Our secret?
Late stage investments in companies with significant growth momentum, based on expert insight that comes from 20+ years’ experience.

The Draper Esprit EIS funds were launched following changes announced in Budget 2012 that allowed larger firms with up to 250 employees (rather than the previous limit of 50) to raise money under EIS. That enabled us to add EIS to the established, successful investment strategy and dealflow that was already running for professional institutional investors. Draper Esprit EIS co-invests alongside Draper Esprit Plc and Draper Esprit VCT, plus other funds and managers, to access larger and later stage, institutional quality deal flow.

Larger, late stage, investments
The target is that a majority of funds will be invested in later stage, growth investment rounds of £5-20m+ in companies with established revenues and strong growth momentum.

Co-Investment Model
We focus on a scale of investment that is an order of magnitude larger than typical EIS funds, by co-investing alongside Draper Esprit Plc and other syndicate partners.

Exit success ratio
The late stage investment strategy with institutional calibre dealflow is intended to deliver a higher proportion of successful, profitable exits when compared with earlier stage funds. At 31st March 2020 the Draper Esprit EIS funds had secured 10 exits, of which 7 were profitable and included two 10x returns.

One of Europe’s leading VC fund managers
The Draper Esprit EIS fund manager is now 100% owned within the group structure of Draper Esprit Plc, which is considered to be one of Europe’s leading and most active venture capital firms. Draper Esprit Plc is a listed business following its IPO in 2016 and has the governance and ESG emphasis that go alongside this.

Extensive team track record
Investment team members have invested over $1Bn into high growth technology businesses, with $10Bn+ of combined enterprise value from exits achieved to date.

Highest rated EIS fund
Draper Esprit EIS has been the highest rated EIS by the Tax Efficient Review for the past 6 years running, and also holds the highest EIS rating awarded by M J Hudson Allenbridge prior to their cessation of general availability reports.

We invest risk capital in innovative, technology-led high growth and high potential businesses that the EIS scheme seeks to promote. Our co-investment approach and focus on larger investment rounds increase the availability of capital to the ‘scale up’ businesses, highlighted by the Government’s ‘Patient Capital Review’ as a key requirement for UK PLC.

---

Summary

Investment and deployment
- Minimum subscription: £25,000.
- Target investment period: 12-18 months from each fund raising Close.
- Target portfolio: 8-12 EIS qualifying companies.
- EIS3 certificates: Issued for each investment, and now digital rather than paper format. Typically, available around 8 weeks after each investment, dependent on turnaround time and HMRC workload.
- Online investor and adviser reporting portal, including EIS3s.

Focus and differentiation
- Focus on late stage opportunities: The target is that the majority of Investments by value will be made in companies with £2-20m+ in annualised revenue at the time of investment.
- Strongly differentiated: Providing diversification versus alternative ‘early stage’ or ‘seed stage’ EIS investment approaches.

Holding period and exits
- The exit route for successful Investments is most likely to be via trade sale (M&A) or an initial public offering (IPO) and sale of shares.
- Investors will receive distributions from the proceeds of successful realisations as they are made.
- Our target holding period is 3-5 years for each Investment. Exit timeframes are always expected to be a spread – many will be in this target range, some have come sooner, and in each portfolio investors should be prepared that the final assets may be held longer than this.

Sectors

Consumer Technology
New consumer-facing products, innovative business models, and proven execution capabilities that bring exceptional growth opportunities.

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

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

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

Portfolio Exit Highlights

10× Exit
- grapeshot
  Acquired by ORACLE 1

10× Exit
- Tails.com
  Acquired by Nestlé PURINA 2

2.7× Exit
- podPOINT
  Acquired by EDF 3

Important Notice: The figures above relate to past performance and as such are not necessarily an indicator of future results. Returns may vary as a result of currency fluctuations. Exits shown above have expected deferred payments (escrow or earn outs) which are included in the figures above at the value as of the exit transaction date. The figures above show gross returns at the individual investment level, in each case for the original investment made in each company. Later follow on investments may have had lower investment multiples. Please see also the fund level performance which includes the impact of fees. Numbers are rounded to the nearest whole figure.

1 www.oracle.com/corporate/acquisitions/grapeshot, plus Fund Manager records.
Track Record

The valuations below include the latest valuation of shares, together with current cash balances held by the Custodian and where relevant, proceeds that have already been distributed to investors.

The potential EIS reliefs shown are calculated, as the ability to claim these reliefs depends on personal circumstances, and include Income Tax Relief and Loss Relief based on an assumption of a higher rate (45%) income tax payer. The amount of calculated EIS relief varies because earlier vintages include an amount of Loss Relief, and vintages which have had successful but early exits (within 3 years of the shares being issued) have a reduced amount of Income Tax Relief because of this.

Draper Esprit EIS funds – at 31st March 2020
Summary valuations per £1 Net Subscription

Important Note: COVID-19. The valuation date of 31st March 2020 was within days of the 23rd March 2020 low point in FTSE and NASDAQ indexes during the early stages of the Coronavirus. Portfolio companies have experience both negative and positive impacts of Covid-19.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Plus EIS Relief</th>
<th>Inc. cash paid out</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIS 1 (2012)</td>
<td>£1.28</td>
<td>£0.31</td>
<td>£0.47</td>
</tr>
<tr>
<td>EIS 2 (2013)</td>
<td>£1.23</td>
<td>£0.29</td>
<td>£0.31</td>
</tr>
<tr>
<td>EIS 3 (2014)</td>
<td>£1.62</td>
<td>£0.22</td>
<td>£0.69</td>
</tr>
<tr>
<td>EIS 4 (2015)</td>
<td>£2.89</td>
<td>£0.20</td>
<td>£0.80</td>
</tr>
<tr>
<td>EIS 5 (2016)</td>
<td>£1.50</td>
<td>£0.23</td>
<td>£0.48</td>
</tr>
<tr>
<td>EIS Jan17 (2017)</td>
<td>£1.30</td>
<td>£0.19</td>
<td>£0.14</td>
</tr>
<tr>
<td>EIS Jan18 (2018)</td>
<td>£1.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EIS Jan19 (2019)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EIS Jan20 (2020)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Encore Ventures LLP internal records; reports distributed to investors.

Notes
- The vintage shown for each fund is the year of the fund raising close. For funds with more than one close, the chart shows the first close of that fund. The chart shows portfolios that include the Follow-On Reserve.
- The ‘cash paid out’ figures are proceeds that have already been paid out to investors.
- The valuations take account of all fees charged to date. Funds which have made cash distributions include accruals for Performance Fees which may become payable in the future dependent on the overall fund performance – these accrual amounts are held as cash within investors accounts and currently form part of the cash element in these valuation figures.
- EIS 1 (2012) shows the position of investors who sold their shares in one company via an optional exit through a secondary share sale.

Important Notice: The figures above relate to past performance and as such are not necessarily an indicator of future results. Figures include the impact of fees charged. Returns may vary as a result of currency fluctuations. EIS relief is subject to individual circumstances.
Draper Esprit EIS has a focus on larger, ‘late stage’ investment rounds

The diagram is reprinted by kind permission of the ‘Tax Efficient Review’.

Diagram 1: Investment strategies of main Growth EIS managers raising funds in 2020/21
Source: Fund Managers (% figures refer to funds invested in companies, not funds raised)

- **Draper Esprit EIS**
  - Pre-Profit Early stage
  - Post-Profit Post-Profit Early Stage High Growth and Development capital
  - Later Stage Development Capital Deals
  - Asset backed opportunities
  - AIM stocks

- **Seed capital/ Early stage**
  - High risk with high returns - should have potential for rapid growth
  - Pre-Profit Early stage High Growth and Development capital
  - Post-Profit Post-Profit Early stage High Growth and Development capital
  - Later Stage Development Capital Deals
  - Asset backed opportunities
  - AIM stocks

- **£10m**
  - Draper Esprit EIS
  - Seed capital/ Early stage
  - Pre-Profit Early stage High Growth and Development capital
  - Post-Profit Post-Profit Early stage High Growth and Development capital
  - Later Stage Development Capital Deals
  - Asset backed opportunities
  - AIM stocks

- **£3m**
  - Network EIS
  - Pre-Profit Early stage High Growth and Development capital
  - Post-Profit Post-Profit Early stage High Growth and Development capital
  - Later Stage Development Capital Deals
  - Asset backed opportunities
  - AIM stocks

- **£2m**
  - Puma EIS
  - Pre-Profit Early stage High Growth and Development capital
  - Post-Profit Post-Profit Early stage High Growth and Development capital
  - Later Stage Development Capital Deals
  - Asset backed opportunities
  - AIM stocks

- **£1m**
  - Draper Esprit EIS
  - Pre-Profit Early stage High Growth and Development capital
  - Post-Profit Post-Profit Early stage High Growth and Development capital
  - Later Stage Development Capital Deals
  - Asset backed opportunities
  - AIM stocks

- **£0.5m**
  - Deepbridge Life Sciences
  - Pre-Profit Early stage High Growth and Development capital
  - Post-Profit Post-Profit Early stage High Growth and Development capital
  - Later Stage Development Capital Deals
  - Asset backed opportunities
  - AIM stocks

- **Contact Details**
  - Draper Esprit EIS
    - T: +44 (0)20 7931 8800
    - E: eis@draperesprit.com
    - draperesprit.com/investors/eis
  - FOR IFA ENQUIRIES
    - T: +44 (0)20 3006 7530
    - E: taxsolutions@ramcapital.co.uk
    - ramcapital.co.uk

- **Risk Warning:** Prospective Investors should note that past performance should not be seen as an indication of future performance. The value of an investment can fall as well as rise, and investors may not get back the amount originally invested. Therefore you should only make investments in unlisted companies which you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances; independent advice should therefore be sought. This financial promotion has been approved by Encore Ventures LLP, who are authorised and regulated by the Financial Conduct Authority (FRN: 510101).

- **Diagram:** It shows the relative size of investments made by different EIS managers and highlights the larger scale of investments in which Draper Esprit EIS participates via its co-investment approach.

  We refer to these investments as ‘late stage’ growth deals, and the target for Draper Esprit EIS is that the majority of invested capital is in this category.

  Typically, these late stage investments are larger than EIS funds could access alone.

  It is the manager’s expectation that later stage deals, whilst remaining risk equity, benefit from a higher success rate compared to investing in earlier stage companies. Also, that later stage investments are closer to the exit point.

  **Note**
  As the Fund Manager of Draper Esprit EIS we would map our own terminology of ‘Early’ and ‘Late’ stage deals to the TER ‘Early Stage High Growth and Development Capital’ category in both cases, although our ‘Late’ stage growth deals would typically have a significantly higher level of revenue and growth momentum than ‘Early’ deals.

**Rolling fund raising close dates**

Online application form available in addition to paper/scanned applications.

<table>
<thead>
<tr>
<th>Date</th>
<th>Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>05 January</td>
<td>05 April</td>
</tr>
</tbody>
</table>

**Contact Details**

**Draper Esprit EIS**

T: +44 (0)20 7931 8800
E: eis@draperesprit.com

draperesprit.com/investors/eis

**FOR IFA ENQUIRIES**

T: +44 (0)20 3006 7530
E: taxsolutions@ramcapital.co.uk

ramcapital.co.uk