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20 August 2021

Chrysalis Investments Limited (“Chrysalis” or the “Company”)

Quarterly NAV Announcement

Net Asset Value

The Company announces that as at 30 June 2021 the unaudited net asset value (“NAV”) per ordinary share was 233.93 pence.

The above NAV calculation is based on the Company’s issued share capital as at 30 June 2021 of 547,273,076 ordinary shares of no par value.

June’s NAV represents a 13.48% uplift since 31 March 2021, driven by a further funding round from Klarna and the successful IPO of Wise. The following investee companies were the most significant drivers of NAV movement in the quarter:

- Klarna Holding AB (“Klarna”) – which undertook a \$639m funding round at a valuation of \$45bn pre new-money, compared with a post new-money valuation of \$31bn in March 2021, and which represented a material mark up in the Company’s carrying value of the asset;
- Wise plc (“Wise”) – which saw a successful debut on the London Stock Exchange via a direct listing IPO. The Company’s carrying value of Wise was approximately 511p per share as of 31 March 2021 and the shares performed strongly in the after market. Given the IPO’s proximity to the period end, Wise has been valued with reference to the closing auction price at IPO of 800p which fell within the range of valuation indicated by the external valuers of the Company; and
- You&MrJones LLC – which saw its assessed value increase, reflecting the strong performance of both the company and listed market comparables since the investment was made.

Overview

The trading performance of the portfolio over the period continues to be robust and the Company’s Investment Adviser remains excited about the growth and valuation potential of the Company’s investments.

Portfolio activity

The IPO of Wise on 7 July marked another milestone for Chrysalis. Following on the heels of THG in September 2020, Wise has become the Company’s second IPO and means that two of the three original “seed” investments from Chrysalis’ own IPO have now floated. The Investment Adviser’s initial engagement with these two assets in late 2017 predates the formation of Chrysalis, but using that as a benchmark means that the Investment Adviser’s relationship with these companies has been

approximately three years to three and a half years, consistent with Chrysalis' aim of targeting companies two to five years out from IPO. Wise continues to account for a meaningful proportion of the portfolio, and with a small market share in a vast market, with a proven platform, the Investment Adviser believes the runway for growth remains strong.

During the quarter, the following investments were undertaken:

- In May the Company invested circa £19m into THG as part of an equity placing led by SoftBank, in order to allow the company to pursue its M&A pipeline;
- In June the Company invested circa €30m in wefox as part of its \$650m series-C funding round, which saw the latter achieve a post-money valuation of \$3bn. The capital will be used to allow wefox to continue its aggressive scaling. The round was four-times oversubscribed. As previously announced, the Company's four prior investments into wefox via a series of convertible loans converted to equity at the same time as the series-C funding round;
- In June the Company invested circa £35m in Starling Bank as part of its series-D round announced in March 2021; and
- In June the Company invested circa £75m into Smart Pension, to provide it with capital to continue to develop its offering and accelerate its global expansion.

Post period end, new investments in Deep Instinct and Revolution Beauty were undertaken in early July, followed by investments in InfoSum and Tactus in August.

At the time of the £300m fund raising in March 2021, the Investment Adviser described a pipeline of up to £250m of follow-on and £1bn of new investment opportunities that was available for consideration. Since the fund raise, Chrysalis has deployed approximately £80m into follow-ons and over £250m into new investment opportunities. The pace of new investment sourcing has outperformed the Investment Adviser's expectations in March, such that its target of adding between one to three new positions per annum has been exceeded. As of the date of this announcement, the Company currently has 17 holdings. Removing Growth Street (in liquidation) and Embark (sale agreed to Lloyds Banking Group) from this calculation means Chrysalis currently has 15 effective positions. This means the Company has now achieved the bottom end of the Investment Adviser's target range of 15-20 holdings.

The Company's Investment Adviser continues to consider a range of investment opportunities. The partial realisation of the Wise stake has allowed recycling of capital into new ideas; the expected proceeds from the Embark transaction (which is subject to regulatory approval) will also allow us to fund further investments.

Cash Update

The Company currently has £51m of cash available. The Company also has significant headroom on its existing Revolving Credit Facility; and subject to regulatory approval being provided, will receive its share of the proceeds from the sale of its shareholding in Embark.

Portfolio Composition

As of 18 August 2021, the portfolio composition was as follows:

Portfolio Company	% of investment portfolio
Klarna	25.3%
Starling	10.8%
wefox	7.8%
THG	7.5%
Wise	5.7%
Smart Pension	5.4%
You & Mr Jones	5.0%
Graphcore	4.9%
Embark	4.7%
InfoSum	3.4%
Deep Instinct	3.4%
Revolution Beauty	3.2%
Tactus	2.9%
Featurespace	2.7%
Secret Escapes	2.3%
Sorted	1.2%
Growth Street	0.1%
Cash	3.7%

Source: Jupiter Investment Management (UK) Limited. Holdings size, as of 18 August 2021, are calculated using 30 June valuations, adjusted for FX as of 18 August 2021 and capturing transactions concluded post the NAV calculation period, and thus using cash as of 18 August. The holding value of THG is based on the closing share price of 610p, as at period end. The holding value of Wise is based on number of shares held as at 18 August and the IPO price of 800p. The holding value of Revolution Beauty is based on number of shares held as at 18 August and the IPO price of 160p. Due to rounding the figures may not add up to 100%.

Investment Adviser Outlook

Nick Williamson and Richard Watts (co-portfolio managers) comment:

“The portfolio continued to perform very strongly over the quarter, with Klarna seeing accelerating growth and a further material funding round. In addition, the IPO of Wise is a tremendous addition to the UK stock market, and saw strong share price performance, well above our previous carrying value.

We have spent the quarter focusing on investing the proceeds of the Company’s recent funding round and are delighted to have undertaken three follow-ons and five new investments since March. In addition, we have recycled a proportion of our Wise investment to fund new investment opportunities, and proceeds from Embark should further bolster our healthy cash position, pending regulatory clearance.

The pipeline remains exciting. Having made a number of new investments recently, we are currently considering selected follow-ons to accelerate growth and enhance prospects in the portfolio. Combined with the strong growth profiles of our assets, we remain optimistic regarding prospects for the Company.”

Factsheet

An updated Company factsheet will shortly be available on the Company's website:
<https://www.chrysalisinvestments.co.uk>

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A copy of this announcement will be available on the Company's website at
<https://www.chrysalisinvestments.co.uk>

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