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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 which forms part of domestic law in the United Kingdom pursuant to The European Union Withdrawal Act 2018, as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019

22 August 2022

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

Quarterly NAV Announcement and Trading Update

Net Asset Value

The Company announces that as at 30 June 2022 the unaudited net asset value (“NAV”) per ordinary share was 163.48 pence.

The above NAV calculation is based on the Company’s issued share capital as at 30 June 2022 of 595,150,414 ordinary shares of no-par value.

June’s NAV represents a 22.8% decrease since March 2022. As detailed below, wefox, Klarna, Starling, Brandtech and Wise were the most significant drivers of the movement in NAV over the quarter.

Key highlights of period:

- First period covering new independent valuation committee.
- Strong revenue growth across the portfolio and excellent trading among the Company’s largest holdings.
- Robust balance sheet: as of 19 August 2022, the Company has £48m in cash and £57m in listed assets, making total liquid assets of 20.4% of current market cap. Wise has performed strongly post period end, offset by the share price fall in Revolution Beauty.
- Well-funded portfolio of assets: several funding rounds completed (raising a total of \$1.4 billion year to date), including Starling, Klarna and Featurespace, which were all supported by Chrysalis and are now either profitable or considered funded through to profitability.
- Valuations negatively impacted by historic levels of inflation and material interest rate rises but strong rebound in equity markets and performance of listed peer benchmarks post period end.
- wefox Holding AG (“wefox”) – this holding was valued upwards in line with the pre-money valuation (approximately €4bn) of the funding round which took place in July which was led by Mubadala Investment Company with participation from LGT, Horizons Ventures and OMERS Ventures. wefox grew revenues to more than \$320m in 2021 and is on track for revenues to exceed \$600m by the year end, representing growth of almost 100%.
- Klarna Holding AB (“Klarna”) – represented 19% of the portfolio as at 31 March 2022 and was written down by 78% during the period, in line with the valuation of the recent funding round completed in mid-June. Since the funding round closed, the share prices of Klarna’s listed peers have risen considerably (Affirm +72% and PayPal +39%).
- Starling Bank Limited (“Starling”) – Starling recently reported its first full year of profitability, with a pre-tax profit of £32.1m for the year ended 31 March 2022. Starling has continued

to grow at pace and in June 2022, Starling reported an annualised revenue run-rate of £331.2m and an annualised PBT run-rate of £92.0m driven by year-on-year lending growth of 72% to £4bn. Starling continues to build on the mortgage capability it gained through the acquisition of Fleet Mortgages in July 2021, with more than £2bn of mortgages now on Starling's balance sheet as at June 2022. The growth in lending has been funded by Starling's growing deposit base, which increased by a further £600m in just three months to end June 2022. Starling's Return on Tangible Equity for June 2022 is already best-in-class for a UK bank at 17.5%, compared to c.11% for the large high street banks and c.16% for other specialist and mid-tier lenders. This is despite Starling holding a significant capital surplus above its regulatory minimum. Despite the positive trading update from Starling, the valuations of listed peers within Starling's comparable peer group have derated and this has resulted in a downward adjustment to Starling's valuation at period end on a comparable valuation basis.

- The Brandtech Group LLC ("Brandtech") – Brandtech has also continued to perform exceptionally well in both revenue and profit growth during the period. However, in a similar way to Starling, the share price valuations of its peers have not performed well during the period. The net result, notwithstanding its strong operating performance, is a downward adjustment on a comparable valuation basis.
- Wise plc ("Wise") – the Wise share price saw a 40% decline down to 297.4p at the end of June, reflecting the difficult market conditions during the period. Post period end Wise's share price has rallied to above the 31 March level (495p), driven by a strong trading update, and closed on 18 August at 541.6p.

Investment Adviser Comments

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

'We are encouraged that our NAV outturn was in line with the 23% NASDAQ decline in Q2, particularly when our second largest holding, which represented 19% of the portfolio at the beginning of the period, was marked down by almost 80%. The implied write down for the rest of the portfolio is approximately 8% which reflects strong trading, a positive funding round for wefox and the inherent downside protections we have structured into many of our investments.'

'Equity markets have rebounded very strongly since the 30 June, and we note the very strong performance of some of the listed peers we benchmark our portfolio assets against. This has already been reflected in one of our portfolio assets raising primary capital at a premium to its previous funding round and should lead to future NAV progression, if these recent gains are sustained.'

'With over £48m cash and £57m of listed assets, which together represent 20.4% of the market capitalisation, Chrysalis is in a very strong position heading into H2 and we remain confident in the future potential of this portfolio and the outlook of the Company.'

Overview

30 June 2022 marks the first period end that the Company's new independent valuation committee has opined on the Company's valuations.

Valuations are prepared by a third-party specialist valuation firm and presented to the independent committee who meet to discuss and make a final valuation recommendation to the Company's Board.

The objective of the new valuation committee is to provide an independent view, bringing consistency and insight to the process while challenging valuation assumptions. It comprises a team of highly

qualified individuals whose combined skill sets cover all aspects required for the valuing of an unlisted portfolio.

The committee is chaired by Lord Rockley, a former KPMG audit partner with a focus on private equity and venture capital, and comprised of a team of highly qualified individuals: Diane Seymour Williams, who has over 30 years in asset and wealth management; Jonathan Biggs, who worked for 20 years at Accel, a leading global venture and growth capital investor; and current board member Tim Cruttenden, CEO of VenCap International plc, one of Europe's largest fund of fund investors in the venture and growth capital sectors. A large portion of the portfolio is valued using multiple analysis, using a peer group of comparable companies recommended by the third-party valuer and reviewed by the valuation committee.

However, the valuer does also take into consideration the pricing of recent completed funding rounds and secondary transactions in equivalent securities held by other investors. In this quarterly valuation, wefox and Klarna have been revalued by reference to this metric. The weighting given to this pricing metric is reduced over time and returns to a multiple analysis.

This approach to valuation is recognised as one of the most valid methods of determining the fair value of a portfolio like that of Chrysalis', though as with any other valuation method, it does not preclude valuation volatility when markets are experiencing the turmoil that has been seen over the last three quarters.

During the period, equity markets remained under pressure amid continuing macroeconomic turbulence. Historic levels of inflation and material interest rate rises have driven further share price declines in the basket of comparable companies used to determine valuations and to benchmark fundraising activity. Foreign exchange movements benefitted the overall portfolio valuation by just over 1%.

Revenue growth in the portfolio remains strong and the Company's largest holdings continue to trade very well, which has helped to offset the impact of valuation multiple contraction. Post period end, equity markets have performed much better with the GS Non-Profitable Tech Index +13% and NASDAQ +15%. This has led to a material rerating in many relevant listed peers to our portfolio companies, including Affirm (+72%), Trade Desk (+57%), Lemonade (+35%), PayPal (+39%), Bloc (+21%), Amazon (+30%), Adyen (+16%) and CrowdStrike (+13%).

The downward valuation of Klarna was the largest in the portfolio based on the funding round metric. As the Investment Adviser noted at the time of the fundraise (in which the Company invested), the pricing of the round did not reflect, in its view, the underlying value of the company. The valuation of Klarna will revert to a multiple analysis over the coming quarters in line with valuation guidelines. It is worth noting that since period end, Klarna's peer group comparables have seen significant upward reratings of between 40% and 90% in value terms.

Portfolio activity

A number of funding rounds have completed in recent weeks which will enable portfolio assets to continue growing strongly, pursue attractive M&A opportunities and disrupt peers. The Company has supported many of these funding rounds while maintaining a strong capital position:

- In April, Chrysalis participated in Starling's funding round with a £10m investment. Starling raised a total of £130.5m at a valuation of £2.5 billion.

- In July, the Company participated in Klarna's \$800m fundraise and committed to its pro-rata entitlement of \$8.7 million. The round valued the company at \$6.7 billion and attracted investment from both new and existing investors.
- In recent weeks, Chrysalis also increased its holding in Featurespace. Chrysalis invested £5m as part of a successful Series G funding round. The funding round was completed at a premium to the Company valuation of the asset as at 30 June.

The Company's Investment Adviser notes that each of these companies is now either profitable or considered to be funded through to profitability.

Cash and Liquidity Update

Chrysalis has a robust balance sheet and a portfolio of assets that is generally very well-funded. Four of the Company's portfolio assets have already completed funding rounds year to date raising a total of \$1.4 billion.

As of 18 August 2022, the Company held approximately £48m of cash. In addition, the Company also has further liquidity available, most notably its holdings in listed assets, which currently total approximately £57m. The aggregate movement in the Company's listed assets post period end equates to just £0.3m, this equates to 0.1p per share.

The Company therefore has 9.4% of its market capitalisation in cash, with listed assets representing 11.0% of its market capitalisation. Liquid assets therefore represent 20.4% of the current market capitalisation of the Company.

Portfolio Composition

As of 18 August 2022, the portfolio composition was as follows:

Portfolio Company	% of portfolio
Starling	20.1%
wefox	17.1%
Smart Pension	10.9%
The Brandtech Group	9.4%
Graphcore	6.4%
Klarna	6.1%
Featurespace	4.4%
Deep Instinct	4.2%
Wise	3.9%
InfoSum	3.1%
Tactus	3.0%
Sorted	3.0%
Secret Escapes	1.4%
THG	1.2%
Revolution Beauty	0.7%
Growth Street	0.0%
Gross cash	5.0%

Source: Jupiter Investment Management Limited. Holdings size, as of 18 August 2022, are calculated using 30 June valuations, adjusted for FX as of 18 August 2022 and capturing transactions concluded post the NAV calculation period, and thus using cash as of 18 August. For listed shares, the holding values are based on closing share prices as of 18 August, namely: THG at 63.86; Wise at 541.6p; and Revolution Beauty at 26.5p. Due to rounding the figures may not add up to 100%. The above percentages are based on an aggregate portfolio value (including cash) of approximately £0.98 billion.

Outlook

Despite persistent macroeconomic and geopolitical uncertainty weighing heavily on equity markets through H1, some of our leading assets completed successful funding rounds which will enable them to continue executing their growth strategies and growing rapidly.

In recent weeks, equity markets have fared much better, and we have witnessed a material rerating of both NASDAQ and the GS Non-Profitable Index. A rerating of relevant listed peers, combined with strong revenue and earnings growth across the portfolio, should have positive implications for the value of the Company's portfolio in forthcoming quarters.

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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