million post period-end, including our investment co-leading PrimaryBid's Series B round. PrimaryBid is a technology platform that allows retail investors fair access to public companies raising capital.

In addition, an oversubscribed fundraising was announced post period-end in October 2020, in which Draper Esprit secured funding commitments to raise gross proceeds of £110.0 million.

There are no further post balance sheet events requiring comment.

Glossary

In this document, where the context permits, the 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 ESM) on 15 June 2016 and such admission becoming effective in accordance with the AIM Rules and the Euronext Growth Rules respectively. The IPO included the acquisition of Esprit Capital Partners LLP and Draper Esprit (Ireland) Limited.
"Act"	the UK Companies Act 2006.
"AIM"	AIM, the market of that name operated by the London Stock Exchange.
"Audit, Risk and Valuations Committee"	the Audit, Risk and Valuations Committee of the Board.
"BOE"	Bank of England.
"Company" or "Draper Esprit" or "plc"	Draper Esprit plc, a company incorporated in England and Wales with registered number 09799594 and having its registered office at 20 Garrick Street, London, WC2E 9BT.
"Core Portfolio Companies"	the top companies by value that represent over 60% of the overall portfolio value.
"COVID"/"COVID-19" /"Coronavirus"/"CV19"	Coronavirus disease, the infectious disease caused by a new strain of coronavirus in 2019/20.
"DEF" or "Digital East Fund"	Digital East Fund 2013 SCA SICAR
"Directors" or "Board"	the directors of the Company from time to time.
"Draper Esprit Funds"	the Esprit Funds and the Encore Funds.
"Draper Esprit VCT"	Draper Esprit VCT plc, the Venture Capital Trust managed by Elderstreet
"Draper Venture Network"	the self-governed network of 24 independent growth and venture funds, of which Esprit Capital is a member.
"EB IV" / "Earlybird Fund IV"	Earlybird GmbH & Co. Beteiligungs-KG IV
"EB VI" / "Earlybird Fund VI"	Earlybird DWES Fund VI 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
"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
"ESM"	the Enterprise Securities Market operated and regulated by the Irish Stock Exchange.
"Esprit Capital"	Esprit Capital Partners LLP (previously Draper Esprit LLP) , a limited liability partnership incorporated in England and Wales under the registration number OC318087 with its registered office at 20 Garrick Street, London, WC2E 9BT, the holding vehicle of the Group immediately prior to Admission.
"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.
"FOF" or "FoF"	Fund of Funds.
"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 Financial Reporting Standards, as adopted for use in the European Union.
"IPO"	the Company's listing on the London Stock Exchange's AIM market and the Irish Stock Exchange's (trading as Euronext Dublin) Euronext Growth Dublin market on 15 June 2016.
"IRR"	the internal rate of return.
"Net Asset Value" / "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.
"PricewaterhouseCoopers" or "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.
"IPEV"	the International Private Equity and Venture Capital Valuation Guidelines, as amended from time to time.
"SVB"	Silicon Valley Bank.
"VC"	venture capital.

"VCT"	The VCT funds of Draper Esprit VCT plc, under management of Elderstreet. VCT (venture capital trust) funds being UK closed-ended collective investment schemes.
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