Chrysalis Investments Limited

Financial Report and Audited Financial Statements

For the year ended 30 September 2022

Contents

Next era potential: Transformative tech that changes our world.

Performance Headlines

"Despite the challenging market for growth companies in 2022, we saw some exceptionally strong performances from within the portfolio, over two thirds of which is now profitable or funded through to profitability. This gives us confidence in the significant growth potential of these businesses and their ability to generate or exceed the returns expected from our shareholders."

Richard Watts and Nick Williamson
Co-portfolio managers

147.79p

– NAV decline of 104.17p or 41%

Falls in the valuations of Klarna (57.66p) and the listed portfolio (31.90p) contributed to much of the decline. The share price closed at 61.70p, a 58% discount to NAV.

£108.0m

– Cash from realisations

Fully divested two assets, Embark Group and THG, and realised a portion of other listed assets. Embark realised net proceeds of £57million for a cash-on-cash return of 2.1x.

£60.0m

– New capital raised

Raised in December 2021 with the objective of funding follow-on investments.

£80.3m

– Follow-on investment

Deployed proceeds from realisations and capital raised to support the existing portfolio in the drive towards profitability.

£82.8m

– Available liquidity at 30 September 2022

Ended the year well placed to continue to support the current portfolio.

67%

– of portfolio profitable or expected to be funded to profitability

The portfolio ended the year well-funded, with 35% of the portfolio now profitable; 32% expected to be funded through to expected profitability and a further 14% with a cash runway of approximately two years.

Strategy

At Chrysalis we deliver value for our shareholders and partners by investing in and supporting innovative businesses with the potential to transform their sectors.

Backing Winning Ideas

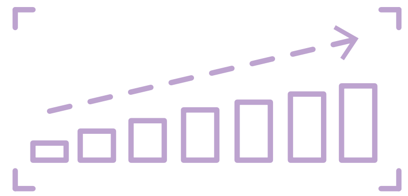
We seek high growth innovative businesses which are leading transformation within their sectors.

Technology has the power to transform the world in which we live. We look to invest in those businesses that have the ability to achieve meaningful change.

Capturing Growth

We identify opportunities for significant growth and help companies carve out clear pathways to profit.

Operating in huge addressable markets, the companies we choose to support offer best-in-class scalable technologies, enabling them to drive and capitalise on societal change.



Empowering Our Partners

We actively engage in building long term relationships with our partner businesses.

Collaborating with businesses, we provide them with the support, knowledge, experience, and flexible capital necessary to empower the delivery of transformational technology.

Delivering Value

We create value by taking a high conviction approach.

Proven by our successful track record, we de-risk and enhance the competitive edge of our partners, whilst offering shareholders the opportunity to access and gain returns from these exciting private and public companies.

Chairman's Statement

"Chrysalis begins the new financial year with confidence in its portfolio of high potential, market leading businesses and with a robust cash position to further support them. We have reinforced our valuation process and have an agreement in principle with Jupiter to revise the performance fee, which we believe is well aligned with the interests of our shareholders."

Chrysalis Investments Limited (the "Company" or "Chrysalis") saw a decline in its NAV per share over the course of the year of 41% to 147.79 pence per share, reflecting an abrupt turnaround in market sentiment when compared to the preceding three years of growth. Despite this volte-face, our portfolio of best in class, innovative businesses continue to generate significant revenue growth, as a result of the transformations they are driving within their sectors and the strong demand for their solutions. The vast majority of our portfolio companies are either profitable, funded to profitability, or have a two-year cash runway.

In addition to the reduction in NAV per share, the premium to NAV, we had enjoyed for most of the three preceding years, has been replaced by a substantial discount. This discount has begun to narrow in recent months but still, as at 31 December 2022, the discount to the 30 September 2022 NAV stood at 48%.

We recognise that the reversal in our share price, reflecting similar moves in the wider market, will have been disappointing to our shareholders but what we hope that these accounts convey is the market leading potential of the businesses in our portfolio and their ability to generate considerable value.

We have already had some great successes, with the realisation of Embark at over twice our original cost, and the partial realisation of Wise at approximately three times our original cost. Some of our investments, as in any private capital portfolio, have not met original expectations. THG and Revolution Beauty fall into that category; our realised gains, however, remain well ahead of our realised losses.

We believe the portfolio has considerable opportunity for further growth as the investment team highlights in the Investment Adviser's Report.

As technology continues to advance, there will be new exciting opportunities in which to invest when the time is right. Given the potential in the portfolio and the change in markets, the investment team is for now focusing on ensuring that its existing investments are positioned correctly. There have been new lessons for both growth orientated companies and investment teams over the last twelve months. As and when we start to add to the portfolio, we will be drawing on those lessons, which will inform our due diligence and investing process.

"Chrysalis has been extremely supportive from the get go. They saw something in us and our team much earlier than most. They saw something and have been proven to be right. It's been a great journey with them and we are incredibly thankful to them for having believed in us. Now we're super happy to pay back the trust that they have put in us. It's a great business relationship."

Julien Teicke
Founder and CEO of wefox

Nearer term, there will be opportunities to reinforce our positions in some of our key investments on attractive terms. Ensuring we have the capacity to do that is a key objective for the Board and the Investment Adviser, coupled with taking steps to reduce the current discount to NAV.

Realisations, even partial, will underpin confidence in the value of our portfolio. Our largest four or five holdings have the capacity to take advantage of public capital markets, as and when they open again for IPOs. Given their value and profile, there is also a limited private market for some holdings. We need to balance the short-term benefit of a partial disposal against the long-term cost of reducing potential returns from asset value accretion in successful investments. Chrysalis was established as a permanent capital vehicle to ensure it did not have to sell assets within prescribed timeframes and we believe that shareholders will benefit over the medium term from the lack of pressure to sell.

I will go on to expand on other initiatives within the Board's control, which we believe should influence, and hopefully reduce, the discount to NAV at which the shares currently trade.

Valuation and valuation process

Chrysalis benefits from the skill set we have assembled on the new independent Valuation Committee, which has become operational during this year.

Chrysalis has clearly reinforced and improved its valuation process by drawing on the experience this committee has on valuing direct investing in private growth capital, multiple PE and venture portfolios, listed fund management covering both listed and unlisted investments, and fund of fund investing in private capital.

The committee, led by Lord Rockley, seeks to shorten the delivery time for quarterly valuations, as well as selectively testing individual investments with additional third-party valuation work. Transparency on process and efficiency in delivery will enable shareholders to derive greater confidence in our valuations, particularly in challenging markets.

Environmental, Social and Corporate Governance

The Board and the Investment Adviser have made good progress on ESG, and I would draw your attention to the dedicated section in our Report and Accounts.

Private capital markets (and private equity/venture managers) have lagged their listed peers with their approach to ESG and the adoption of such principles as part of the mainstream investing process. At Chrysalis, review of ESG credentials forms part of our initial investment decisions and ongoing review of businesses. Our approach is intrinsic to the investment decision making process and we will be building on this going forward.

However, managing to a set of ESG principles is only valuable if one can learn from mistakes and act on circumstances that clearly fall short of our objectives.

In the instance of Revolution Beauty, notwithstanding the disposal of the Company's holding post period end, we are considering the summary findings of the independent investigation report (conducted by law firm Macfarlanes LLP and forensic accountant Forensic Risk Alliance). This report examined the Company's historic corporate governance amongst other factors that may have contributed to the decline in its share price since IPO in July 2021 and the ultimate suspension of its shares from being traded in the public market in August 2022. The announcement made by Revolution Beauty clearly identified a number of issues which we intend to pursue further. We have instructed our lawyers and we intend to undertake the steps that are available to us in order that we can begin to assess the full extent of these issues and their legal implications. Whilst we are mindful of the potential costs of a drawn-out legal process, we are also determined to ensure that where significant governance shortcomings occur and may be responsible for shareholder losses, individuals and corporate bodies are held to account.

Chairman's Statement

(continued)

Share Buybacks

The Board and the Investment Adviser have discussed the issue of share buybacks regularly, given the discount to NAV at which the shares have been trading recently.

In this regard, I would make the following observations:

- We gained approval originally from shareholders for share buybacks primarily as a way of returning surplus capital from realisations of underlying investments;
- The cash applied to a buyback programme would need to be measured against the likely future investment needs of, and opportunities in, the portfolio;
- We also believe that to "move the dial" any buyback programme would need to be substantial and not token.

As the economic cycle plays out, and in particular as the likely shape of the current downturn becomes clearer, the Company's investment needs should also become clearer. At this stage in the cycle we believe there is still a degree of uncertainty as to the final path interest rates will take and the depth and ramifications on business models the current economic slowdown will cause. While we are very confident in the value of the portfolio, we need to maintain sufficient liquidity to ensure that we can continue to support and preserve our investments.

While we specified recently a likely further follow-on commitment of approximately £20 million, the Board and Investment Adviser are in agreement that currently not all the necessary criteria to commence a share buyback for discount control purposes exist.

We will continue to keep this option under review. While the passage of time should reduce uncertainty on the economic cycle side, other factors, such as the reopening of the IPO market, which could lead to increased portfolio liquidity, could also materially alter our deliberations.

Management agreement

As highlighted in last year's accounts, the Board has been reviewing the performance fee agreement with the Investment Adviser. The Company announced on 30 November 2022 that it had reached an agreement in principle with Jupiter in this regard. The terms of the new agreement, which will be put to shareholders and on which a detailed circular will be distributed, can be summarised as follows:

- The 20% performance fee is reduced to 12.5%;
- Settlement of the fee will be in shares and will be deferred over a 3-to-5-year period;
- Share releases will be subject to share price gates and an annual cap; and
- The High-Water mark of 253p NAV per share will remain in place for the new fee agreement, with no performance fee accruing until that level is exceeded.

In reaching this agreement, the Board has tried to balance a variety of issues, namely:

- The need for a competitive remuneration structure to ensure the highest quality of staff can be attracted and retained by the Investment Adviser;
- As close a proxy for reward on realisation as possible in an open-ended structure; and
- An overall reduction in both the absolute and the annual payment under such a scheme.

Both Jupiter and the Board recognise the overriding need to make these changes work for Chrysalis over the long term.

In summary, I believe the combination of these fee agreement proposals should provide shareholders with greater clarity on the approach your Board is taking in managing your Company, and hopefully result in greater support for the Company and its future.

Finally, I would like to thank the management teams of our investee companies, the investment team, and my colleagues on the Board for their efforts during the 2022 financial year. It has been more challenging than we had perhaps anticipated, but I firmly believe we have a portfolio of companies with significant growth prospects which can generate the returns our shareholders envisaged and expected from this exciting investment strategy.

Andrew Haining
Chairman
30 January 2023

Portfolio Statement

As at 30 September 2022

Company	Location	Cost (£'000)	Opening Value (£'000)	Net invested/ (returned) (£'000)	Fair value movements (£'000)	Closing Value (£'000)	% of net assets
wefox Holding AG	Germany	65,625	108,657	–	46,286	154,943	17.6
Starling Bank Limited	UK	98,248	210,767	10,000	(107,373)	113,394	12.9
The Brandtech Group	USA	46,440	94,837	–	8,553	103,390	11.8
Smart Pension Limited	UK	90,000	88,600	15,000	(8,413)	95,187	10.8
Deep Instinct Limited	USA	62,226	48,430	14,937	18,462	81,829	9.3
Klarna Holding AB	Sweden	71,486	386,999	7,106	(337,970)	56,135	6.4
Featurespace Limited	UK	29,546	34,729	5,097	13,313	53,139	6.0
Graphcore Limited	UK	57,589	61,545	–	(16,480)	45,065	5.1
Tactus Holdings Limited	UK	40,130	40,079	–	(3,284)	36,795	4.2
Cognitive Logic Inc.	USA	47,126	48,435	–	(18,136)	30,299	3.5
Wise PLC	UK	6,716	108,700	(37,571)	(50,812)	20,317	2.3
Sorted Holdings Limited	UK	27,941	17,705	12,940	(12,216)	18,429	2.1
Secret Escapes Limited	UK	21,509	24,427	–	(11,195)	13,232	1.5
Growth Street Holdings Limited	UK	11,372	1,332	(1,240)	117	209	0.0
Revolution Beauty Group PLC	UK	41,778	41,373	(514)	(40,859)	–	0.0
THG PLC	UK	–	86,683	3,828	(90,511)	–	0.0
Embark Group Limited[1]	UK	–	56,900	(70,601)	13,701	–	0.0
Rowanmoor Group Ltd[2]	UK	13,363	–	13,363	(13,363)	–	0.0
Total investments		**731,095**	**1,460,198**	**(27,655)**	**(610,180)**	**822,363**	**93.5**
Cash and cash equivalents						58,712	6.7
Other net current liabilities						(1,493)	(0.2)
Total net assets						**879,582**	**100.0**

[1] The sale of Embark Group Limited ("Embark") to Scottish Widows Group Limited, part of the Lloyds Banking Group plc ("Lloyds") completed during the period.

[2] Chrysalis retains an interest in the Rowanmoor Self-invested Personal Pensions ("SIPP") and Small Self-Administered Scheme ("SSAS") administration business ("Rowanmoor") following completion of the sale of Embark.

Investment Advisor's Report

Nick Williamson and Richard Watts of Jupiter Investment Management Limited

Wanted: Teams looking to reshape our tech world.

Overview

Having benefited from the tailwinds generated by the growing interest in, and scale of, late-stage private markets over the first three years of Chrysalis' existence, the last twelve months have seen an abrupt change in sentiment towards growth companies. This volte- face is attributable predominantly to rising inflation rates, which have led to interest rates rising across the world, with the former being exacerbated by the outbreak of war in Ukraine.

Rising interest rates have in turn provoked a marked shift in investor sentiment from growth to profitability and have had a negative impact on many companies' ability to access capital in the private market. The Investment Adviser's investment process has always considered IPO as a likely exit route, and thus has focused on those businesses with strong financial models and the potential to earn substantial profits.

As of September 2022, companies accounting for approximately 35% of NAV were profitable. The Investment Adviser has worked hard with other portfolio assets to ensure they have sufficient cash, and, where necessary, has worked with them to reduce cash burn, to elongate their cash runways.

As a result of this work, another 32% of NAV is accounted for by companies that the Investment Adviser believes are funded to profitability, and another 14% have cash runways for at least two years of trading.

While some companies, such as THG (disposed of in the year) struggled with the inflationary environment, others, such as Starling Bank and Wise, have seen a benefit from rising interest rates. The majority have continued to execute on their growth plans and expand, albeit some, such as Klarna, chose to moderate their pace of growth given the expected squeeze on consumers' income.

While the Company's share price decreased over the year and market conditions have weighed on sentiment, many of our companies have continued to develop strongly. With much of the heavy lifting in terms of funding now completed, this gives the Investment Adviser confidence in the ability of the portfolio to continue to deliver substantially better growth rates than those available in the listed sphere.

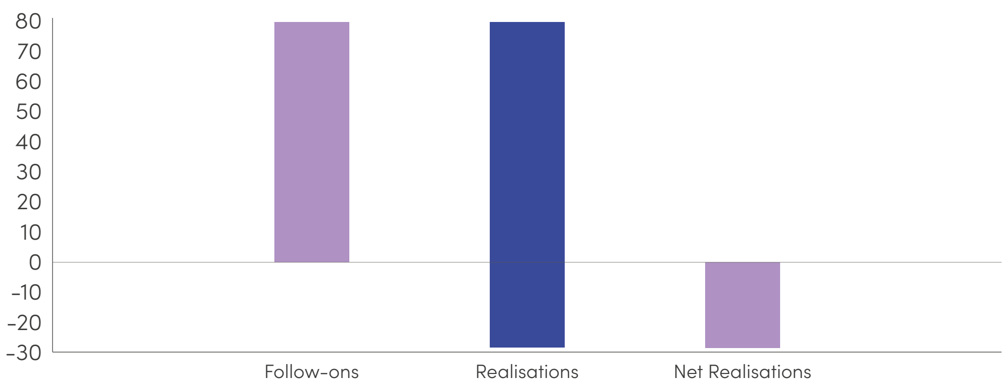
NAV

Valuations of comparable listed peers to the Company's portfolio assets are used by the independent valuer to assess fair value, which is considered by the Valuation Committee, before being ratified by the Board.

The global decrease in valuations of growth stocks, stemming from higher interest rates, transmitted through the above mechanism to the Company's NAV per ordinary share, leading to an approximate 41% decline in NAV over the year.

During the course of the year, no new investments were made. Follow-on investments of approximately £80.3 million were made, with the main recipients being Smart Pension, Deep Instinct and THG, which each accounted for approximately £15 million. More than offsetting this were realisations of approximately £108 million. The main components here were the proceeds from the sale of Embark Group to Lloyds Bank plc (approximately £57 million net), and sales of listed holdings to raise liquidity, particularly Wise (approximately £38 million).

Net investment by type (£ millions)



Source: Jupiter

[1] Excludes investment in Rowanmoor

This led to a net realisation across the year of approximately £28 million.

In December 2021, Chrysalis raised gross proceeds of £60 million, which allowed the Company to continue to support its investee companies as they dealt with the difficult market conditions described overleaf.

> "We love working with Chrysalis because they are focused on growth, shareholder value, enterprise value, and they think about what's best for the overall business and how we can go faster, or even sometimes not so fast. They are very supportive and creative and we speak to them regularly to go through what we're doing and what we're thinking. They give advice and they hold us to account. Plus they've been super helpful throughout this tumultuous market period. We love having them on board."

Will Wynne
Co-Founder and Group Managing Director, Smart Pension

Investment Advisor's Report
(continued)

Market

The market backdrop changed materially from the prior year as investors grappled with the first major interest rate tightening cycle in over 30 years, lifting rates from the negligible levels extant since the Great Financial Crisis. This tightening was driven by rising inflation, attributable to many sources, but likely reflecting the fallout on global supply capacity in numerous sectors following COVID-19 related shutdowns, and further exacerbated by the Russian initiated war in Ukraine.

Rising rates are deemed to have a greater impact on long-duration assets, such as growth stocks, where more of their value (cash generation) resides in the future, compared with more mature companies that are typically already generating greater levels of cash. This impact is felt to a greater extent by those companies which are currently not profitable, and so the long-term "terminal" value of the business forms over 100% of the company's enterprise value.

As a result, the impact on stock markets was varied, although most saw declines. The NASDAQ 100 – with a greater proportion of growth companies – fell approximately 25%, whereas the S&P 500 – with the typical constituent being profitable – fell by a more modest 17%. In the UK, the FTSE All-Share fell by approximately 7%, with its outperformance likely aided by high index weightings to energy companies (which benefited from rising commodity prices) and banks (which benefited from expectations of widening net interest margins).

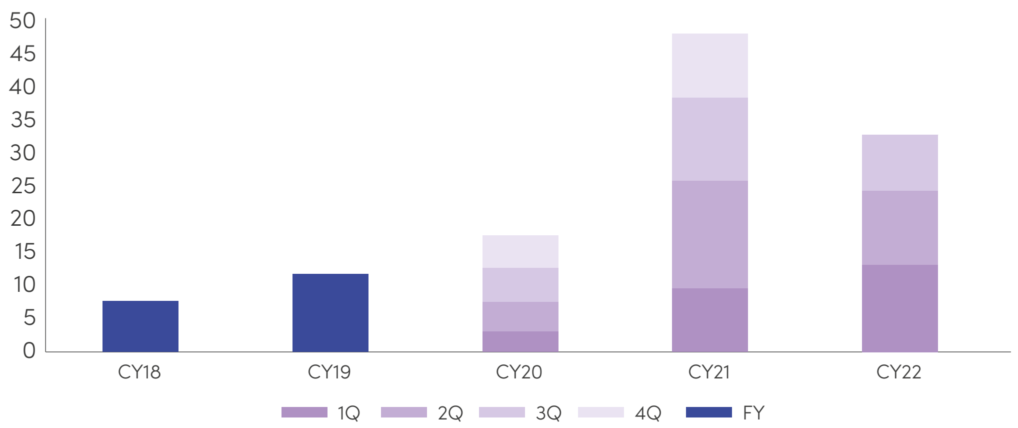
The Impact on the private late-stage market was significant, particularly as many companies had been operating business models which focused on aggressive expansion, often at the cost of profits.

While 1Q22 saw continued growth in the late-stage private market, the Investment Adviser believes this reflects the completion of deals that were likely agreed towards the end of 2021. During 2Q and 3Q 2022, the market slowed markedly and fell approximately 30% year-on-year in each quarter. The Investment Adviser believes it is likely that this contraction will continue for at least two more quarters.

Despite this slowdown, 2022 will still be the second most prolific year of late-stage private equity raising on record. The Investment Adviser believes this growth reflects a growing understanding by other market participants of the exciting growth opportunities available in this segment, and while the near-term market outlook is weak, the market has fundamentally altered over the last few years.

Despite near-term uncertainty, there is evidence of some green shoots emerging. Numis, one of our brokers, has published the results of a survey of 30 top global growth investors. Interestingly, investors' expectations for valuations appear to be beginning to stabilise.

European late-stage private market (£ billions, calendar year)



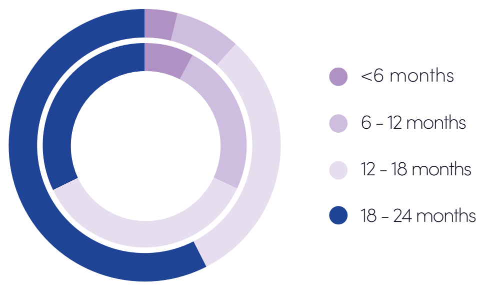
Source: Pitchbook and Jupiter (Deals over £10m in size in Northern and Western Europe)

Compared with 2Q22, 3Q22 has seen the average response improve from prices likely to fall meaningfully, to the majority of investors expecting prices to be roughly stable. If this comes to pass, the Investment Adviser believes this will have important ramifications for the future performance of the Company. Stable pricing is indicative of improved market conditions, which suggests less downward pressure on listed peers, and thus on the Company's NAV.

The other big shift seen over the year is a change of investor mindset, from growth – which the Investment Adviser has observed some market participants chasing at all costs – towards profitability.

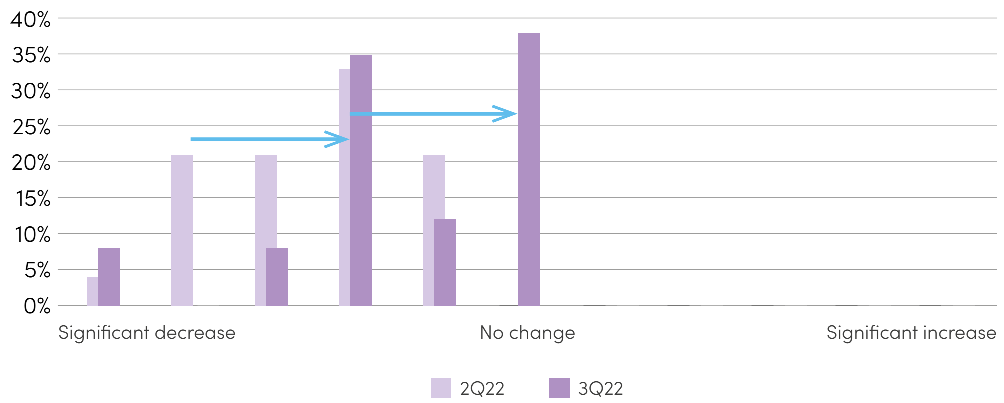
From 2Q22 to 3Q22, the proportion of investors believing this shift to profitability will last for more than 18 months has risen from 32% to 58%, despite another three months having passed.

Duration of investors' shift in focus to profitability from growth (3Q22 outside ring, vs 2Q22 inside ring)[1]



Source: Numis

Investor indicated future valuation expectations[2]



Source: Numis

[1] Question asked: "The current shift from growth to profitability will last for…"
[2] Question asked: "Compared with the last six months, in the next six months valuations I offer will…"

The ability of technology to disrupt huge, established markets has meant many companies have focused on how to drive their market shares from very low levels. As an example, the Investment Adviser estimates the Total Addressable Market ("TAM") of its six largest holdings is over $800 billion, but these companies only command a 0.4% share at present.

As such, the wider investment universe has seen a significant focus on driving growth, often at the expense of profitability, over preceding years.

Given the Investment Adviser has always considered IPO as the most likely exit route for its unlisted holdings, it has assessed its investments through the lens of a listed market investor, which is typically more sensitive to profits and cashflow. As a result, the Investment Adviser looks for certain characteristics at point of investment that suggest a company can achieve material profits at scale, even if it is currently loss making, including, where sensible, analysis of unit economics and cohorts.

Investment Advisor's Report
(continued)

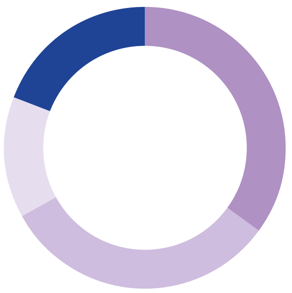
As such, the Investment Adviser believes its companies are well equipped to deal with this change in direction, and it has been working with them across the year, where necessary, to ensure they are adequately capitalised and have efficient cost bases.

As of September 2022, over 80% of the portfolio is either profitable, or likely funded to profitability, or has a two year cash runway.

The funding options surrounding the remaining 19% of the portfolio include:

- A follow-on with funding from Chrysalis;
- A follow-on where Chrysalis does not participate; and
- A strategic exit/ merger.

Chrysalis – Funding status of the portfolio (% of invested assets, as of September 2022)



Source: Jupiter

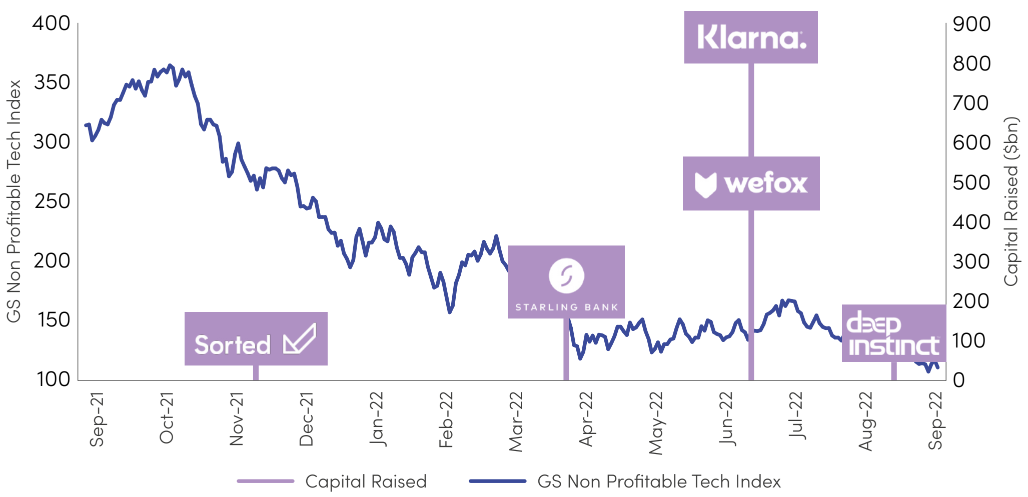
The Investment Adviser assesses that it will not utilise the Company's capital to follow-on in all of the cases in this segment, limiting the likely future requirement of funding to approximately £20 million.

Portfolio

Most of our portfolio companies, particularly those which are relatively more mature, made considerable progress over the year, albeit this was masked in the NAV calculation by weakening listed market comparables.

This led to six of our companies successfully raising capital, despite the difficult market backdrop, netting a total of approximately $1.5 billion.

Portfolio Company raises (where public) over 2022, versus the Goldman Sachs Non Profitable Tech Index



Source: Bloomberg and Jupiter

Although Klarna undertook its funding round at a post-money valuation of $6.7 billion – well down on the peak it achieved in June 2021 of $45.6 billion – the Investment Adviser believes the fact that it managed to raise $800 million at the height of the growth sell off is testament to its strong investment case. Subsequent to this raise, Klarna has confirmed that it expects to achieve profitability in the second half of 2023, which the Investment Adviser views as extremely positive news.

This is likely to be in part achieved via last year's announced cost savings, where Klarna indicated expected job losses equating to 10% of its workforce, but also due to its on-going strong credit performance. Although the market had been worrying about the impact of rising rates on Klarna's business model – both in terms of funding costs and the potential for customers to default - Klarna actually saw impairment charges fall over 3Q22 to 0.7%, from 0.8%, with a faster improvement in the US than the wider group, despite its growing at 92% over the nine months to September 2022.

wefox also managed to close a substantial round of $400 million at a similar time to Klarna.

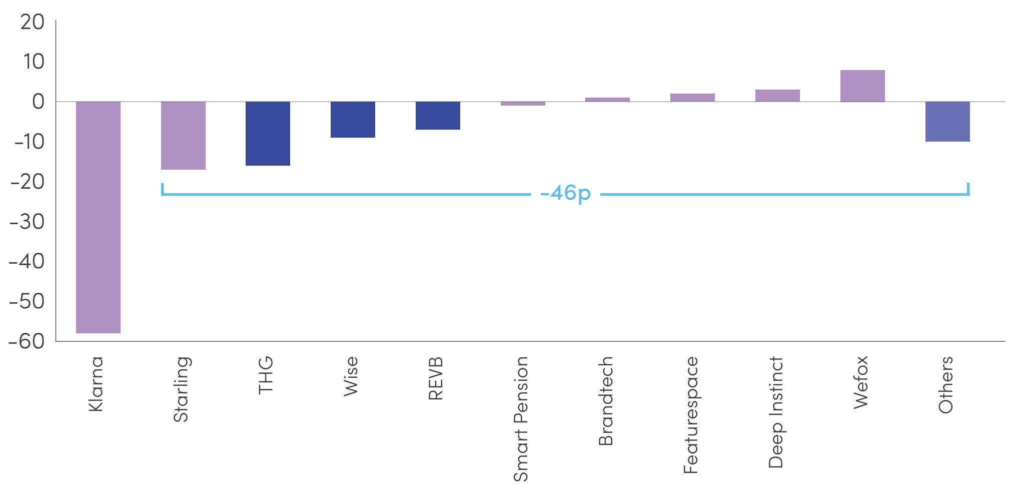
While the Investment Adviser believes securing funding for its continued expansion was the right move for Klarna to deliver long-term value for shareholders, the ramifications of the down round were felt on the Company's NAV per share.

Over the year, Chrysalis' NAV per share fell from 251.96p to 147.79p, or approximately 104p. Of this move, Klarna alone accounted for 58p – given the scale of the decrease in its valuation and its starting position size in the portfolio – more than all the other movements combined. Ex-Klarna, the listed part of the portfolio (THG, Wise and REVB) contributed 32p of downside – of which THG was the main contributor – with unlisted positions causing the smallest impact at 14p.

In terms of the latter, some of the Company's positions contain downside protection mechanisms, which help to minimise the decrease in certain share classes, at the expense of others. Due to its share structure, this benefit is not embedded in Klarna, hence the decrease in its valuation fed straight through to the Company's shareholding.

Across the unlisted portfolio as a whole, the weighted average write down in the investee companies' market capitalisations has been approximately 50% from their respective peaks.

Chrysalis – NAV movement Sep21-Sep22 (pence per share)[1]



Source: Jupiter

[1] Blue is listed companies and purple is unlisted companies.

Investment Advisor's Report
(continued)

Portfolio activity

Given the changing market conditions, and the fact that the Company's share price traded on a discount to its NAV per share for much of the year, there was limited ability to raise significant quantities of new capital, bar the £60 million raised in December 2021.

As a result, the Investment Adviser focused on raising liquidity where available, notably from its listed holdings, as well as receiving approximately £57 million net proceeds from the sale of Embark to Lloyds Bank plc in January 2022.

The Investment Adviser spent considerable time over the year working with investee companies to prepare them for tighter funding markets, by encouraging operational efficiencies where able, as well as pre-emptive capital raises, to put them in the best possible shape for the likely more restrictive capital raising environment to come. As a result, the Company's capital was exclusively targeted at follow-on investments; no investments into new holdings were made over the year.

As a result of this activity, the position in THG was entirely disposed of in the period. THG's share price suffered from inflation-induced downgrades to profit expectations and Ingenuity performing less well than expected. The Investment Adviser felt it more value enhancing to redeploy capital elsewhere.

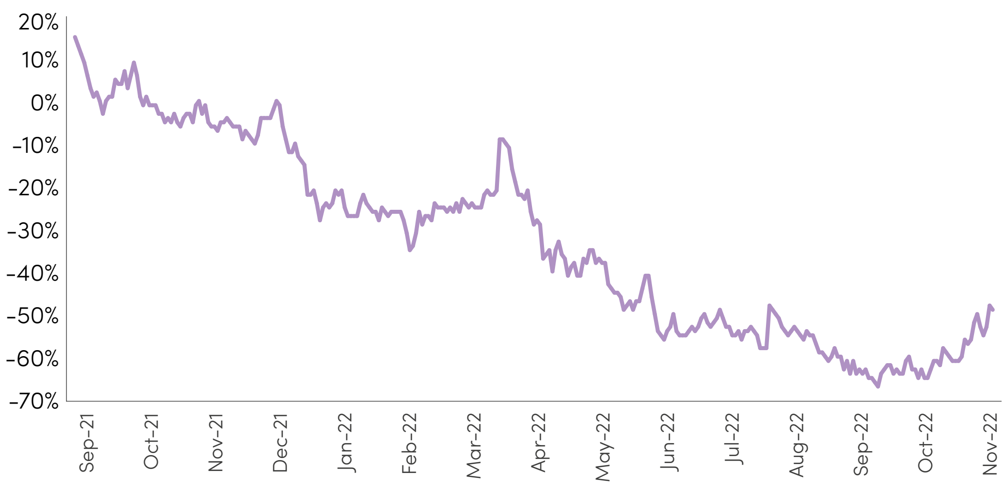
Wise was also used as a source of capital. Although Wise has been a strong performer for the Company, and the Investment Adviser believes it is still only scratching the surface of its potential, given its current market share, a balance needs to be made between running positions, and ensuring adequate liquidity is available to support other holdings.

Given the progress achieved over the course of the year, the Investment Adviser believes that much of this support work has now been completed.

"It's been great working with the team at Chrysalis. They are visionary, very supportive and add a lot of value. They immediately understood what we were building before it was obvious. We were delighted to bring them into the group and to have them as partners"

David Jones
Founder and CEO of The Brandtech Group

Chrysalis – Premium/ discount to NAV



Source: Bloomberg and Jupiter (data to 2 December 2022)

The situation that unfolded at Revolution Beauty was extremely disappointing. Over the course of August it became apparent that the group's auditors had issues in relation to the company's audit, which culminated in the launch of an independent investigation and the suspension of the company's shares. The Investment Adviser, in consultation with the Board, is considering the initial findings of the investigation, before deciding on the appropriate steps to take.

Post period end, the Company was able to sell its entire holding of Revolution Beauty in an off-market transaction. This netted proceeds of over £5 million, compared with the carrying value of nil as of September 2022.

In terms of the rationale to hold listed positions in the portfolio, the Investment Adviser still considers that there is an argument for doing so, in order to capture expected gains post flotation, as well as managing liquidity. While the experience of the last year is contradictory to the above, and the Investment Adviser recognises the points of learning to be taken from this, it is also of the view that each investment case is unique and needs to be judged accordingly.

A recap on purpose

Chrysalis was set up to deliver value for shareholders by investing in innovative businesses with proven business models and the potential to transform their sectors. It was founded based on two key principles:

i. That companies were staying private for longer; and

ii. That by moving into the private market, the Investment Adviser believed it could tap into substantially faster rates of revenue growth, compared with public markets.

Over the course of the year, the Investment Adviser believes the trends behind Principle 1 remain fully in force, and that it has succeeded in delivering on Principle 2.

Share prices of listed assets (pence)

Source: Bloomberg

Investment Advisor's Report
(continued)

Staying private for longer

One of the side effects of companies staying private for longer is that fewer of them come to market via IPO. Following over 20 years of public market investing, the Investment Adviser believes that IPOs are essential to rejuvenate public markets, by offering investors new investment cases to consider, as well as updating the listed investable universe with business models that are more contemporary.

With this in mind, it is clear that the IPO market is still depressed relative to its previous strength pre the Great Financial Crisis ("GFC") of 2008.

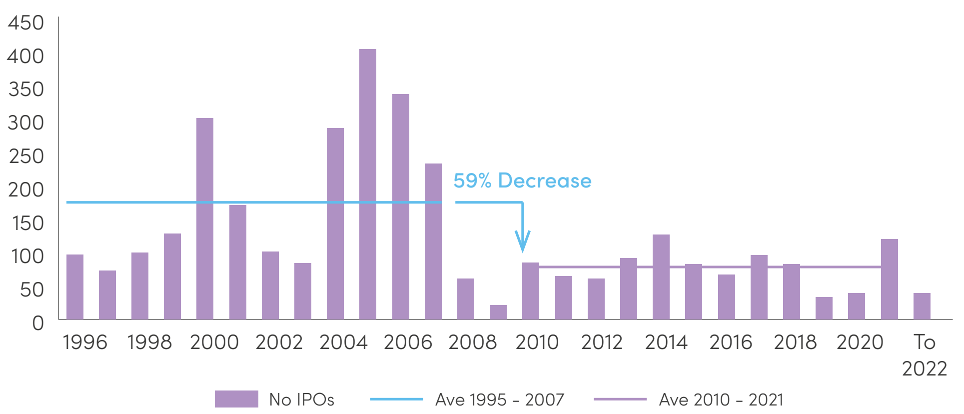
Even 2021, which was seen as a "good" year for IPOs relative to the recent past, is still nearly 40% below the pre-GFC average.

Superior growth rates versus public markets

Many of the Company's holdings have seen material revenue growth since point of investment, with several seeing exceptional growth. The standout performer has been Starling, which in the year before Chrysalis' investment generated £1 million in revenue, whereas as of June 2022 was capitalised approximately £331 million.

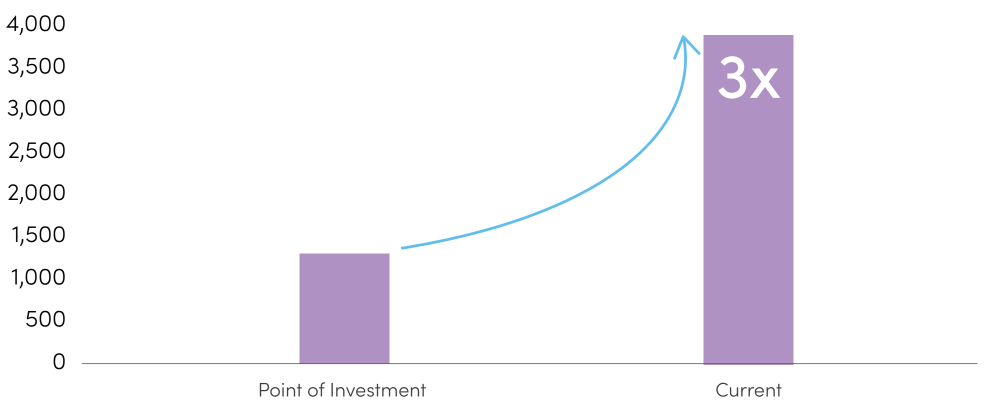
As a result of revenue growth by its investee companies – partly funded by capital invested by the Company – the aggregate revenue of the portfolio has expanded by £2.5 billion since investment, representing three times the initial level.

Number of UK IPOs (Aim and Main Market)



Source: LSE and Jupiter

Aggregate change in portfolio revenues – from point of investment (£ million)



Source: Jupiter

Portfolio dynamics

The Investment Adviser believes the portfolio continues to look good value, when compared with its expected future growth. The NASDAQ is currently trading back near its long-term average one-year forward EV/sales ratio of approximately 4.6x, at approximately 5.4x.

Interestingly, many other growth oriented indices are also trading on around 5x EV/sales.

The Investment Adviser believes the similar multiples for the listed indices, despite their differing growth profiles, reflects the differing levels of profitability of their constituent members, to which market participants are currently particularly sensitive.

Against this, the aggregate revenue performance of Chrysalis' portfolio is expected to be over 50%, which the Investment Adviser believes more than compensates for the modest premium the portfolio is trading on.

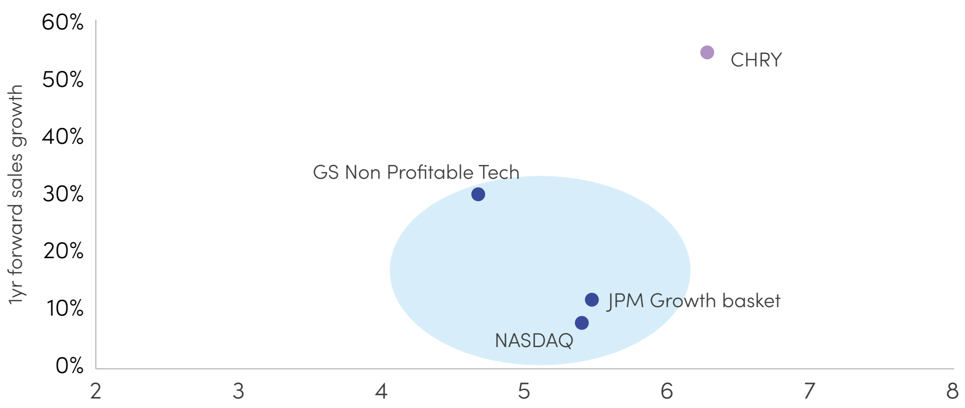
Given the discount to NAV that the shares in Chrysalis are currently trading on , although the valuation at a portfolio level is a touch over 6x , the implied valuation at a Company level is almost halved by this discount to approximately 3x.

The majority of the portfolio is comprised of highly scalable platform businesses that are leading transformation within their sectors. The Investment Adviser believes these companies have the ability to generate significant margins at scale, and it notes that typically, high margin, high growth businesses attract high valuations from investors. In the Investment Adviser's view, it is unusual to find the ability to access such investments on levels commensurate with the discount adjusted figures generated above.

NASDAQ EV/sales development (2001-22, based on one-year forward sales)

Source: Numis and Jupiter (data to 11 November 2022)

Sales growth vs EV/sales (both sales metrics one-year forward)



Source: Bloomberg and Jupiter. Data as of 14 November 2022, CHRY excludes Graphcore.

[1] c48% as of 31 December 2022
[2] Excluding Graphcore

Investment Advisor's Report
(continued)

Outlook

With most of 2022 having been dominated by difficult market conditions, it is easy to become pessimistic over the future: investor sentiment typically reflects the recent past. In the Investment Adviser's opinion, it is important to look forward and consider what might change.

Although one swallow might not make a summer, the indications from other leading growth investors suggest pricing has begun to stabilise in the market.

Anecdotally, and post period end, the Investment Adviser has also seen bids for certain of the Company's assets at levels above recent funding rounds, which supports the above assertion. The Investment Adviser would expect market sentiment to be sensitive to this second derivative.

So the backdrop to valuations may be slightly more optimistic than it has been. Time will tell.

Despite this, the Investment Adviser believes many of the Company's holdings are continuing to deliver excellent financial performance, and that the majority of them are sufficiently well capitalised to weather further difficult conditions, if these do indeed persist.

While the higher interest rate environment has been detrimental to certain holdings, for a number of them, particularly Starling and Wise, it has actually been a tailwind. A key focus of the Investment Adviser in previous years has been to increase diversification within the portfolio, and the effect of this is to reduce stock specific risk. This has also helped ameliorate, at a portfolio level, the impact of those holdings where the investment case did not play out as planned, particularly in regard to THG and Revolution Beauty last year.

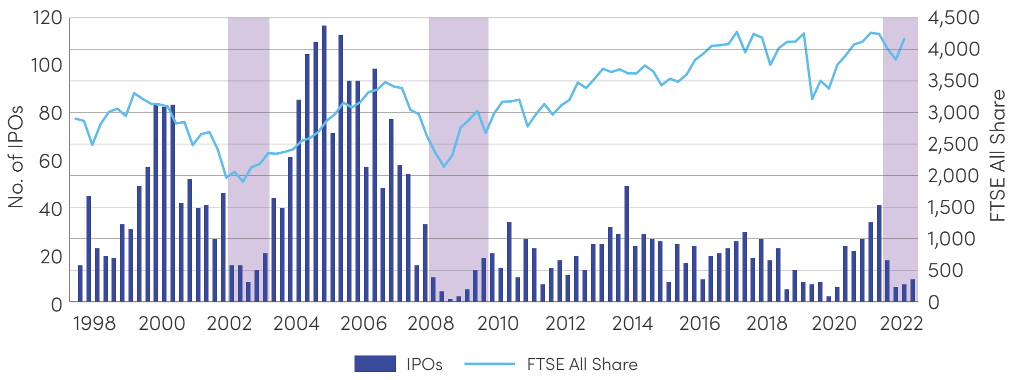
With generally strong balance sheets, the Investment Adviser believes the portfolio holdings are well placed to continue to build on their impressive growth trajectories. In the fullness of time, this should feed through into valuations.

If market sentiment does improve, one area this is likely to be felt is in the IPO market, which has consistently been seen by the Investment Adviser as an important method of exit available to the Company. Currently, the IPO market has endured four consecutive quarters of low issuance.

Ignoring the negative impact of COVID-19 on the market, previous significant market downturns, post the dotcom bubble and during the Global Financial Crisis led to five and seven quarters of low issuance respectively. Thus, history suggests that the market is over halfway through this issuance correction.

The reopening of the IPO market, possibly in 2023, might enable some of the Company's relatively more mature assets to consider a flotation. Such a move would substantially improve the Company's liquidity position.

UK IPOs (Main market and AIM) by quarter and the FTSE All Share Index[1]



Source: LSE, Bloomberg and Jupiter

[1] Purple shaded areas represent market sentiment induced low issuance

Our portfolio and commentary

wefox

£65.6m

Total Investment

£154.9m

Carrying Value

18th December 2019

Date of initial investment

Last Reported Financials

Not publicly disclosed

wefox.de

wefox Holding AG ("wefox")

wefox successfully closed a €400 million Series D funding round in July 2022 which valued it at €4.5 billion. This represented a material increase from the €3.0 billion valuation the company achieved in June 2021 when it completed a €300 million Series C funding round.

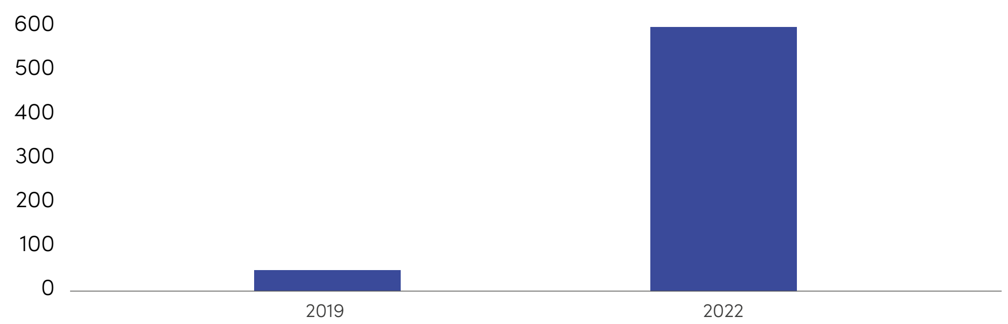
Private companies across a variety of sectors have struggled to raise large amounts of capital from new investors against a challenging backdrop but wefox has continued to deliver on this front; this has enabled the business to continue expanding internationally and to grow rapidly.

wefox's growth trajectory has been remarkable, with the company more than doubling its annual turnover every year since its inception in 2015. When Chrysalis first invested in 2019, the company generated less than €50 million of revenue. Last year, it generated over €300 million in revenue, and is targeting €600 million of revenue for 2022. This makes wefox the leading 'Insurtech' asset globally by both revenue and valuation.

wefox has historically generated best-in-class rates of organic growth, but the company also has a very focused M&A strategy that it is executing. This is one of the reasons the business has continued to raise significant amounts of capital. wefox acquired Mansutti, an Italian insurance broker, in 2021 and more recently TAF, a large Managing General Agent ("MGA") and a market leader in the Netherlands.

wefox operates a very different business model to its peers, which gives a clear roadmap to profitability, and this is the reason why Chrysalis initially invested in the business.

wefox revenues (€ millions)

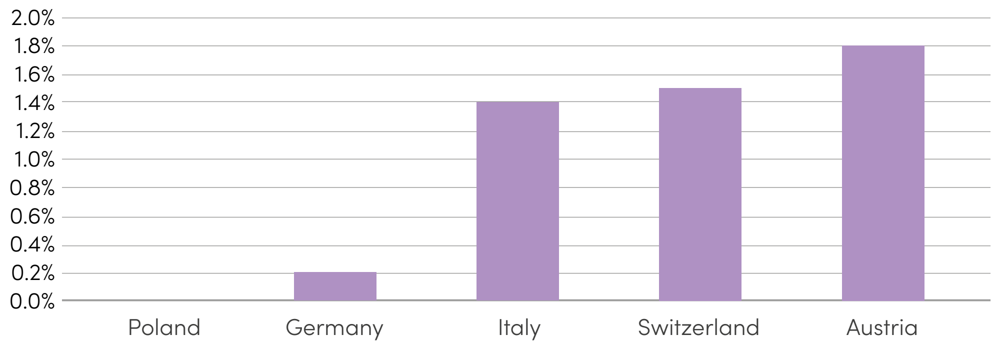


Source: wefox

The company focuses on digitising indirect distribution channels (advisers, brokers and affinity partners) which in total represent 90% of its target markets, by providing them with customer leads, Customer Relationship Management ("CRM") functionality and workflow management software. This results in improved broker productivity and a better customer experience. wefox is then able to selectively target profitable customer cohorts with its own digital insurance products, displaying much lower customer acquisition costs and loss ratios than its digital peers.

wefox is now present in six territories: Germany, Poland, Italy, Switzerland, Austria and Netherlands and its market share in all these markets is under 2%. On this basis, the Investment Adviser believes that the runway for growth is still substantial, and that the company can sustain high rates of organic growth in the future, which are likely to be supplemented with further acquisitions.

wefox market share in Top 5 territories



Source: wefox and Jupiter (data as of 6 December 2022)

Investment Advisor's Report
(continued)

STARLING BANK

£98.2m
Total Investment

£113.4m
Carrying Value

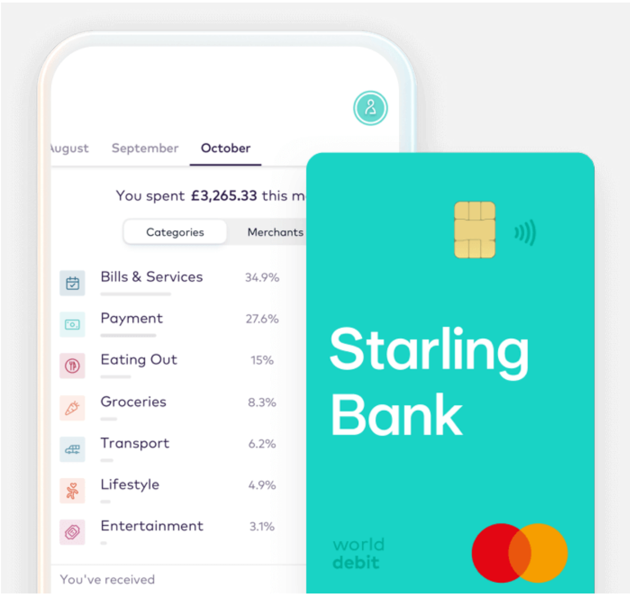
12th February 2019
Date of initial investment

Last Reported Financials
March 2022:
£188m total income (+93%),
£32.1m pre-tax profit (from pre-tax loss of £31.5m for the prior period)

starlingbank.com

Starling Bank Limited
Starling has been one of the strongest assets in the portfolio, in terms of its outperformance of the Investment Adviser's expectations at the point of investment. When the Investment Adviser first engaged with Starling, the company was sub-scale and loss making, but had developed the basis for a potentially highly lucrative platform. Almost four years later, Starling has grown into one of Europe's largest, fastest growing, and most profitable digital banks.

As at June 2022, the bank had opened 3.0 million accounts, including approximately 460,000 small and medium enterprise ("SME") accounts. The growth in SME accounts is particularly impressive, given the business bank only opened in 2018. Starling has managed to grow to approximately half the market share of Barclays (by number of accounts), which was founded over 300 years ago, in just over three years. There has been significant growth in other KPIs too, with customer deposits increasing from £202 million in November 2018 to almost £10 billion in June 2022, a forty-eight-fold increase.



Starling progression since the point of investment

	Nov-18	Jun-22	Factor
Customers ('000s)	356	3,000	8x
Lending (£m)	9	4,033	464x
Deposits (£m)	202	9,628	48x
Revenue (£m)	1	331	292x
Profit before tax (£m)	-27	92	
Personal current account share[1]	0.4%	2.5%	
Business current account share[2]	0.3%	8.4%	

Source: Starling and Jupiter

The Investment Adviser always intended to build a diversified portfolio of assets by sector, theme and geography that could be resilient throughout the economic cycle. The current economic backdrop of rising interest rates highlights this, with some assets being clear beneficiaries of this trend.

For Starling, the impact of rising interest rates is highly significant: the implied £5.6 billion sitting in treasury, which last year would have earned minimal yield, will begin to generate meaningful amounts of income, which crucially, is not subject to impairment risk.

Looking at the June 2022 balance sheet and market derived base rate expectations – the latter are predicted to rise to over 4.5% by December 2023, compared to the 10bps experienced since the onset of COVID-19 – the Investment Adviser believes there is the potential for Starling to generate over £250 million of revenue on an incremental basis, if it kept these balances with the Bank of England.

In reality, the Investment Adviser believes it is likely that Starling will look, at least partially, to deploy this excess funding into interest-bearing loans. This may lead to a greater revenue accretion, demonstrating the growth options available to Starling.

Starling: illustrative impact of rising yields on revenues

£ billion	June-22
Deposits	9.6
Loans	4.0
Implied treasury	5.6

£ billion	Dec-21	Dec-22	Nov-23
Base rates	0.10%	3.50%	4.60%
Implied treasury revenue (£ million)	6	196	258

Source: Jupiter and Bloomberg

[1] UK number of accounts
[2] As above

Investment Advisor's Report
(continued)

£46.4m
Total Investment

£103.4m
Carrying Value

30th September 2020
Date of initial investment

Last Reported Financials
Not publicly disclosed

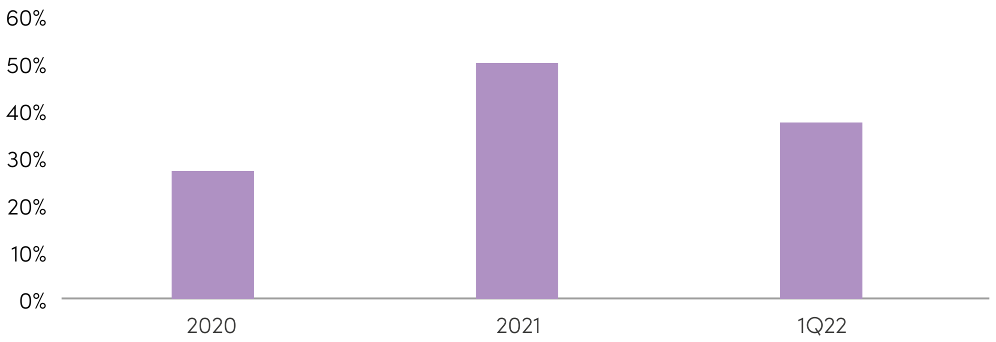
thebrandtechgroup.com

The Brandtech Group LLC ("Brandtech", formerly You & Mr Jones LLC)

You & Mr Jones was renamed The Brandtech Group LLC earlier this year and aims to help businesses do their marketing better, faster and cheaper using technology. Brandtech is now a global market leader in content in-housing and is delivering enterprise-level marketing solutions for some of the world's biggest brands, including Unilever, Google, Adidas, Microsoft, LVMH, Danone, Uber and Reckitt Benckiser.

Brandtech has been a consistent performer since Chrysalis completed its first investment in September 2020. The company generated +27% organic growth in 2020 and growth accelerated materially through 2021 to more than +50%, with the company demonstrating continuing strong growth of approximately 37% in to the first quarter of 2022. The Investment Adviser considers these rates of growth to be compelling in an industry context, particularly given the most recent figures are coming off the back of extremely strong prior years.

Brandtech – organic net revenue growth (FY20a-1Q22a)



Source: Brandtech and Jupiter

Brandtech generated more than $500 million in revenues in 2021 and the Investment Adviser now considers the company to be a global platform. In 2019, David Jones – CEO – described the business as "strongly profitable" and the Investment Adviser believes EBITDA margins in this sector typically range from 15% to 25%.

Total growth has been boosted by selective M&A with Brandtech recently acquiring DP6 – Latin America's leading marketing technology and data company – and Acorn-I – an ecommerce Software as a Service ("SaaS") platform.

DP6 is based in Brazil and delivers technology and data solutions for many of the region's largest businesses as well as numerous global brands, including Carrefour, CNN, BASF, Nubank and Whirlpool. The company provides technology and data expertise, from data measurement to media attribution, data science, AI-powered analytics, and content optimisation. Acorn-i helps brands to market on ecommerce platforms, particularly Amazon where it improves advertising effectiveness and search engine optimisation.

Brandtech operates in a TAM of $640 billion, which implies a current market share of just 0.1%. Digital media and content continue to disrupt the traditional media conglomerates and analogue channels, and the probability of someone building a very significant digitally focused player in the market is high. While the clear market winner is yet to emerge, the Investment Adviser believes that Brandtech has made a very good start on this journey.

£90.0m

Total Investment

£95.2m

Carrying Value

25th June 2021

Date of initial investment

Last Reported Financials

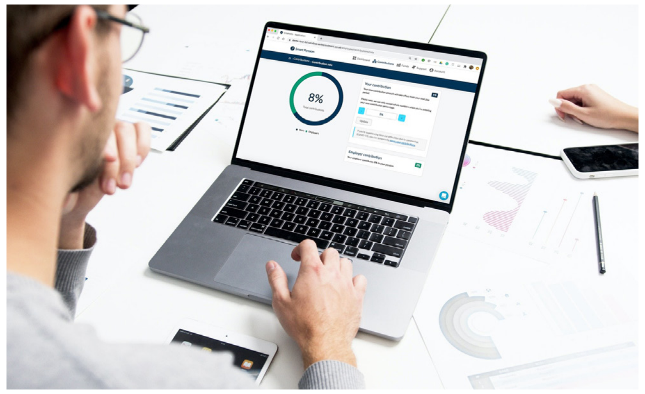
December 2021:
£43.3m revenue (18 months),
£49.4m loss after taxation

smartpension.co.uk

Smart Pension Limited ("Smart")

Smart is now operating at scale and continues to grow rapidly. Smart had £2.2 billion of assets under management ("AuM") in 2021 which is expected to rise to just over £6 billion of AuM by the end of 2022. Further, Smart forecasts it will achieve a 150% CAGR in revenues this year, versus 2019, and the company now serves over one million members and 90,000 employers who are contributing over £50 million per month to their workplace pensions.

Smart operates in a $62 trillion global retirement market and there is an abundance of tailwind that the company should continue to benefit from. There is an on-going regulatory convergence on a global scale towards mandatory direct contribution retirement savings, due to retirement savings gaps in most advanced countries. Continued reform should lead to more opportunity for Smart.



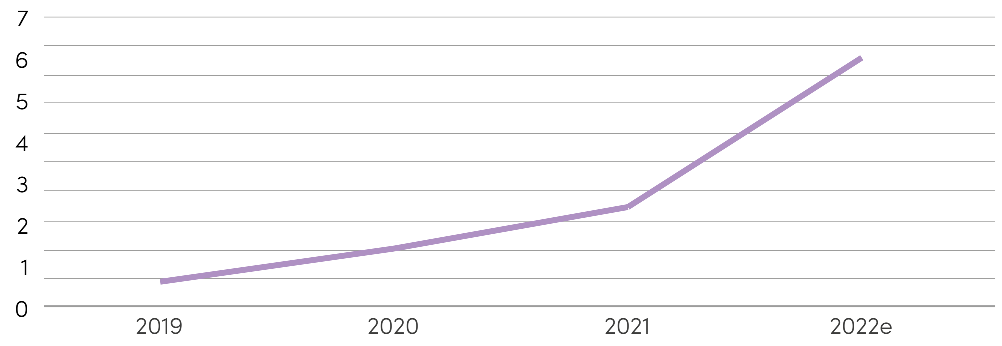
The United Kingdom introduced the Pension Act in 2008, but more recently the Investment Adviser notes regulators forcing change in Hong Kong (Mandatory Prov. Fund Schemes, 2019), UAE (End of Service Gratuity Reform, 2020), Australia (Retirement Income Covenant, 2022) and in the US (SECURE Act 2.0, 2022).

Almost half of private sector workers in the US are not covered by workplace retirement plans and consequently the retirement savings gap is expected to be $400 trillion by 2050.

The Investment Adviser believes Smart has built the only cloud-based platform that can serve the global retirement and savings market and is delighted that the company is demonstrating its ability to internationalise.

In the first half of 2022, Smart acquired US-based Stadion Money Management, which offers personalised digital retirement solutions to advisers, employers and members. Smart has also announced a partnership with US-based Finhabits and launched a new 401k offering. Outside the US, international expansion includes a programme in Ireland to deliver a bespoke Platform as a Service (PaaS) to New Ireland Assurance; an employee workplace savings scheme in Dubai for 22,000 members in partnership with Zurich; and an agreement to tackle the Australian market with Link Group.

Smart AuM (£ billion) (FY19-FY22e)



Source: Smart and Jupiter

£71.5m

Total Investment

£56.1m

Carrying Value

5th August 2019

Date of initial investment

Last Reported Financials

Y/E December 2021:
SEK13.8bn total net operating income (+38% YoY), SEK7.1bn loss after taxation

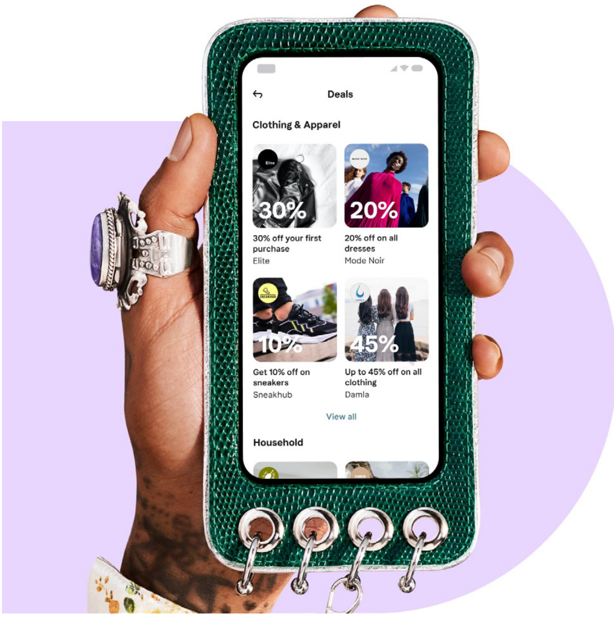
klarna.com

Klarna Holding AB ("Klarna")

In July 2022, Klarna announced the closing of a new $800 million funding round at a $6.7 billion post-money valuation.

The round was well supported by existing investors, but also attracted new investors including Mubadala Investment Company and Canada Pension Plan (CPP Investments).

Much was made of Klarna raising capital at a significantly lower valuation to its previous funding round, but the Investment Adviser would highlight that the funding round occurred during possibly the worst set of circumstances to afflict stock markets in recent years. Considering this, the Investment Adviser views an $800 million funding round, with strong participation from new investors, as a success, and believes it is the second biggest undertaken in Europe in 2022.



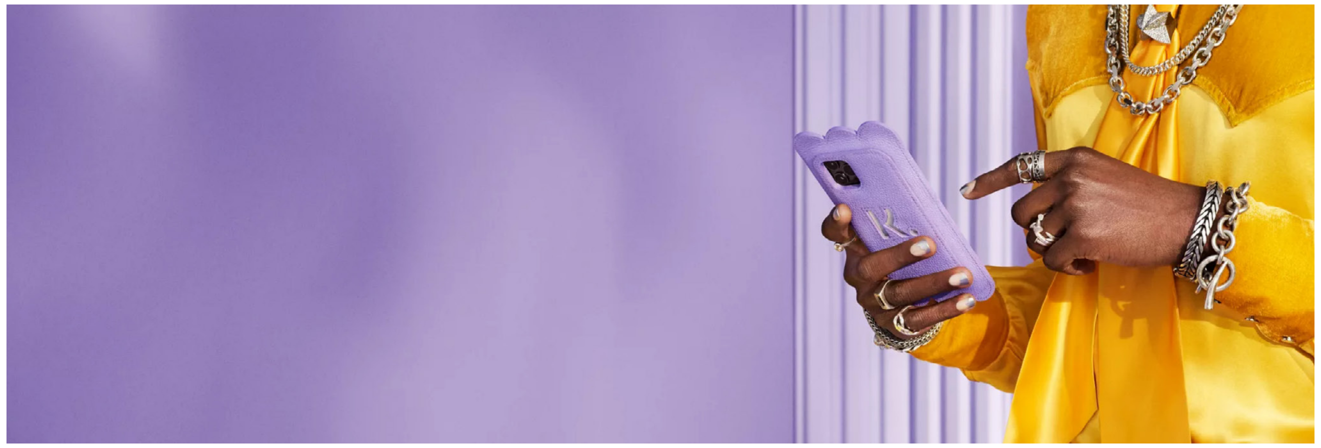
Klarna stated that the proceeds of its recent round would be primarily used to expand its market leading position in the US. The Investment Adviser also believes that the round will fund the business through to profitability in 2023. The Investment Adviser highlights that Klarna is the only fintech in the world that has been profitable for its first 14 years of existence and in 2017 Klarna recorded a 12% EBT margin.

As evidence of Klarna's potential, recent trading has remained strong and the Investment Adviser was encouraged by the progress made through 3Q 2022. Year to date revenues increased by +22% year-on-year to $1.4 billion and gross merchandise volume ("GMV") also increased by +22% year-on-year to $60.2 billion. While this growth represents a slowdown from the levels seen in recent years, the Investment Adviser notes the company's decision to focus on tighter underwriting, which it believes will have had a modest impact on achieved growth. Despite this, the US continues to be a standout performer with GMV +92% year-on-year to $8.6 billion.

Considering this level of growth, there was a remarkable improvement in profitability. Operating losses fell by $169 million quarter-on-quarter (42%), and the company stated it expects to be run rate profitable in the second half of 2023. While this is likely to be driven in part by the cost savings announced earlier in 2022 – partly achieved through headcount reduction – there has also been a decrease in impairments. Global credit losses declined by 12% – improving from 0.8% of GMV to 0.7% – with substantial gains made in the high-growth US market, which saw a 30% decrease in credit losses year-on-year.

The Investment Adviser remains confident of the long-term potential of Klarna and is extremely pleased with the progress the company has made since Chrysalis first invested back in August 2019. Since this date, Klarna has grown revenues from $753 million in 2019 to likely well over $2.0 billion in 2023. In achieving this, between 1H18 and 1H22 globally it has added 94 million users and 360,000 merchants, entered 35 new markets (with presence in 45 countries globally) and has acquired a number of companies to supplement its offering.

Over the past three years, Klarna has grown into a truly global payments business with a dominant market position in several territories. Innovative products and services have been rolled out across new and growing verticals such as travel, event ticketing, beauty, and high-frequency verticals such as pharmacy and grocery. A global partnership with Stripe has also been announced giving access to millions more SMBs (small-to-medium sized businesses).



£62.2m

Total Investment

£81.8m

Carrying Value

6th July 2021

Date of initial investment

Last Reported Financials

Not publicly disclosed

deepinstinct.com

Deep Instinct Limited ("Deep Instinct")

Deep Instinct takes a prevention-first approach to stopping ransomware and other malware using the world's first and only purpose-built, deep learning cybersecurity framework. Using this proprietary technology, Deep Instinct can predict and prevent known, unknown, and zero-day threats in less than 20 milliseconds, 750x faster than the fastest ransomware can encrypt. Deep Instinct has a better than 99% zero-day accuracy as well as a sub 0.1% false positive rate.

The Investment Adviser knows of no other cyber security solution which guarantees the same levels of efficacy as Deep Instinct and is pleased to see the company announce the results of is first participation in MITRE Engenuity's ATT&CK Evaluations. This round of evaluations emulated the malicious activities of various threat groups, highlighting the results across 30 vendors. Deep Instinct provided visibility and detection to adverse activities in all 15 attack steps tested, with its prevention and suspicious activity detection engines achieving excellent detection coverage on techniques related to execution, persistence, command and control, and impact tactics, as well as additional visibility and insight into all other tactics included in the test.

The Investment Adviser is also encouraged by the appointment of two very credible senior figures to its executive leadership team. In July, Deep Instinct announced the addition of Carl Froggett as Chief Information Officer; formerly Head of Global Infrastructure Defense, CISO Cybersecurity Services at Citi. In September, the company announced that Lane Bess, former Palo Alto Networks CEO and Zscaler COO, was taking over as CEO. Lane Bess has 35 years of experience in cybersecurity and technology, with a proven track record of leading rapidly growing cybersecurity companies.

Deep Instinct closed a $62.5 million funding round in September. The round was led by Blackrock, with Chrysalis participation. The Investment Adviser believes this round will provide Deep Instinct with over two years of cash runway and enable it to continue to grow rapidly. While the economic backdrop is tough, Deep Instinct is confident that enterprises will not be looking to reduce their cyber spend, given the record number of attacks witnessed in recent years.

£29.5m

Total Investment

£53.1m

Carrying Value

13th May 2020

Date of initial investment

Last Reported Financials

Y/E December 2020:
£21.0m Revenue (+19% YoY),
£11.8m Loss after taxation

featurespace.com

Featurespace Limited ("Featurespace")

Featurespace continued to demonstrate strong growth over the financial period, with considerable sales traction, driven by its award-winning product.

As evidence of the quality of its offering it:

- won the Next Generation Payments award in the 2021 FinTech Rankings;
- was recognised as Best-in-Class among fraud and Anti Money Laundering ("AML") machine learning platforms by Aite-Novarica Group in December 2021;
- won "Best Technology Initiative" via Worldpay's Fraudsight (powered by Featurespace) at the 2022 Cards & Payments Awards; and
- was a finalist in the 2021-22 Cambridge Independent Science and Technology Awards for AI Company of the Year and Technology Company of the Year.

The Investment Adviser has seen estimates that put the TAM opportunity for Fraud Analytics at $6 billion in 2020, but given the rate of increase in the market, it is not inconceivable that this might double by 2025, providing significant runway for Featurespace to grow into.

In terms of market dynamics, alongside PYMTS, Featurespace published "The State of Fraud and Financial Crime in the US" – a survey of 200 executives working in Financial Institutions ("FIs") with assets of at least $5 billion – in September 2022. This makes for sobering reading.

Over the previous year, 59 FIs saw an increase in overall fraud rates, with an average loss of 1.29 bps per transaction. Fraud rates only fell for 19% of respondents. Credit cards were particularly targeted, with 64% of FIs reporting an increase in attacks.

These types of market changes play into Featurespace's product offering, which utilises machine learning, and increasingly deep learning, to provide enhanced protection against fraudsters – crucially, at lower false positive rates – versus the typically rules-based systems traditionally in use.

This has enabled the company to continue its growth, such that it now has 65 direct customers and over 100,000 indirect. This means the company now protects over half a billion customers globally, checking over 50 billion transactions per annum, blocking 75% of fraud attacks as they occur, at significantly reduced false positive rates.

GRAPHCORE

£57.6m

Total Investment

£45.1m

Carrying Value

17th December 2018

Date of initial investment

Last Reported Financials

Y/E December 2021:
$5m Revenue (+16% YoY),
$168m Loss after taxation

graphcore.ai

Graphcore Limited ("Graphcore")

Graphcore continues to roll out new technology. Following on from its strong showing in the MLPerf industry measure of comparative benchmark testing, which showed a significant advantage (between 1.3x-1.6x) for Graphcore over incumbent Nvidia on a performance per dollar basis, the company has recently released new hardware.

Earlier in the year, Graphcore's third-generation system, called Bow, was launched. Bow is the first chip ever to feature wafer-on-wafer technology, which allows a significant improvement in performance, at greater efficiency. Bow contains 1,472 independent cores that can allow 9,000 separate programmes to be run at the same time, for true parallel computing. Performance gains in the industry are key, as model sizes have been rising aggressively. When Chrysalis first invested in late 2018, models contained about 330 million parameters. Fast forward to today, and models of up to one trillion parameters are on the cards.

Bow pods deliver up to 40% more performance compared with the previous generation of IPU pods. Bow also increases the performance advantage over Nvidia's comparable machines, with a fivefold decrease in time to train and a tenfold lower total cost of ownership.

Later in the period, the company announced a new PCIe card, the C600, in response to demand from datacentre customers looking for an easy configuration with existing architecture. In addition, software development has continued to ensure support of the new hardware launched.

In response to the challenging funding market, and in-line with many other unprofitable companies, Graphcore took the difficult decision to extend cash runway, which unfortunately meant a reduction in workforce.

While both the hardware and software have come on significantly since our initial investment, the company needs to demonstrate that it can successfully commercialise its products. Graphcore ended 2021 with cash and liquidity of $327 million, having reported a loss before tax of $185 million.

TACTUS GROUP

£40.1m

Total Investment

£36.8m

Carrying Value

18th August 2021

Date of initial investment

Last Reported Financials

Y/E March 2021:
£42m Revenue (+422% YoY),
£2.3m Profit after taxation

tactusgroup.com

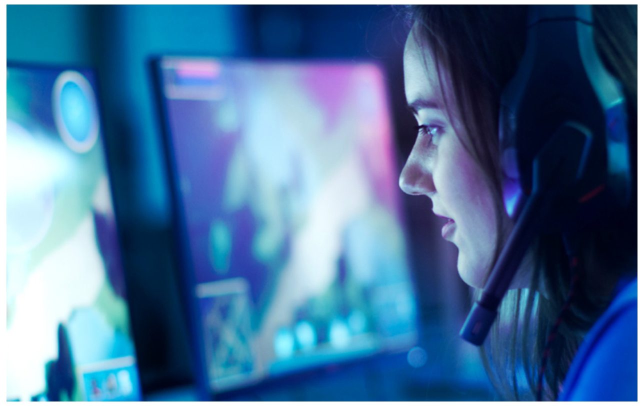
Tactus Holdings Limited ("Tactus")

The gaming industry is now the largest and fastest growing form of entertainment globally, with the gaming PC market rapidly expanding as more gamers, from casual players to e-sports professionals, immerse themselves in their own virtual communities. As a leading provider of own and third-party branded custom gaming PCs, component parts, equipment, and accessories, Tactus is ideally positioned to benefit from these structural dynamics.

Tactus has completed a number of acquisitions since our initial investment, including coding and robotics firm pi-top, B2B IT hardware provider BIST Group and award winning PC gaming brand Chillblast. More recently, Tactus announced the acquisition of online gaming and technology retailer Box.

Box is an online retailer of consumer technology and specialist devices, with a customer base across the UK and Europe. Founded in 1996, the company had grown to over £100 million of revenues in 2021. Box takes the group's headcount to over 350 individuals and its purpose built 120,000 sq ft logistics centre significantly expands the scale of Tactus' supply chain and operations across the UK and beyond, while providing enhanced capacity to accommodate future growth.

Progress has also been made internationalising the business, and a European partnership was recently announced with NBB in Germany. NBB is one of the largest German online retailers for consumer electronics and will distribute Geo devices into the DACH market. While ecommerce businesses generally have faced headwinds from retailers destocking and high levels of promotional activity over the course of the year, Tactus has continued to scale through strategic M&A.



£47.1m

Total Investment

£30.3m

Carrying Value

16th August 2021

Date of initial investment

Last Reported Financials

Not publicly disclosed

infosum.com

Cognitive Logic Inc. ("InfoSum")

Despite Google's decision to delay its self-imposed deadline to deprecate third-party cookies in its Chrome browser, InfoSum is benefitting from many structural tailwinds that are also driving the purchasing decisions of prospective clients. The launch of App Tracking Transparency by Apple in April 2021 and regulatory changes, such as GDPR in the UK and CCPA in the US, are making it increasingly difficult for brands and publishers alike to gather information on consumers, and thus to target specific cohorts.

These tailwinds have led to the emergence and increased momentum of data clean rooms – secure environments where personally identifiable information can be anonymised and processed to gain insights into customer cohort behaviours, in a privacy-compliant way. Disney publicly announced a data clean room solution in October 2021 for advertisers, harnessing more than one thousand first-party data segments to boost measurement and campaign insights, using InfoSum as a partner. InfoSum also announced a partnership with The Trade Desk, in an effort to scale its clean room network.

InfoSum continued to expand internationally and over the course of the year the company announced that it has entered Germany, Italy, Australia and New Zealand. The Investment Adviser recognised the scale of the opportunity globally for InfoSum at the point of investment and is encouraged by the company's progress in these jurisdictions.

£27.9m

Total Investment

£18.4m

Carrying Value

15th August 2019

Date of initial investment

Last Reported Financials

September 2021:
£4.5m Revenue,
£12m Loss after taxation

sorted.com

Sorted Holdings Limited ("Sorted")

There has been significant change at Sorted over the past twelve months, which commenced in October 2021, when a decision was made to recruit a new CEO and senior leadership team.

As a result, Carmen Carey, who had been a Non-Executive Director on Sorted's Board of Directors for two years, was appointed as CEO. Carmen has a strong SaaS background and was previously CEO at Brady Technologies, Big Data Partnership and ControlCircle, and COO at Metapack (a major carrier platform competitor to Sorted). Other key appointments included a CTO, an interim COO, a Vice President of Product, and a Vice President of Sales.

As part of this overhaul, Sorted raised a Series C funding round of $40 million in December 2021, which enabled it to acquire Clicksit, an automated returns company. This acquisition marks Sorted's continued expansion into the US market and will also enable the group to target the Small and Mid-sized Business ("SMB") market. Returns are a crucial step in the customer journey and Clicksit will enable Sorted to provide a complete delivery experience platform to both enterprise and SMB clients.

Following this acquisition, and increased investment in REACT, the company's tracking engine, Sorted has transformed itself over the past twelve months from a SaaS business operating with a single product in a single market, to a SaaS platform with multiple products across multiple-territories.

Investment Advisor's Report
(continued)

£6.7m

Total Investment

£20.3m

Carrying Value

7th November 2018

Date of initial investment

Last Reported Financials

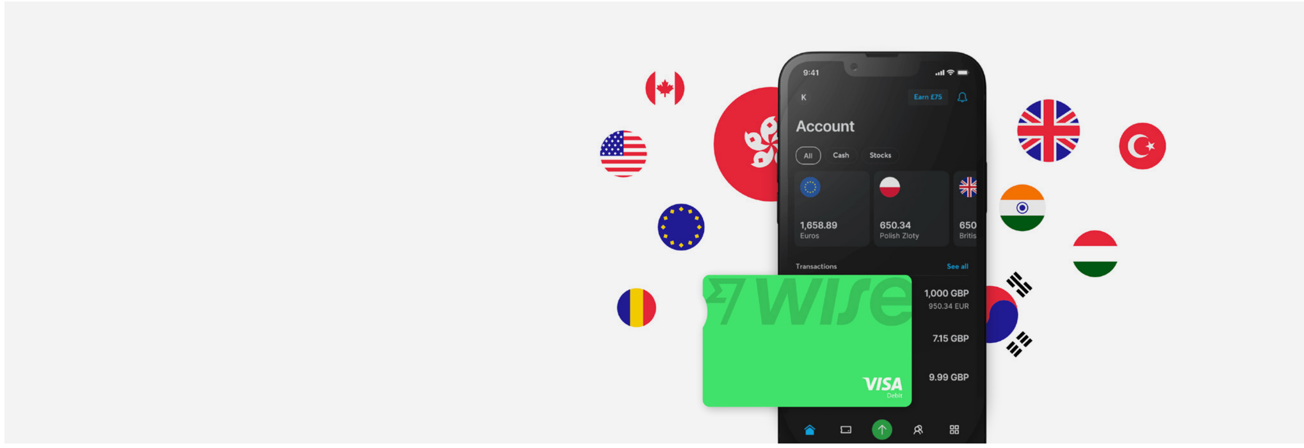
Y/E March 2022:
£560m Revenue (+ 33% YoY),
£121m adjusted EBITDA

wise.com

Wise plc ("Wise")

Wise is a fantastic example of the Chrysalis blueprint. The Investment Adviser identified this asset when it was generating under £70 million of revenues and had only just demonstrated profitability. Wise had very strong unit economics, however, and an attractive customer proposition that was clearly disrupting a huge addressable market. This gave the Investment Adviser confidence that the company could grow rapidly and sustain high rates of growth over a prolonged period of time, while continuing to be profitable and cash generative.

Over a five year period, Wise has increased its global active user base from 1.7 million to 7.4 million and has improved volume per active user from £5.6k to £10.3k; this has driven an eightfold increase in revenues from £66 million to £560 million. Profitability, which has, and will continue to be, a key focus of the Investment Adviser, has been excellent and the adjusted EBTIDA margin has improved from 6% to 22%, with Wise recording £121 million EBITDA in its most recent full-year results.



As at September 2022, Wise's share of the remittance market remains relatively low globally, at approximately 4% in personal and less than 1% in business transactions. It is interesting to note that its share of personal transactions in the UK is approximately 20%, and this, combined with its continued focus on innovation and investment in its proposition, means the Investment Adviser believes there are strong reasons to support continued progression.

As evidence of this, Wise is currently growing as strongly as it was five years ago, which the Investment Adviser believes is unusual, given the increase in the revenue base. The top end of consensus is currently projecting Wise to generate £1.8 billion of revenue in FY26 and £425 million EBITDA, which would imply a threefold increase in the size of the business over the next four years, highlighting the power of compound growth over the medium-to-long term and the value that this can create for investors.

Post period end, Wise released a strong set of interim results. Total income for the first six months increased +63% year-on-year to £416 million, reflecting strong growth in active customers and an increase in total volumes. Adjusted EBITDA increased +52% year-on-year to £92 million which implies a margin of 22%. Total income is now guided to increase by between +55% and +60% for FY23 with an adjusted EBITDA margin at or above 20% over the medium term.

Progression in Wise's KPIs since the Investment Adviser first engaged with the company (FY17-22)

	Mar-17	Mar-22	Factor	Mar-26e	Factor
Active users (m)	1.7	7.4	4.4x		
Volume per active (£k)	5.6	10.3	1.8x		
Revenue (£m)	66	560	8.4x	1,847	3.3x
EBITDA adj (£m)	4	121	32.8x	425	3.5x
Margin (%)	6%	22%		23%	

Source: Wise and Jupiter (data as of November 2022)

Investment Advisor's Report
(continued)

£21.5m

Total Investment

£13.2m

Carrying Value

7th November 2018

Date of initial investment

Last Reported Financials

Y/E December 2021:
£69.4m Revenue, £12.7m Loss after taxation (2020: £48.2m loss)

secretescapes.com

Secret Escapes Limited ("Secret Escapes")

Secret Escapes has continued to develop its customer proposition over the past twelve months with an increased focus on the "Always-on Hotel-Only" offering, which has resonated well with customers. The company has also developed its website and smartphone application further and these initiatives appear to be driving key performance indicators and unit economics.

The trading environment for Secret Escapes has been tough over the past couple of years, given the lingering effects of COVID-19, but more recently the Investment Adviser has been encouraged by the sales performance of the company versus 2019, and notes that some territories are now exhibiting strong rates of growth.

Secret Escapes has taken proactive measures to embed operational efficiencies, and this has proven effective at driving profitability with the business profitable on a year-to-date basis.

The Investment Adviser does believe that there is now an opportunity to accelerate customer acquisition and drive organic growth and profitability over the next twelve months, and this is the current focus of the management team.

£11.3m

Total Investment

£0.2m

Carrying Value

22nd January 2019

Date of initial investment

Last Reported Financials

Not publicly disclosed

Growth Street Holdings Limited

The company is in the final stages of liquidation, following its wind up as a result of poor underwriting controls in 2019.

Chrysalis had already received most of the expected liquidation proceeds, but post period end, it was notified of a further expected distribution at a level higher than the previous carrying value. As a result, the carrying value of the stake was written up.

Investment Advisor's Report
(continued)

REVOLUTION BEAUTY LONDON

£41.8m

Total Investment

19th July 2021

Date of initial investment

revolutionbeauty.com

Revolution Beauty Group plc ("Revolution Beauty" or "REVB")

Having updated the market positively on 26th May 2022, Revolution Beauty released a disappointing trading update on 2nd August 2022 which downgraded revenue and EBITDA guidance.

Following this trading update, Revolution Beauty then released another statement which said that BDO, the company's auditor, had written to the Board and identified 'a number of serious concerns that had arisen during the course of its work on the FY22 audit. This included the Group's ability to provide sufficient and accurate evidence in respect of a number of keys audit areas and the validity of certain commercial arrangements entered into by the Company'.

The board of Revolution Beauty has subsequently appointed Macfarlanes LLP and Forensic Risk Alliance to undertake an independent investigation into the matters raised by BDO and any other matters that may become relevant during their review. The initial findings of this investigation were announced on 13 January 2023 and the Board and Investment Adviser are considering how best to proceed.

Chrysalis disposed of its entire holding in Revolution Beauty Group post period end in of off-market transaction for £5 million, which compares to the period end carrying value of nil.

embark group

£27.1m

Total Investment

14th August 2019

Date of initial investment

embarkgroup.co.uk

Embark Group Limited ("Embark") / Rowanmoor Group ("Rowanmoor")

During the period Embark was sold to Scottish Widows Group Limited, a subsidiary of Lloyds Banking Group plc for £390 million. Chrysalis received net cash proceeds of £57 million as part of the transaction which implies a cash-on-cash return of 2.1x from the date of Chrysalis' initial investment in July 2019.

Following the sale, Chrysalis maintains an interest in the Rowanmoor SIPP and SSAS administration business. Due to ongoing issues in the business, the investment was attributed a zero carrying value. At the end of August 2022, the operating subsidiary of Rowanmoor was placed into liquidation, with Evelyn Partners appointed as administrators.

Environmental, Social and Corporate Governance Report

Overview

The Investment Adviser is a specialist, high-conviction, active asset manager committed to helping its clients achieve their long-term investment objectives.

As active owners and long-term stewards of the assets in which it invests on behalf of its shareholders, the Investment Adviser's investment teams are at the core of its responsible investment approach. The investment team analyse holdings on a range of material ESG issues to ensure the Company protects and enhances the value of its investments to deliver returns in line with its objectives. Where opportunities are identified to improve the ESG performance or reduce the ESG risk of an investment, the Investment Adviser actively engages and makes use of its shareholder vote with the objective of improving stewardship outcomes.

The Investment Adviser's Responsible Investment Policy describes how it approaches these issues as an active investor, setting out its sustainability, governance, and oversight; its approach to ESG integration and materiality; and core material ESG issues. The Investment Adviser's Sustainability Policy identifies material sustainability issues relevant to Jupiter's corporate and investment footprints. The Company's ESG Policy sets out how the investment team fulfil their responsibilities on behalf of clients at each stage of the investment process, in line with the Company's investment policy and asset class specific considerations.

The Investment Adviser supports the Company's integration of environmental, social and governance (ESG) responsibilities in the following ways:

- The presence of a dedicated ESG Investment Director within the investment team;
- The support provided by Jupiter's Stewardship and Data Science Teams; and
- The oversight provided by the Adviser's Sustainability and Responsible Investment Oversight Structures.

This report provides a review of the steps the Investment Adviser is taking to evolve the Company's ESG strategy and the progress being made against the ESG objectives. Also included are a number of case studies to bring to life good practice by portfolio companies during the financial year, and stewardship activity conducted by the investment team.

In addition, a range of portfolio metrics are presented throughout this Report to provide transparency to investors, including those that have their own climate reporting responsibilities aligned to the recommendations of the Task Force on Climate related Financial Disclosures ("TCFD"). The Investment Adviser intends to continue to develop its ESG-related disclosures in the next financial year.

The role of ESG in our investment process

Chrysalis provides primary capital to predominantly unlisted businesses that offer the technology to transform the way people live and work.

There is no single type of business in which Chrysalis invests, however the Investment Adviser's aim is to find companies which display a number of characteristics.

Typically, they will be high growth, innovative businesses which are leading transformation within their sectors and operate in huge addressable markets with structural tailwinds. Their core assets are intellectual property and the people who create it. They use best in class scalable technologies to capitalise on societal change and to solve customer problems in novel ways. Lastly, companies should also have a clear roadmap to profitability, and the ability to achieve and sustain exceptional rates of growth.

Chrysalis' investment policy informs its opportunity set, which in turn influences the type of ESG risks the Company will and will not be exposed to. Its investments are typically tech-enabled digital businesses whose direct environmental impacts will be limited.

Although no new private investments were made during the period, the Investment Adviser has continued to implement the ESG policy established by the Board and enhance the systematic integration of ESG analysis across the portfolio. As potential opportunities for new investments arise, the investment team will conduct detailed due diligence on every potential investment opportunity.

"We firmly believe that in order to grow successfully, companies must lay the foundations for future growth by fostering a healthy corporate culture, a talented and diverse workforce and creating appropriate corporate governance structures."

Richard Watts and **Nick Williamson**
of Jupiter Investment Management Limited

The current portfolio includes many companies which provide solutions to urgent business problems with broader societal costs – such as fraud, cyber risks, data privacy and affordable pension provision – or which disrupt highly profitable financial services incumbents and share cost savings with consumers. The demand to reduce these broader societal costs is a crucial driver which underpins the long-term growth story of these investments.

The Investment Adviser expects all companies to minimise any direct and indirect negative impact on the environment and broader society. For example, the Company is invested in consumer-facing companies which are taking tangible steps to enhance the sustainability profile of their operations, using techniques such as ethical sourcing of raw materials, reduced freight emissions and building circular economy principles into their manufacturing capabilities. The Investment Adviser supports these strategies and believes they will translate into a stronger brand proposition and a closer relationship with customers over time, while mitigating a range of risks posed by changing customer preferences and future regulatory costs.

The Investment Adviser believes that in order to grow successfully, companies must not only execute strategically; they must also lay the foundations for future growth by fostering a healthy corporate culture, a talented and diverse workforce and creating appropriate corporate governance structures.

They must also seek to minimise any direct and indirect negative impact on the environment and broader society. As investors with decades of experience in investing in public markets, the Investment Adviser believes it is well-placed to advise companies not only on their growth strategy, but on their ESG development also as they prepare to IPO.

Data

One of the principle challenges of ESG integration in a private company context is data availability. Unlike listed companies, many private companies do not disclose ESG related data, either publicly or to third party data providers. This reality can hinder the identification of material ESG risks and potential issues which may require engagement.

The Investment Adviser has developed an internal development scorecard to assess its portfolio companies' ESG performance.

This data is collected directly from private investee companies or from public disclosures where available. The scorecard covers a broad range of environmental, social and governance factors drawing on recognised public sustainability frameworks and the stewardship experience of the Investment Adviser.

The Investment Adviser uses the scorecard to assess each company's ESG performance relative to its level of corporate development and maturity and incorporates insights gained into our dialogue with company leadership teams in order to assist their continued development.

The data also provides a baseline for the sustainability characteristics of the portfolio. The Investment Adviser will continue to develop the internal development scorecard, and will use the data to provide shareholders with increased transparency on the sustainable characteristics of the portfolio. The metrics will also be used to assess potential new investments as part of any new investment due diligence process.

Environmental, Social and Corporate Governance Report
(continued)

Stewardship

Stewardship is an important responsibility and a core aspect of the Company's investment approach.

The Investment Adviser aims to partner with companies for the long-term and assist them on their respective journeys to become the best businesses that they can be. The structure of Chrysalis suits this approach: the permanence of its capital, compared with fixed life funds, gives it the ability to continue to fund growth post initial investment, and as such remain actively engaged and well-positioned to influence companies on ESG and other topics.

The Company's stewardship approach and ability to influence companies is determined by its investment policy. Unlike many private market participants that operate as control or majority investors, the Company's investments will typically constitute a minority holding, although it may hold a board seat or be entitled to board observer status. Although the Company does not exercise control, the Investment Adviser will seek to use its influence to encourage companies to build sustainability principles into their strategy, operations and corporate culture.

The investment team operates a continuous programme of engagement with the leadership teams of the investee companies. The Investment Adviser's ability to influence companies varies depending on the size of the Company's shareholding and whether it has board observer status and access to management information. Where the Company has a board seat or board observer status, the Investment Adviser can attend Board meetings of investee companies and provide input where it believes it can advise companies on how to meet their strategic objectives. This includes regular dialogue on ESG related topics. Dialogue with companies where the Investment Adviser does not have direct access to management information will typically take place via regular meetings with management.

Many material ESG issues are complex and interconnected, and outcomes take time. The Investment Adviser is committed to long-term engagement goals; however, to protect client interests it reserves the right to exit an investment if it concludes that progress is insufficient or does not meet our strategic objectives.

Case study: THG

The Investment Adviser engaged with the company's Senior Independent Director in October 2021 after THG suffered heavy selling pressure following a capital markets day. The declines reflected a number of factors, including investor concerns about the group's governance arrangements.

The Investment Adviser highlighted the need for enhanced financial disclosures at the divisional level and called for the search process for a new independent Board Chair to begin immediately. The Investment Adviser expressed its view that potential candidates should have a proven track record of leading large, listed businesses.

The company subsequently announced several moves designed to improve corporate governance and disclosed that the search process for a new Independent Chair had begun. The Investment Adviser was pleased when the company appointed its first independent Board Chair in March 2022 and continued to engage with THG, both directly and also via a collective engagement with other shareholders, coordinated by the Investor Forum.

While further positive governance changes have subsequently taken place, including the appointment of new independent directors, the Company has since exited its position in THG.

Corporate Governance

Portfolio company reporting on Governance

Collected during Chrysalis ESG Data Collection Exercise or based on public disclosures by portfolio companies.

4 companies appointed independent board chairs this year

50% of portfolio companies have an independent board chair

86% of portfolio companies have at least one independent director

To grow successfully, companies and their founders must not only execute strategically, they must also lay the foundations for future growth by creating appropriate corporate governance structures. It is critical that private companies considering listing prepare themselves for the additional scrutiny which comes with going public. It is also vital that founders, who may not have previously run listed businesses, are prepared to bring in experienced independent non-executive directors who can help their companies develop. Building capacity at board and executive level – reducing key man risk and reliance on individual founders over time – is crucial to a company's future development.

During the financial year, the portfolio companies have continued to strengthen group governance. Four companies held in the portfolio during the year (Starling, Wefox, THG, Wise) appointed independent board chairs. Several other companies increased board independence during the period.

As active owners, the Investment Adviser assesses company governance on a range of issues, recognising that good practice will differ depending on a company's jurisdiction, size, and ownership structure. These issues may include but are not limited to:

- **Boards and executive leadership:** the Investment Adviser builds understanding of the quality of leadership teams and boards through assessment of i) Board and committee composition and independence, ii) Board and executive tenure and succession planning, iii) DE&I ("Diversity, Equity, and Inclusion") oversight and actions at Board level and throughout an enterprise, iv) oversight and management of corporate culture.
- **Remuneration:** management incentivisation structures should be aligned with shareholder interests. The Investment Adviser seeks to understand how remuneration structures encourage correct behaviours and do not create perverse incentives, short-term actions, or rewards for failure.
- **Protection of minority rights and related party transactions:** the Investment Adviser will escalate engagement where it believes that minority rights have been compromised.
- **Systemic risks:** the environment in which companies operate continues to change rapidly and consideration is given where businesses are exposed to wider systemic risks, including through the assessment of global standards, such as the UN Global Compact.
- **Conduct, litigation and relations with policy makers and regulators:** poor relations with regulators can severely hamper corporate success and result in value destruction for investors. The Investment Adviser seeks to understand how management teams engage with regulators and Board oversight of regulatory matters. It also looks to understand how a company guards against malpractice.
- **Corporate culture:** Board engagement is also used to understand how corporate culture is being led, developed, and monitored and to highlight strengths and areas for development.
- **Audit and control environment:** the Investment Adviser considers the quality and independence of auditors, and may escalate engagement with Audit Committee chairs where it believes that audit standards are not in line with its expectations.

Environmental, Social and Corporate Governance Report
(continued)

Corporate Governance (continued)

Case study: wefox

In July, Chrysalis participated in wefox's successful $400 million Series D funding round, which increased its post-money valuation to $4.5 billion. Following its $650 million Series C funding round in June 2021, wefox has continued to scale rapidly. wefox is now present in five territories across Europe and has indicated that it will look to expand into both Asia and the US in the medium term.

wefox has made notable additions to its board and management team in 2022.

The new Chairman, Young Sohn, was previously Global President and Chief Strategy Officer at Samsung Electronics. In June, Hanna Jacobsson, former Chief Risk Officer of Klarna, joined as Chair of the Risk Committee. Helen Heslop, an experienced former finance director and non-executive director, was recently appointed as Chair of the Audit Committee.

The management team around the founders has also been strengthened in 2021 by the addition of a Chief Insurance Officer and Chief Operating Officer, both with significant insurance, financial services and general management experience. The Investment Adviser believes the addition of independent directors with relevant experience has enhanced group governance, in line with the group's IPO ambitions. The positive direction of travel on governance supported the Investment Adviser's decision to participate in the Series D funding round.

Human Capital

Portfolio company reporting on gender diversity

Collected during Chrysalis ESG Data Collection Exercise, based on public disclosures by portfolio companies.

3
Female CEOs

25%
average proportion of women in senior leadership roles

Good human capital management supports both value creation and business resilience, and the Investment Adviser believes that investing in human capital correlates with longer-term business success. Human capital management can both upskill and educate a workforce, increase abilities, and retain and motivate employees which has a direct impact both on an individual company and on wider society.

DE&I enables companies to attract talent from a wider talent pool. It also contributes to better decision-making, performance, innovation, and employee satisfaction and retention.

The Investment Adviser recognises that approaches to human capital management, including DE&I will differ, and as an active owner seeks to understand an investee company's operating model and engage to advise on best practice and potential improvements.

The leadership teams of portfolio companies recognise the importance of human capital to the long-term success of their businesses. A particular focus of recent dialogue has been the importance of embedding ESG principles and creating an open and inclusive culture in order to attract and retain a highly skilled and diverse workforce, in an environment where the competition for talent is fierce.

The Investment Adviser is encouraged by this alignment with its own perspective and will continue to report on its activities in this area in future.

Environmental, Social and Corporate Governance Report
(continued)

Human Capital (continued)

Case study: Starling

Led by founder Anne Boden, Starling Bank is a leader within its sector on gender diversity, both organisationally and as a catalyst for a broader change in retail banking.

As a group, Starling's gender representation and pay gap equity is market leading. This is no accident. As a starting point, in 2017 Starling signed the Women in Finance Charter. This is a voluntary commitment by HM Treasury and signatory firms to make financial services a more gender balanced industry. Starling launched a range of initiatives to promote DE&I throughout the organisation. These have included publishing tips on how to write inclusively; partnering with a specialist recruitment platform; launching manager training programmes; and creating a 'Returners' programme, via which the company provided paid placements to individuals who had been out of work for 18 months due to caring responsibilities.

The cumulative impact of these initiatives has been significant. When Starling signed up to the Charter in 2017, 27% of senior roles were held by women. In 2022, that figure increased to 42%, ahead of the group's original target and closely aligned to the overall proportion of women in its workforce (44%). Starling's latest gender pay gap figures (2021), show that the median gap between men and women has decreased from 16% to 10%, while the mean has narrowed from 21% to 16%. Its mean gender pay gap is substantially lower than those of its competitors (see table).

Starling launched its #MakeMoneyEqual campaign in 2018, with the aim of removing negative gender stereotypes from public conversation around money and personal finances. Since then, the bank has conducted studies showing significant discrepancies in the way that men and women are spoken to about money and portrayed in banking advertising campaigns, factors which could discourage women's engagement with financial affairs. It created a free image library that better represented women and money, helping to ensure that women are better represented in images used by media and advertisers. Since 2019, the bank has commissioned a regular independent audit of its algorithms and technological processes to make sure Starling is fair and free from gender or race bias.

	Starling	NatWest	Lloyds	Virgin Money
2021 mean gender pay gap	16%	30%	30%	30%

Source: Company disclosure

Social impact

14%
of portfolio companies are focused on crime prevention.

50bn
transactions per annum checked by Featurespace's fraud protection products.

12%
lower remittance fees through Wise.

£1bn
Wise customer savings in FY2022 due to lower fees than competitors.

The current portfolio includes many companies which provide solutions to urgent business problems with broader societal costs. For example, there are two companies in the portfolio, Featurespace and Deep Instinct, which target crime prevention. These positions represented approximately 14% of net assets at period end.

In the UK, a total of £1.3 billion was stolen through fraud and scams in 2021, according to UK Finance, an 8% increase over the previous year. The threat of fraud is growing, but efforts to combat it are having a material impact. The banking and finance industry prevented a further £1.4 billion of unauthorised fraud, equivalent to 65.3p in every £1 of attempted unauthorised fraud being stopped without a loss occurring.

Featurespace's anti-fraud product offering, which has won multiple awards, utilises machine learning, and increasingly deep learning, to provide enhanced protection against fraudsters. The company now protects over half a billion customers globally, checking over 50 billion transactions per annum, blocking 75% of fraud attacks as they occur, at significantly reduced false positive rates. The Investment Adviser believes the efficacy of its products in combatting the growing global threat posed by fraud creates a highly attractive opportunity set for future growth.

Cybercrime arguably represents an even greater threat to businesses and consumers than fraud. In the UK, 39% businesses identified a cyber-attack last year, according to the UK Government's Cyber Security Breaches Survey, with 31% of businesses estimating they were attacked at least once a week. Globally, 88% of midsize enterprise boards of directors identified cybersecurity as a business risk for their organisations, according to Gartner.

The Company's investment in groundbreaking cybersecurity solutions contributes to business continuity and confidence in technology systems as described in the Company Section of the Report, Deep Instinct's market leading approach to stopping ransomware and other malware using proprietary deep learning technology is being adopted by a growing list of clients. Deep learning dramatically improves efficacy and enables near real-time performance, helping companies navigate an environment where the speed, volume and sophistication of attacks continues to escalate.

Environmental, Social and Corporate Governance Report

(continued)

Social impact (continued)

Social impact: financial inclusion

The portfolio contains a number of fintech businesses which have products that display positive social externalities, such as broadening financial inclusion or disrupting high-cost financial services incumbents, while often sharing resulting cost savings and efficiencies with consumers.

Smart Pension's product addresses the need for affordable pension provision in an environment where a rapidly increasing old-age dependency ratio, and a widening retirement savings gap, mean that almost half of private sector workers in the USA are not covered by workplace retirement plans. This pressure, which compounds every year, is forecast to create an expected $400 trillion retirement savings gap by 2050[1]. Smart's workplace saving technology, Keystone, aims to transform retirement, savings and financial well-being across all generations around the world. The Investment Adviser believes Smart has built the only cloud-based platform that can serve the global retirement and savings market and will play an enabling role in helping to close the savings gap.

Wise is another Chrysalis holding that exists to solve a pressing global challenge, in this case the high costs and opacity of foreign currency transfer. Globally, sending remittances costs an average of 6.3% of the amount sent, according to the World Bank.

Wise was founded in 2011 to make it cheaper and easier for people to transfer money between countries, relative to traditional financial institutions. Wise estimates that consumers pay around £180 billion in hidden fees every year.

It has continued to reduce costs for consumers, with the average price paid by its customers reducing by 12% in its last financial year, saving customers an estimated £1 billion.

In the Investment Adviser's view, Wise's circa 4% share of personal international transfers indicates the growth potential of the business, as well as producing powerful positive externalities by reducing costs for consumers.

[1] Source: UN 2022 Revision of World Population Prospects, Strategy& Analysis, World Economic Forum "We'll Live to 100 –How Can We Afford It?"

Climate

Portfolio company reporting on Climate

Collected during Chrysalis ESG Data Collection Exercise, based on public disclosures by portfolio companies, or based on internal analysis.

5
companies have made a net zero commitment

41%
of portfolio companies have calculated their Scope 1 and 2 emissions

36%
of portfolio companies have set at least one short or medium-term carbon reduction target

0%
portfolio exposure to companies engaged in extraction or production of fossil fuels

Limiting global temperature rises to 1.5 degrees above pre-industrial levels, in line with the Paris Agreement, is an urgent challenge facing the global economy. The Investment Adviser uses its influence as an investor through stewardship and active ownership to encourage companies to identify, manage and mitigate climate change risks or opportunities.

While the Investment Adviser believes that the Company's portfolio of tech-enabled, predominately digital businesses is not exposed to material climate risks, its view is that the scale of climate change will impact all sectors, industries, and asset classes and so acknowledges the positive role that investors can play in tackling it through investment decisions and capital allocation.

The Investment Adviser supports the Task Force on Climate Related Financial Disclosures ("TCFD") and encourages companies to provide (as the Investment Adviser does) accurate and timely disclosure in line with the four thematic pillars of the TCFD framework The Investment Adviser first became a supporter of the TCFD recommendations in June 2017. The Investment Adviser's TCFD Report can be found within its Annual Report on its website. The investment team considers climate risk through the analysis of a company's TCFD disclosure or climate risk reporting, via direct engagement, or via an assessment of a company's climate risk based on its sector.

Chrysalis Portfolio Carbon Metrics (Scope 1 and 2 emissions)

	Portfolio
Carbon Emissions (tons CO2e/$M invested)	0.5
Total Carbon Emissions (tons CO2e)	450
Weighted Average Carbon Intensity (tons CO2e/$M Sales)	22.7

Source: Data collected during Chrysalis ESG Data Collection Exercise, based on public disclosures by portfolio companies, or estimates. Latest year of reported emissions.

Disclosed below is the weighted average carbon intensity of portfolio and other related metrics. The companies representing 41% of NAV at year end have calculated their operational (Scope 1 and 2) emissions. Where companies have not yet calculated their own emissions, the Investment Adviser has used estimated data based on the peer groups used in the Company's valuation process. Few portfolio companies have calculated a complete baseline of Scope 3 emissions. Given the challenge of estimating Scope 3 emissions, this data is not disclosed for portfolio holdings. The Investment Adviser will encourage portfolio companies to measure Scope 3 emissions in future and incorporate this metric in disclosures, once sufficient data is available.

Case study: Klarna

Klarna has introduced an internal carbon tax (set at $100 per metric ton) for emissions under the group's control to incentivise an internal shift to low-carbon products and services. Proceeds are invested into projects selected from the Climate Transformation Fund, through which consumers can also donate to projects.

Klarna has committed that by 2025 all of its locations will use 100% green electricity. By 2030, the group will reduce its carbon-intensity-based emissions by 50%, in line with the Paris Agreement. By 2040, the group will operate at net-zero. In addition, Klarna has upgraded its in-app CO2e tracker, to allow consumers better insights into the emissions of over 50 million items, across all stages of their lifecycle.

Figures disclosed in this section have not been subject to assurance by the Company or the Investment Adviser.

Investment Objective and Policy

Investment objective

The investment objective of the Company is to generate long term capital growth through investing in a portfolio consisting primarily of equity or equity-related investments in unquoted and listed companies.

Investment policy

Investments will be primarily in equity and equity-related instruments (which shall include, without limitation, preference shares, convertible debt instruments, equity-related and equity-linked notes and warrants) issued by portfolio companies. The Company will also be permitted to invest in partnerships, limited liability partnerships and other legal forms of entity where the investment has equity like return characteristics.

For the purposes of this investment policy, unquoted companies shall include companies with a technical listing on a stock exchange but where there is no liquid trading market in the relevant securities on that market (for example, companies with listings on The International Stock Exchange or the Cayman Islands Stock Exchange). Furthermore, the Company shall be permitted to invest in unquoted subsidiaries of companies whose parent or group entities have listed equity or debt securities.

The Company may invest in publicly traded companies (including participating in the IPO of an existing unquoted company investment), subject to the investment restrictions below. In particular, unquoted portfolio companies may seek IPOs from time to time following an investment by the Company, in which case the Company may continue to hold its investment without restriction.

The Company is not expected to take majority shareholder positions in portfolio companies but shall not be restricted from doing so. Furthermore, there may be circumstances where the ownership of a portfolio company exceeds 50% of voting and/or economic interests in that portfolio company notwithstanding an initial investment in a minority position. While the Company does not intend to focus its investments on a particular sector, there is no limit on the Company's ability to make investments in portfolio companies within the same sector if it chooses to do so.

The Company will seek to ensure that it has suitable investor protection rights through its investment in portfolio companies where appropriate.

The Company may acquire investments directly or by way of holdings in special purpose vehicles, intermediate holding vehicles or other funds or similar structures.

Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk, as far as reasonably practicable. No single investment (including related investments in group entities) will represent more than 20% of Gross Assets, calculated as at the time of that investment. The market value of individual investments may exceed 20% of gross assets following investment.

The Company's aggregate equity investments in publicly traded companies that it has not previously held an investment in prior to that Company's IPO will represent no more than 20% of the Gross Assets, calculated as at the time of investment.

Subject in all cases to the Company's cash management policy, the Company's aggregate investment in notes, bonds, debentures and other debt instruments (which shall exclude for the avoidance of doubt convertible debt, equity-related and equity-linked notes, warrants or equivalent instruments) will represent no more than 20% of the Gross Assets, calculated as at the time of investment.

The Company will not be required to dispose of any investment or rebalance its portfolio as a result of a change in the respective value of any of its investments.

Governance

Corporate Governance Statement

Chrysalis has a Premium Listing on the London Stock Exchange Main Market and became a member of the Association of Investment Companies (AIC) on 21 January 2019. The Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance (AIC Code), and a full scope review of the Company's corporate governance processes and procedures has been conducted with reference to the AIC Code by the Board and the Company Secretary.

The AIC Code addresses the relevant Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission, provides more relevant information to shareholders. The Company has complied with the Principles and Provisions of the AIC Code and in doing so has met its associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Key Governance Disclosures

Section 172(1) Statement

Through adopting the AIC Code, the Board acknowledges its duty to apply and demonstrate compliance with section 172 of the UK Companies Act 2006[1] and to act in a way that promotes the success of the Company for the benefit of its Shareholders as a whole, having regard to (amongst other things):

i. consequences of any decision in the long-term;

ii. the need to foster business relationships with suppliers, customers and others;

iii. impact on community and environment;

iv. maintaining reputation; and

v. acting fairly as between members of the Company.

The Board considers its duties under S.172 to be integrated within the Company's culture and values. The Company's culture is one of respect for the opinions of stakeholders, with an aim of carrying out its operations in a fair and sustainable manner that is both instrumental to the Company's long term success and upholds the Company's ethical values. The Board encourages diversity of thought and opinion in accordance with its Diversity Policy and would like to encourage stakeholders to engage freely with the Board of Directors on matters that are of concern to them.

Stakeholders may contact the Company via the Company's dedicated e-mail address chrysalis@maitlandgroup.com or by post via the Company Secretary on any matters that they wish to discuss with the Board of Directors.

The Company is an externally managed investment company, has no employees, and as such is operationally quite simple. The Board does not believe that the Company has any material stakeholders other than those set out in the following table.

Investors	Service providers	Community and environment
	Issues that matter to them	
Performance of the shares Growth of the Company Liquidity of the shares Corporate Governance	Reputation of the Company Compliance with Law and Regulation Remuneration	Compliance with Law and Regulation Impact of the Company and its activities on third parties.
	Engagement process	
Annual General Meeting Frequent meetings with investors by brokers and the Investment Adviser and subsequent reports to the Board Quarterly factsheets Key Information Document	The main service providers engage with the Board in formal quarterly meetings, giving them direct input to Board discussions. Communication between Board and service providers also occurs informally on an ongoing basis during the year.	Adherence to principles of appropriate ESG policies exists at both Company and investment level. Principles of socially responsible investing form a key part of the Company's investment strategy.
	Rationale and example outcomes	
The Board have engaged with shareholders in relation to the Company business over the course of the year.	The Company relies on service providers as it has no systems or employees of its own. The Board seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.	The Investment Adviser works to ensure that sustainability and ESG factors are carefully considered and reflected in the Company's investment decisions. The Board of Directors travel as infrequently as possible and instead communicate, where they are able to, by video and conference call.

[1] Section 172 of the UK Companies Act 2006, imposes on a director the duty to 'act in a way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole' and, in so doing, to have regard to a series of factors listed in the section which refer to the promotion of social, environmental and governance objectives.

Key Governance Disclosures
(continued)

Going Concern Statement
The Going Concern Statement is made on pages 71 and 72.

Viability Statement
The Viability Statement is made on page 72.

Fair, Balanced and Understandable Statement
The annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. Further information on how this conclusion was reached can be found within the Audit Committee Report.

Continuing Appointment of the Investment Advisor
Further details relating to the continuing appointment of the Investment Adviser and how this is in the interests of members as a whole can be found within the Report of the Management Engagement Committee.

Assessment of Principal and Emerging Risks
The Board has undertaken a robust assessment of the Company's principal and emerging risks, together with the procedures that are in place to identify emerging risks. Further information on this assessment and an explanation on how these risks are being mitigated and managed can be found on pages 74 and 75.

Review of Risk Management and Internal Control
The Board confirms that it has reviewed the Company's system of risk management and internal controls for the year ended 30 September 2022, and to the date of the approval of this annual report and audited financial statements. For further details of the key risks and uncertainties the Directors believe the Company is exposed to together with the policies and procedures in place to monitor and mitigate these risks, please refer to pages 97 to 99 and note 20 of the annual report and audited financial statements.

The Board of Directors

The Board comprises six independent non-executive Directors, two of whom are female, who meet on at least quarterly basis, in addition to ad hoc meetings convened in accordance with the needs of the business, to consider the Company's affairs in a prescribed and structured manner.

Further details concerning the meetings attended during the year by the Board and its Committees can be found on page 61. All Directors are considered independent of the Investment Adviser for the purposes of the AIC Code and Listing Rule 15.2.12A.

The Board is responsible for the Company's long term sustainable success and the generation of value for shareholders and in doing so manages the business affairs of the Company in accordance with the Articles of Incorporation, the investment policy and with due regard to the wider interests of stakeholders as a whole. For further information on how the Board considers the interests of stakeholders in its decision making please see the S.172(1) statement on page 55. Additionally, the Board have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio. The Board are confident that the combination of its members is appropriate and is such that no one individual or small group of individuals dominates the Board's decision making.

The Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense, which is in accordance with provision 19 of the AIC Code. The Directors also have access to the advice and services of the Company Secretary through its appointed representatives who are responsible to the Board for ensuring that the Board's procedures are followed, and that applicable rules and regulations are complied with.

To enable the Board to function effectively and allow the Directors to discharge their responsibilities, full and timely access is given to all relevant information.

Comprehensive board papers are circulated to the Board in advance of meetings by the Company Secretary, allowing time for full review and comment by the attending parties. In the event that Directors are unable to attend a particular meeting, they are invited to express their views on the matters being discussed to the Chairman in advance of the meeting for these to be raised accordingly on their behalf. Full and thorough minutes of all meetings are kept by the Company Secretary.

The Directors are requested to confirm their continuing professional development is up to date and any necessary training is identified during the annual performance reviews carried out and recorded by the Remuneration and Nomination Committee.

The current Board have served since the Company's inception in October 2018, with the exception of Margaret O'Connor who was appointed on 6 September 2021 and have been carefully selected against a set of objective criteria. The Board considers that the combination of its members brings a wealth of skills, experience and knowledge to the Company as illustrated in their biographies on the following pages.

The Board of Directors
(continued)

Andrew Haining
Chairman (Independent)

Andrew has had a 31-year career in banking and private equity with Bank of America, CDC (now Bridgepoint) and Botts & Company. During his career, Andrew has been responsible for over 20 private equity investments with transactional values in excess of $1 billion.

Andrew holds several Guernsey and UK board positions.

Stephen Coe
Senior Independent

Stephen serves as Chairman of the Audit Committee. He is currently a Non-Executive Director of investment funds, trust and managers. Stephen has been involved with offshore investment funds and managers since 1990, with significant exposure to property, debt, emerging markets and private equity investments. Stephen qualified as a Chartered Accountant with Price Waterhouse Bristol in 1990 and remained in audit practice, specialising in financial services, until 1997. From 1997 to 2003 Stephen was a director of the Bachmann Group of fiduciary companies and Managing Director of Bachmann Fund Administration Limited, a specialist third party fund administration company. From 2003 to 2006 Stephen was a director with Investec in Guernsey and Managing Director of Investec Trust (Guernsey) Limited and Investec Administration Services Limited. Stephen became self-employed in August 2006, providing services to financial services clients.

Simon Holden
Independent

Simon is a Charted Director (CDir) accredited by the Institute of Directors. Previously an investment director at Terra Firma Capital Partners and Candover Investment prior to that, Simon has been an active independent director to listed investment company, private equity fund and trading company boards since 2015. In addition, Simon acts as the pro-bono Business Adviser to Guernsey Ports; a State of Guernsey enterprise that operates all the Bailiwick's critical airports and harbour infrastructure.

Simon is a member of several industry interest groups in both financial services and intellectual property and graduated from the University of Cambridge with an MEng and MA (Cantab) in Manufacturing Engineering.

Anne Ewing
Independent

Anne has over 35 years of financial services experience in banking, asset and fund management, corporate treasury, life insurance and the fiduciary sector. Anne has an MSc in Corporate Governance, is a Chartered Fellow of the Securities Institute and has held senior roles in Citibank, Rothschilds, Old Mutual International and KPMG and latterly has been instrumental in the start-ups of a Guernsey fund manager and two fiduciary licensees.

Anne has several non-executive directorships roles in investment companies and a London based private wealth banking group and related subsidiaries in Jersey and Guernsey.

Tim Cruttenden
Independent

Tim is Chief Executive Officer of VenCap International plc, a UK-based asset management firm focused on investing in venture capital funds. He joined VenCap in 1994 and is responsible for leading the strategy and development of the firm. Prior to joining VenCap, Tim was an economist and statistician at the Association of British Insurers in London. He received his Bachelor of Science degree (with honours) in Combined Science (Economics and Statistics) from Coventry University and is an Associate of the CFA Society of the UK. Tim is a non-executive director of Polar Capital Technology Trust.

Margaret O'Connor
Independent

Margaret has had a 30-year career commercialising technology in the US, Asia, Europe, and Africa. She brings insights from having worked as a MarketingTech operator, MasterCard senior executive, and investor to her current roles as an independent director of a Guernsey investment trust and Chair of a Mauritius Venture Capital Fund. She's a member of the Private Equity Women Investor Network.

She earned her BA from Rutgers University and studied International Relations at Princeton University before moving to Seoul, Korea to work for the Korean Ministry of Finance.

The Board of Directors
(continued)

Public Company Directorships
The following details are of all other public Company Directorships and employment held by each Director and shared Directorships of any commercial company held by two or more Directors:

Andrew Haining
None to be disclosed

Stephen Coe
None to be disclosed

Simon Holden
HICL Infrastructure plc

Hipgnosis Songs Fund Limited

JPMorgan Global Core Real Assets Limited

Trian Investors 1 Limited

Anne Ewing
None to be disclosed

Tim Cruttenden
Polar Capital Technology Trust plc

Margaret O' Connor
None to be disclosed

Valuation Committee
The Board are of the view that the valuation process needs to be as efficient as possible while also providing for comprehensive and independent oversight. Consequently, upon moving to a self-managed structure from 1 July 2022, the Board established a new independent Valuation Committee comprising the following members:

The fourth member of the committee is Tim Cruttenden who has been a director of the Company since its formation.

Lord Rockley
Committee Chairman

Anthony Rockley was an audit partner at KPMG until 2015 with a sector focus on private equity and venture capital. Over a 34 year career with KPMG, Anthony was responsible for auditing private equity and venture capital companies and structures. Amongst other sector specific work, Anthony was a member of International Private Equity and Venture Capital Guidelines Board for 9 years. The Board is delighted that Anthony has agreed to become chairman of the new Valuation Committee.

Diane Seymour Williams
Diane Seymour Williams has a career spanning over 30 years in asset and wealth management. She was a listed portfolio manager with Deutsche Morgan Grenfell, ultimately running DMG's asset management business in Asia. After returning to the UK, Diane subsequently held a number of board positions in the financial services sector. Currently she sits, inter alia, on the boards of ABRDN Private Equity Opportunities Trust plc, Mercia Asset Management Plc and SEI's European business. Diane brings extensive fund management and portfolio oversight experience. In addition to her public company roles Diane sits on the investment committees of Newnham College, Cambridge and the Canal & River Trust.

Jonathan Biggs
Jonathan Biggs worked at Accel, a leading global venture and growth capital investor, for 20 years up until 2021. One of the first hires in Europe, he was the COO of Accel's European business. During his time at Accel, he raised over $2.5 billion in five early stage venture funds focused on Europe. Jon has subsequently joined SVB Capital as a managing partner where he is a senior leader in its funds management business. Jonathan's venture investing experience in the Company's sector over many years will be extremely helpful to the committee in its assessment of the portfolio.

Director Attendance
During the year ended 30 September 2022, the Board and Committee meetings held and attended by the Directors were as follows:

	Quarterly Board Meeting	Audit Committee Meeting	Remuneration and nomination Meetings	Risk Committee Meetings	Management Engagement Meetings	Ad-hoc Meetings Management
Director	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible
Anne Ewing	4/4	3/3	2/2	2/2	n/a	15/16
Andrew Haining	4/4	n/a	n/a	n/a	n/a	13/16
Simon Holden	2/4	2/3	n/a	2/2	2/2	13/16
Stephen Coe	4/4	3/3	n/a	2/2	n/a	12/16
Tim Cruttenden	4/4	2/3	2/2	2/2	2/2	11/16
Margaret O' Connor	4/4	2/3	1/2	2/2	1/2	13/16

	Valuation Committee Meetings
Member	Attended / Eligible
Lord Rockley	3/3
Diane Seymour-Williams	3/3
Jonathan Biggs	3/3
Tim Cruttenden	3/3

Division of Responsibilities

A schedule of matters reserved for the Board is maintained by the Company and can be summarized as follows:

- Strategic Issues
- Financial Items such as approval of the annual and half-yearly reports, any quarterly financial statements and any preliminary announcement of the final results and the annual report and accounts including the corporate governance statement
- Treasury Items
- Legal, Administration and Other Benefits
- Communications with Shareholders
- Board Appointments and Arrangements
- Miscellaneous such as to approve the appointments of professional advisers for any Group company in addition to the Company's Auditors
- Monetary Limits

The Directors have also delegated certain functions to other parties such as the Valuation Committee, the Investment Adviser, the Administrator, the Company Secretary, the Depositary and the Registrar. In particular, the Investment Adviser has been granted discretion over the management of the investments comprising the Company's portfolio.

The Investment Adviser reports to the Board on a regular basis both outside of and during quarterly board and Committee meetings, where the operating and financial performance of the portfolio, together with valuations, are discussed at length between the Board and the Investment Adviser. The Directors have responsibility for exercising supervision of the Valuation Committee and the Investment Adviser.

Board Committees

The Company has established an Audit Committee, Remuneration and Nomination Committee, Management Engagement Committee, Risk Committee and an Independent Valuation Committee (together the "Committees"). The Terms of Reference for each committee is available on the Company's website.

The Board believes that its established Committees are adequately composed, and that each member has the necessary skills and experience to discharge their duties effectively. All new Committee members will be provided with an induction on joining the relevant Committee and the actions carried out by each Committee since the previous quarterly board meeting are reported at each meeting to the Board of Directors by the respective Committee chair. Each Committee meeting is attended by the Company Secretary and comprehensive minutes are kept, as well as a schedule of the action points arising from each meeting.

Stephen Coe is the Chairman of the Audit Committee with Anne Ewing and Simon Holden as members. A full report regarding the Audit Committee's activities during the year can be found in the Audit Committee Report on page 80.

In accordance with the AIC Code, a Remuneration and Nomination Committee has been established. Anne Ewing has been appointed as Chairman, with Margaret O'Connor and Tim Cruttenden as members. The Remuneration and Nomination Committee meets at least once a year in accordance with the terms of reference and reviews, inter alia, the structure, size and composition of the Board. A full report regarding the Remuneration and Nomination Committee's activities during the year can be found on page 63.

Margaret O'Connor has been appointed Chairman of the Management Engagement Committee, with Simon Holden and Tim Cruttenden as members. The Management Engagement Committee will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Adviser and the terms of the Portfolio Management Agreement. A full report regarding the Management Engagement Committee's activities during the year can be found on page 67.

Simon Holden has been appointed Chairman of the Risk Committee, with Anne Ewing, Margaret O'Connor, Stephen Coe and Tim Cruttenden as members. The Risk Committee will meet formally, at a minimum once a year, though it has been agreed, that the Risk Committee is convened quarterly, aligned with the Company's financial reporting cycle and at such other times as the Chairman of the Committee deems appropriate, for the purpose of, amongst other things, to ensure that there is proper consideration and assessment risks and stresses ensuring that the Investment Adviser develops appropriate strategies to protect the Group's portfolio of investments. A full report regarding the Risk Committee's activities during the year can be found on page 68.

Report of the Remuneration & Nomination Committee

Statement: Chair of Committee

I am pleased to present the Remuneration and Nomination Committee ("the Committee") report for the year ended 30 September 2022. The composition of the Remuneration and Nomination Committee meets with the requirements of the AIC Code and, in line with good practice, membership is reviewed annually.

During the year, there have been no changes to the Directors' Remuneration Policy or the Terms of Reference of the Remuneration and Nomination Committee. No new Directors were appointed to the Board during the year.

In 2023, amongst other things, the Remuneration and Nomination Committee will review its recruitment process to help the Company further achieve its diversity and inclusion targets.

I am satisfied that the Remuneration and Nomination Committee is discharging its responsibilities proficiently and recommend this report to the Board.

Anne Ewing
Chair of the Remuneration
and Nomination Committee

Purpose and Aim of the Remuneration and Nomination Committee

The terms of reference of the Remuneration and Nomination Committee are set out on the Company's website at https://chrysalisinvestments.co.uk/investor-relations/. The primary responsibility of the Remuneration and Nomination Committee is, in relation to remuneration, to determine and agree with the Company's board of directors (together the "Board" and individually a "Director") the framework or broad policy for the remuneration of the Company's chairman and non-executive Directors in accordance with the Company's articles of incorporation (the "Articles") and applicable law and, in relation to nominations, to review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes as necessary.

Membership and Meetings of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee met formally once during the year, on 28 September 2022. Each of the members of the Remuneration and Nomination Committee, being those persons listed below, was in attendance at that meeting.

The members of the Remuneration and Nomination Committee are as follows:

- Anne Ewing (Chairperson)
- Tim Cruttenden
- Margaret O'Connor

Report of the Remuneration & Nomination Committee
(continued)

Composition, Succession and Evaluation of the Board

At the meeting held on 28 September 2022, the Remuneration and Nomination Committee reviewed and reaffirmed the Company's policy whereby no Director will serve for more than nine years (such policy being aligned to the AIC Code). The Remuneration and Nomination Committee confirms that no Director has served for longer than nine years, due to the Company being incorporated in October 2018.

No new directors were appointed to the Board during the year.

On 28 September 2022, at a general board meeting, the Company reviewed and refreshed its policy on Diversity and Inclusion as follows:

> *The board is committed to longer term succession planning in the context of meeting the objective of the Parker Review[1] will follow ahead of the 2024 deadline. This will require the Company to increase the ethnic diversity of its board by having at least one director from an ethnic minority. The Company's Board currently comprises two female directors which meets the targets set by the Hampton-Alexander Review to increase the number of women in senior leadership positions in all FTSE 350 companies to 30% by end 2022. The Company will seek to meet the further recommendations of the review within the 2025 deadline.*
>
> *Appointments to the board will be based on merit and on any skills gap identified to ensure the board can continue to act effectively.*
>
> *The Company follows a set of principles when looking to recruit a new candidate. This will include the use of an external well regarded recruitment agency who will be instructed to conduct a wide search for diverse candidates and, where applicable potentially, encourage candidates who may have appropriate transferable skills which, if appointed, would add to the diversity of the board.*
>
> *Where the Company is unable to meet any diversity or inclusion targets it will look to fully explain its position to its shareholders and stakeholders.*

In May 2022, the Committee considered succession planning and undertook a review of the attributes and skills of the current board and made recommendations to the Board. The Board came to the view that an additional Director should be appointed; such person to have an accountancy background and experience in private and public capital markets.

Consequently, the Company engaged an independent search firm, Nurole Limited, who have a strong track record of being able to recommend a diverse and relevant range of candidates. A good number of candidates were considered, and the Board believed such candidates may have helped the Company further achieve its diversity and inclusion targets. However, during this time it became apparent that the Board would need to focus on becoming a self-managed Alternative Investment Fund ("AIF") and, as a result, would not be able to devote sufficient time to onboard a new Director. The Board agreed to defer this recruitment to 2023 when a further review of succession planning will be undertaken alongside a review of the strategic direction of the Company.

The Company will seek to meet the further recommendations of the Parker Review within the 2024 deadline. However, the Company also notes the 2022 updated report from the Parker Review[2] recognises the constraints of the size of typical Investment Trust Boards such as Chrysalis' which may reduce the opportunity to make further diverse appointments.

As a result of becoming a self-managed AIF on 1 July 2022, the Board created new committees to oversee Risk and Valuations: the Risk Committee and Valuations Committee, respectively. It was decided, at that time, that additional scrutiny on the valuations of the Chrysalis portfolio would be of benefit to the Company and accordingly independent committee members were appointed, joined by a Chrysalis Board member. The Risk Committee was created, and the members appointed, and a risk reporting framework was agreed between the Company and Jupiter Investment Management Limited as Investment Adviser.

The members of the Risk Committee and Valuations Committee, including each chairperson, are now fulfilling additional roles and responsibilities which take up a considerable amount of time over and above what was contemplated when Jupiter Unit Trust Managers Limited was remunerated to fulfil the role of AIFM.

Considerable cost savings have been made as result of becoming a self-managed AIF which the Board anticipates to be welcomed by investors.

[1] A Report into the Ethnic Diversity of UK Boards (Final Report) – Sir John Parker, The Parker Review Committee, 12 October 2017.
[2] Improving the Ethnic Diversity of UK Boards: An update report from the Parker Review – Sir John Parker, The Parker Review Committee, 16 March 2022.

Committee Memberships

Audit Committee	Risk Committee	Valuations Committee	Management Engagement Committee	Remuneration and Nomination Committee
Chaired by: S Coe	**Chaired by:** S Holden	**Chaired by:** Lord Rockley*	**Chaired by:** M O'Connor	**Chaired by:** A Ewing
A Ewing	S Coe	D Seymour- Willliams*	T Cruttenden	T Cruttenden
S Holden	A Ewing	J Biggs*	S Holden	M O'Connor
	T Cruttenden	T Cruttenden (Board Representative)		
	M O'Connor			

*Independent

2022 Review of Board Performance

The Remuneration and Nomination Committee undertook an internal review of board performance and remuneration in the second half of 2022. This is the second internal review following an external "triennial review" undertaken in 2020 by an independent professional remuneration and performance consultant.

The output from the internal performance review has been considered by the Board and a number of actions are in progress to address various matters including, for example, training on diversity, ESG and general continuing professional development for listed companies.

An external assurance review is planned for 2023 to assess the effectiveness of the Company in executing its self-managed AIF responsibilities.

2022 Review of Remuneration

A comparison of the Company against its competitors was undertaken and a view taken on current market conditions, noting the trajectory of inflation rates and the time commitment and activities of the Board.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors, and should be sufficient to retain high calibre directors.

The policy is for the Chairman of the Board, the chairs of the Audit Committee and Risk Committee and the Valuations Committee Board Representative to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent. The Board may amend the level of remuneration paid within the limits of the Articles (i.e., being a maximum of £500,000 per annum).

The figures provide a comparison against management fees payable to the Investment Adviser relative to the Company's Net Asset Value ("NAV").

Total Director Remuneration	£345,000[1]
Investment Adviser Fees	£6,092,744
Investment Adviser Performance Fees	-
NAV at year end	**£879,582,064**

[1] £345,000 (FY/E 2022) £353,557 (FY/E 2021).

Report of the Remuneration & Nomination Committee

(continued)

Composition, Succession and Evaluation of the Board (continued)

The Remuneration and Nomination Committee recommended, and the Board resolved, that with effect from 1 July 2022 the annual remuneration for each Director should be increased per the table below. The effective date ("w.e.f.") reflects the date of the Company becoming a self-managed AIF and recognition of the additional duties of the Directors. In addition, one-off payments were made to Directors S Holden and T Cruttenden of £6,375 each to fairly remunerate them for Committee preparation work undertaken leading up to the Company becoming self-managed.

	Director fees (per annum) w.e.f. 1 July 2022 £	Director fees (per annum) w.e.f. 1 October 2021 £
Chairman – A Haining	77,500	75,000
Audit Committee Chair/SID – S Coe	60,000	57,500
Risk Committee Chair – S Holden	56,250	52,500
Valuations Committee Board Representative – T Cruttenden	51,250	47,500
Directors – M O'Connor/A Ewing	50,000	47,500

It should be noted that the 1 July 2022 uplift for the Chairman was nominal and did not fully recognise the increased amount of time expended by the Chairman during the year. The Senior Independent Director (presently S Coe, as shown) has been asked to lead a review of the Chairman's remuneration in Q1 2023 with an anticipated one-off fee to be recommended to the Board, becoming effective from 1 January 2023.

A Ewing

Anne Ewing
Chair of the Remuneration and Nomination Committee,
Chrysalis Investments Ltd.

Report of the Management Engagement Committee

The Management Engagement Committee (hereafter referred to in this report as the "MEC") is chaired by Ms Margaret O'Connor and at this time, comprises a sub-committee of the Board including Mr Simon Holden and Mr Tim Cruttenden, whilst other Board members are invited to attend. Only non-executive Directors who are independent of the Investment Adviser may serve on the MEC, which meets at least once per year. The MEC's terms of reference are available to view on the Company's website, with the MEC's primary purpose being to review, annually, the compliance of the Investment Adviser with the Company's investment policy and Portfolio Management Agreement as well as to keep under review the performance of all other key service providers involved in supporting the Company and its operations.

The MEC convened twice during the year ended 30 September 2022. I am pleased to report that the performance of all service providers continues to meet the required standards of the Company.

The MEC's priorities during the past year have been three-fold:

i. ensure appropriate resourcing at and reporting from the Investment Adviser;

ii. to oversee the transition to a self-managed Alternative Investment Fund Manager (AIFM) function; and

iii. to further strengthen investor engagement.

It is worth noting the specific challenges and achievements of the Investment Adviser, as detailed earlier in the Annual Report. During the past year, JIML has added a dedicated finance and ESG resource who have worked closely with the Board and the Risk Committee to measure, manage, and mitigate risk. The Board and the MEC have been consistent in their recommendation that additional analyst resource is required to support the Company and its underlying assets. The Investment Adviser's performance fee last year of £112.1 million, after achieving 57% NAV growth, generated significant market, media, and shareholder interest. The subsequent global technology market downturn and the Company's share price decline amplified the need for board action.

The Board Chairman serves as the primary point of contact with the Investment Adviser. In consultation with the Board, the MEC, and key external advisers, Mr Haining led a review of the performance fee and a renegotiation of the Portfolio Management agreement with Jupiter Investment Management Limited ("JIML"). An update on Performance Fee Arrangements was made to shareholders on 30 November 2022. For more information, see page 6 of Chairman's Report.

In accordance with Listing Rule 15.6.2(2)R and following the review of the Portfolio Management Agreement as previously outlined, the Board determined that it had reached a stage in its evolution where it should move to becoming a self-managed investment company, with the Investment Adviser continuing to provide portfolio management services. The Company replaced Jupiter Unit Trust Managers Limited as the Alternative Investment Fund Manager (AIFM) on 30 June 2022 and assumed direct responsibility for the role an AIFM conducts including the valuation and risk management aspects. This Company received regulatory approval for this change. The Board is grateful to Jupiter Unit Trust Managers Limited for its AIFM services.

The MEC approved an amendment to the Terms of Reference (9.4.1) to reflect the formation of the Risk Committee. That together with the formation of an independent valuation committee were important developments in the transition to a self-managed AIFM. The Board exercised its right to obtain independent third-party valuations of specific assets where the Board or the Valuation Committee believed additional judgments were merited.

To strengthen shareholder engagement, the Board approved investments in additional market research, communications, and public relations resource. The Company undertook a shareholder perceptions study and a communications audit to provide qualitative and quantitative data about the Company's performance relative to its peers.

The Board Chairman and several board members together with the Investment Adviser and our strategic partners have invested significant time and attention to ensuring the successful development and implementation of the shareholder engagement program this year.

Since the year end two key deliverables include a Capital Markets Day and a new iteration of the Company's website in November 2022. The Company will continue to monitor how best to evolve its shareholder engagement program during the year ahead.

Margaret O'Connor

Margaret O'Connor
Chairman of the Management Engagement Committee

Report of the Risk Committee

It is my pleasure to write to you in this inaugural Risk Report as Chair of the Risk Committee of Chrysalis Investments Limited ("Chrysalis", or the "Company").

The following pages set out the Risk Committee's report on its activities in respect of the year ended 30 September 2022.

Overview

The Alternative Investment Fund Management Directive ("AIFMD") places specific governance rules over both portfolio management and risk management within closed-ended funds. At the time of the Company's IPO in October 2018, Maitland Institutional Services Limited was appointed as the Alternative Investment Fund Manager ("AIFM") of the Company. Under the Board's oversight, the AIFM performed risk management for the Fund whilst portfolio management was, and remains, outsourced under a discretionary mandate to the Investment Adviser, Jupiter Investment Management Limited.

From early in the Company's life, whilst the Board of Directors of the Company (the "Board") were satisfied that the AIFM discharged its responsibilities under the directive, they believed that the AIFM's analysis and procedures could be better tailored to identifying, analysing and reporting risks that are more specific to the Company's investment mandate; growth capital.

In 2019, Merian Global Investors was acquired by Jupiter Fund Management (together with its affiliates, as the case may be, "Jupiter"). This gave the Board the opportunity to set out its requirements and tender for the AIFM role. Amongst several possible AIFM solutions, Jupiter Unit Trust Managers Limited, a Jupiter group company, had a well-established, independently operated AIFM business and proposed a service framework, resource capability and fee base which proved competitive. Jupiter Unit Trust Managers Limited was awarded the AIFM mandate.

The Board noted several improvements as a result of the change in AIFM; quarterly reporting provided more practical insight and assessment of the effectiveness of risk management controls. The AIFM's primary risk reporting responsibilities relate to regulatory and compliance risks, but the Company achieved stronger links with portfolio management risks that are intrinsic to investing in high growth, high potential, often loss-making disruptive enterprises.

Supportive market sentiment towards growth-style investment mandates, particularly growth capital, reversed markedly in late 2021 to early 2022. The Board recognised this early. It was felt more appropriate to internalise responsibility for managing the escalating risk environment in order to have full and timely oversight over the Investment Adviser as the market rotated.

The Board considered the pros and cons of assuming this increased responsibility. It concluded that Shareholders should benefit from internalising the risk management function; principally from a direct line of reporting from the Investment Adviser to the Risk Committee of the Board, as well as net cost savings having terminated a third-party AIFM.

The Company released an announcement on 7 June 2022 that notified the Shareholders of the intention for the Company to become a self-managed AIF and provided the Board's reasoning behind the decision.

The Company has been a self-managed Alternative Investment Fund ("AIF") since 1 July 2022 and, notwithstanding certain contractual changes with third parties and the introduction of a Risk and Valuation Committees to achieve this, there is no change to either the investment mandate, the original investment restrictions contained in the Prospectus, or the function and discretion of the Investment Adviser.

Risk Assessment

The opportunities for challenger businesses disrupting and transforming cyber security, digital banking, insurance, financial services and e-commerce remain highly attractive. However, contracting economic activity, inflation (stimulated from COVID-19 support measures and cemented by energy and food impacts from Russia's invasion of Ukraine) and cyclical tightening in monetary policy are each influencing the risk profile, target maturity, or timing of achieving that full potential.

Closed-ended funds, particularly listed investment companies, remain ideal vehicles in which to invest in and nurture growth capital investments. They offer investors and investee companies the certainty of diversification, defined capital limits and exposures and transparent reporting and disclosure. Listed investment companies like Chrysalis, allow a wide cross section of investors a means to access what is typically an institutional niche, whilst offering listed secondary market liquidity.

Nonetheless, the Company recognises that investing in high potential, high growth, private companies requires a healthy appetite for risk. The businesses Chrysalis invests in are borne out of proprietary technologies, operate in and are disrupting complex supply chains and in their early stages are prioritising the long-term market opportunity over near-term bottom line.

The Board believe the Investment Adviser is suitably skilled to perform this investment mandate having demonstrated these credentials prior to Chrysalis being created and honing these skills since. Additional skill sets have been added in the past 18 months and the Board are expecting to see headcount increase marginally in 2023 to add specialist skill and free the fund managers to engage more intensively with all portfolio companies.

Status of the Risk Committee

The Risk Committee was only constituted for the short period from 1 July 2022 to the financial year end on 30 September 2022 but convened three times in that period.

The Risk Committee's immediate priorities have been:

- Constitution and publishing of its Terms of Reference (which are available to Shareholders on the Company's website at https://chrysalisinvestments.co.uk/investor-relations/, as adopted on 27 July 2022 and a summary of which is provided below).
- Developing its Risk Policy Framework, finalising this on 27 July 2022.
- Producing its risk register from scratch, organising identifiable risks within one of twelve distinct risk classes. These have been populated and scored to help the Risk Committee evaluate what it believes to be the likelihood and impact of risks manifesting and the relative effectiveness of mitigating controls.

Post year-end, a risk report workshop took place at Jupiter's offices on 11 November 2022 to plan the structure of the Investment Adviser's risk reporting documentation. On 18 November 2022, the Risk Committee was briefed on this in full by the Investment Adviser's Director of Finance.

Looking ahead to the February 2023 Q1 Board Meeting, the Risk Committee expects to deliver to the Board its inaugural full risk report. Notwithstanding this intervening period, there is clear understanding between the Board and Investment Adviser about the priority risk exposures for the Company and the Investment Adviser's accountability for alerting the Risk Committee to material risk indicators on an 'as-arising' basis between now and February.

Summary governance features of the Terms of Reference adopted:

- The Risk Committee currently comprises all members of the Board other than the Chairman in order that he can report independently to the Committee on matters germane to the Company's risk profile, such as stakeholder relations.
- The Risk Committee will continue to convene quarterly until such time as the reporting process has matured and the Committee is comfortable that the pace at which the Company's risk profile is changing merits a typical semi-annual review process.

Risk Classes

Each risk class is composed of a number of separately identified and scored risks, but looking at this in composite, top-down, the priority risk classes for the Company are considered to be:

i. **Liquidity Management** – risks to the funding runway and allocation of resources that the Company has available to deploy to support and optimise the value of its investments.

ii. **Financial / Capital Market** – risks related to shareholder understanding, confidence and sentiment in the Company's growth capital mandate and implications of shares trading at a discount to NAV.

iii. **Portfolio Performance** – risks to tracking each portfolio company's progress towards measurable milestones along the 'equity roadmap' and evidence of the strategy and influence over profitable realisations.

iv. **Relative Performance** – the Company's longer terms sustainability will depend on risk adjusted returns outperforming adjacent asset classes.

v. **Conflict and Compliance Management** – verification of robust governance in all stakeholder relationships between the Board, the Investment Adviser, Jupiter-managed funds with shared holdings (e.g. Starling) and Jupiter-managed funds with interests in the Company.

Report of the Risk Committee
(continued)

Risk Classes (continued)

Looking at the individual risks in reverse order, the following risk class has a lower overall risk assessment but a significant number of underlying risk factors which the Committee assess could be high impact and so it is critical to review and maintain the identified control environment:

vi. **Regulatory and political** – risk monitoring over routine regulatory compliance (e.g., FCA in the UK) and/or politically exposed sectors within which certain portfolio companies must operate.

The remaining six risk classes each have specific key risk indicators but lower overall combined risk scores at this time:

vii. **Portfolio Construction** – ensuring that the portfolio remains sufficiently diversified and that the Investment Adviser's span of control and management of the Company's holdings remains effective.

viii. **The Environment, Social Impact and Good Governance ("ESG")** – the Company's policy is addressed in Environmental, Social and Corporate Governance report of the Annual Report.

ix. **Investment Decisions** – evidence that the Investment Adviser has undertaken appropriate due diligence, risk assessments and origination processes at the point of committing the Company to new investments.

x. **Central Management** – governance, depositary, foreign exchange and treasury risk management controls; some under delegation to specialist third party service providers.

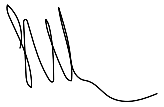
xi. **Valuation** – oversight of the risks to both the pricing of new investments as well the independent valuation committee.

xii. **Horizon Risks** – themes emerging that could have an outsize impact or influence on the prospects of clusters of our target sectors and/or portfolio companies.

Recommendation

I'm glad to report that the Investment Adviser has given its full co-operation to the Risk Committee in its work to internalise responsibility for risk management within the Board. Notwithstanding a challenging market backdrop for the Company, I welcome their active contribution.

I am satisfied that the Risk Committee is discharging its new responsibilities proficiently and recommend this report to the Board.



Simon Holden
Chair of the Risk Committee,
Chrysalis Investments Ltd.

Directors' Report

The Directors present their Annual Report and the Audited Financial Statements of the Company for the year ended 30 September 2022.

Principal Activities and Business Review

The investment objective of the Company is to generate long term capital growth through investing in a portfolio consisting primarily of equity or equity-related investments in unquoted companies.

The Directors do not envisage any change in these activities for the foreseeable future. A description of the activities of the Company in the year under review is given in the Chairman's Statement and the Investment Adviser's Report.

Business and Tax Status

The Company has been registered with the GFSC as a closed-ended investment company under RCIS Rule and Protection of Investors ("POI") Law and was incorporated in Guernsey on 3 September 2018. The Company operates under The Companies (Guernsey) Law, 2008 (the "Law").

The Company's shares have a premium listing and are admitted to trading on the London Stock Exchange's Main Market for listed securities.

The Company's management and administration takes place in Guernsey and the Company has been granted exemption from income tax within Guernsey by the Administrator of Income Tax. It is the intention of the Directors to continue to operate the Company so that each year this tax-exempt status is maintained.

In respect of the Criminal Finances Act 2017, which has introduced a new corporate criminal offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that they are committed to zero tolerance towards the criminal facilitation of tax evasion.

Alternative Investment Fund Managers Directive

The Company is a non-EEA-domiciled 'Alternative Investment Fund' ("AIF"), as defined by the Alternative Investment Fund Managers Directive ("AIFMD"). Jupiter Unit Trust Managers Limited ("JUTM") was its Alternative Investment Fund Manager ("AIFM") and had sub-delegated portfolio management to Jupiter Investment Management Limited ("JIML"), which is a member of the same group. With effect from 1 July 2022, the Company is a self-managed AIF. JIML continues to act as Investment Adviser and the change does not impact the provision of services to the Company by the existing management team at the Investment Adviser.

The AIFMD, as transposed into the FCA Handbook in the UK, requires that certain pre-investment information be made available to investors in AIFs (such as the Company) and that certain regular and periodic disclosures are made.

Foreign Account Tax Compliance Act ("FATCA")

FATCA requires certain financial institutions outside the United States ("US") to pass information about their US customers to the US tax authorities, the Internal Revenue Service (the "IRS"). A 30% withholding tax is imposed on the US source income and disposal of assets of any financial institution within the scope of the legislation that fails to comply with this requirement.

The Board of the Company has taken all necessary steps to ensure that the Company is FATCA compliant and confirms that the Company is registered and has been issued a Global Intermediary Identification Number ("GIIN") by the IRS. The Company will use its GIIN to identify that it is FATCA compliant to all financial counterparties.

Common Reporting Standard

The Common Reporting Standard is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted in Guernsey and which came into effect in January 2016.

The Company is subject to Guernsey regulations and guidance on the automatic exchange of tax information and the Board will therefore take the necessary actions to ensure that the Company is compliant in this regard.

Going Concern

In assessing the going concern basis of accounting, the Directors have assessed the guidance issued by the Financial Reporting Council and considered the Company's own financial position, recent market volatility, the on-going impact of the Russian war on Ukraine, energy shortages, inflation and increases in interest rates and other uncertainties impacting on the Company's investments, their financial position and liquidity requirements.

At year end, the Company has liquidity including a current cash position of £58,712,000, a net current asset position of £57,219,000 and liquid listed investments amounting to £20,317,000.

Directors' Report

(continued)

Going Concern (continued)

The Company generates liquidity by raising capital and exiting investments. It uses liquidity by making new and follow-on investments and paying company expenses. The Directors ensure it has adequate liquidity by regularly reviewing its financial position and forward looking liquidity requirements.

The Directors Going Concern assessment includes consideration of a range of likely downside scenarios which measure the impact on the Company's liquidity of differing assumptions for portfolio valuation, exits, new and follow-on investment requirements, capital raising and company expenses.

After making enquiries, the Directors have a reasonable expectation that the Company will continue in operational existence for at least twelve months from the date of approval of the of the Annual Report and Audited Financial Statements and continue to adopt the going concern basis in preparing them.

Viability Statement

The Directors have assessed the viability of the Company over the three-year period to September 2025. The Directors consider that three years is an appropriate period to assess viability given the Company's style of investment and is a sufficient investment time horizon to be relevant to shareholders. Choosing a longer time period can present difficulties, given the lack of longer-term economic visibility and the need for adaptation that this will inevitably create for the Company and its portfolio.

In their assessment of the viability of the Company, the Directors have considered the Company's principal and emerging risks and uncertainties, which are now organised into Risk Classes by the newly established Risk Committee (pages 69 and 70).

The Directors have reviewed financial projections which consider:

- Available liquidity (Risk Class 1: Liquidity Management)
- The ability of the Company to raise capital (Risk Class 2: Financial/Capital Market)
- The performance (Risk Class 3: Portfolio Performance) and value (Risk Class 11: Valuation) of the existing portfolio
- The ongoing expenses of the Company

The Directors' considered a severe downside scenario which models:

- A significant economic event, which results in a deterioration of portfolio company performance and a recalibration of public and private markets leading to a compound 25% per annum decrease in the aggregate portfolio value over a three-year economic cycle.
- A sustained discount to NAV which results in the inability of the company to raise new capital.
- Dislocation of public and private markets, including the prolonged closure of the IPO market, resulting in the inability to make portfolio exits.
- A sustained period of inflation of approximately 10% per annum.

Even in this severe downside scenario the company has sufficient liquidity beyond September 2025 to meet its financial obligations.

The Company has no fixed life but, pursuant to the Articles of Association, an ordinary resolution for the continuation of the Company will be proposed at the first annual general meeting of the Company following the fifth anniversary of first admission and, if passed, at the annual general meeting every three years thereafter. The fifth anniversary of first admission falls in November 2023 and the continuation vote would therefore take place within the viability period. In the best interests of the Company, the Directors operate under the assumption that a resolution for continuation would be passed. If a resolution for continuation is not passed, proposals would be put forward to Shareholders for the reconstruction, reorganisation or winding-up of the Company within six months.

At year end, the Company has liquidity including a current cash position of £58,712,000, a net current asset position of £57,219,000 and liquid listed investments amounting to £20,317,000. This available liquidity would sustain the business for at least 9 years.

The Directors, having considered the above and having carried out a robust assessment of the principal and emerging risks facing the Company, have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to September 2025.

Results and Dividends

The results attributable to shareholders for the year are shown in the Statement of Comprehensive Income. The Directors have not declared a dividend for the year (2021: £nil)

Directors

The Directors of the Company who served during the year and to date are set out on pages 58 and 59.

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 September 2022, and as at the date of signing these Audited Financial Statements:

	Shares	% Held
A Haining	79,000	0.0133
S Coe	60,909	0.0102
S Holden	89,500	0.0150
A Ewing	55,000	0.0092
T Cruttenden	21,298	0.0036
M O'Connor	–	–
S Cruttenden (son of T Cruttenden)	11,170	0.0019

The Directors' fees are as disclosed below:

	£
A Haining	77,500
S Coe	60,000
S Holden	56,250
A Ewing	50,000
T Cruttenden	51,250
M O'Connor	50,000

Directors' Report
(continued)

Directors' Interests (continued)

Under their terms of appointment, the Directors total remuneration (including one-off fees) are as disclosed below:

Lord Rockley, Diane Seymour-Williams and Jonathan Biggs receive £40,000 each per annum as members of the Valuation Committee. Lord Rockley, Diane Seymour-Williams and Jonathan Biggs are not Directors of the Company.

The Directors' compensation is reviewed annually and effective 1 October 2022, each Director is paid a basic fee of £52,500 (2021: £47,500) per annum by the Company. In addition to this, the Chairman receives an extra £27,500 (2021: £27,500) per annum, the Risk Committee Chairman receives an extra £10,000 per annum and the Audit Committee Chairman receives an extra £10,000 (2021: £10,000) per annum, Mr Cruttenden also receives an additional £15,000 per annum to reflect his position on the Valuation Committee. Refer to page 66 for more information regarding Directors' remuneration.

Risks and Uncertainties

There are several potential risks and uncertainties which could have a material impact on the Company's performance and could cause actual results to differ materially from expected and historical results.

The Risk Committee has overall responsibility for risk management and control within the context of achieving the Company's objectives. The Board agrees the strategy for the Company, approves the Company's risk appetite and the Risk Committee monitors the risk profile of the Company. The Risk Committee also maintains a risk management process to identify, monitor and control risk concentration.

The Board's responsibility for conducting a robust assessment of the principal and emerging risks is embedded in the Company's risk map and stress testing, which helps position the Company to ensure compliance with the Association of Investment Companies Code of Corporate Governance (the "AIC Code").

The principal risks to which the Company will be exposed are given in note 20 to the Annual Report and Audited Financial Statements.

The main risks that the Company faces arising from its financial instruments are:

i. market risk, including:
   - price risk, being the risk that the value of investments will fluctuate because of changes in more investee-company specific performance as well as market pricing of comparable businesses;
   - interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates; and
   - foreign currency risk, being the risk that the value of financial assets and liabilities will fluctuate because of movements in currency rates.

ii. credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

iii. liquidity risk, being the risk that the Company will not be able to meet its liabilities when they fall due. This may arise should the Company not be able to liquidate its investments.

iv. company failure, being the risk that companies invested in may fail and result in loss of capital invested.

To manage such risks the Company shall comply with the investment restrictions and diversification limits provided for in the Prospectus. The Company will invest and manage its assets with the objective of spreading risk. Further to the investment restrictions discussed, the Company also seeks to manage risk by:

- not incurring debt over 20% of its NAV, calculated at time of drawdown. The Company will target repayment of such debt within twelve months of drawdown; and
- entering from time to time into hedging or other derivative arrangements for the purposes of efficient portfolio management, managing where appropriate, any exposure through its investments to currencies other than Sterling.

On-going Charges

The ongoing charges figure for the year was 0.81%. The ongoing charges represent ongoing annual expenses of £9,292,678 divided by total average Net Asset Value for the year of £1,118,258,532. The ongoing charges has also been prepared in accordance with the recommended methodology provided by the Association of Investment Companies where investment purchase costs of £274,912 and performance fees of £nil have been excluded and represents the percentage reduction in shareholder returns as a result of recurring operational expenses.

Emerging Risks

On 24 February 2022, Russia launched a military invasion of Ukraine. In response, sanctions have been imposed on key Russian institutions, businesses and individuals by major world powers including the US, UK and the EU. Russia is a major exporter of oil, gas, and coal while both Russia and Ukraine are major exporters of grain.

The Company's portfolio has very limited direct exposure to the Russian and Ukrainian markets and so the sanctions imposed, as a result of the Russian invasion, are not expected to have a material impact. Certain portfolio companies have withdrawn services from the Russian market, a move which the Investment Adviser supports. Notwithstanding this, certain investee companies are exposed to the wider economic headwinds (such as increases in energy costs and interest rates) resulting from the invasion, but the Investment Adviser remains confident about the resilience of the portfolio in aggregate to continue to grow and has sufficient liquidity to support these companies to deliver their business plans.

In considering this risk, the Board's thought process has been as follows:

The Directors have carried out a robust assessment of the Company's processes for monitoring operating costs, share price discount, the Investment Adviser's compliance with the investment objective and policy, asset allocation, the portfolio risk profile, counterparty exposure, liquidity risk and financial controls. At the year end, the Company had cash and cash equivalents of £58,712,000 and net current assets of £57,219,000.

The Board will of course continue to assess the position as the nature of the conflict evolves.

ESG and Climate Change Risks and Considerations

The Board of Directors have carefully considered the impact of climate change and ESG related risks on the Company's business strategy and the impact of the Company's operations on the local community and environment. This analysis has taken place at both the level of the Company and at the investment portfolio level.

As an investment company with no employees, the Company itself has only a minimal footprint on the local community and environment, but recognises that everyone has a part to play in the reduction of adverse environmental impacts and ensuring the company's operations have a positive impact on society and the generation of long term sustainable value.

Further information on how the Board and Jupiter manage the Company's ESG and climate change related risks at the investment portfolio level can be found within the Chairman's Statement on page 5 and the Environmental, Social and Corporate Governance Report on pages 42 to 51. This includes the integration of ESG analysis into the investment process and the alignment of Jupiter's strategy, purpose and principles to the UN Global Compact.

Directors' Report
(continued)

Portfolio Management and Administration

Portfolio Management Agreement and Fees

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles of Incorporation and the investment policy and have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio.

The Directors have, however, appointed the Investment Adviser to perform portfolio management functions.

The Investment Adviser is entitled to a management fee together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties. The Investment Adviser is also entitled to a performance fee in certain circumstances. Details of the management fee and performance fee are set out in note 6. The Portfolio Management Agreement may be terminated by either party on two months' notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied.

Details of the proposed changes can be found in the Chairman's Report on page 6.

Administrator

Maitland Administration (Guernsey) Limited has been appointed as Administrator to the Company pursuant to a master services agreement. The Administrator is responsible for the maintenance of the books and financial accounts of the Company and the calculation, in conjunction with the Investment Adviser, of the Net Asset Value of the Company and the shares.

Depositary

The Depositary of the Company is Citibank UK Limited.

Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report.

Board Responsibilities

The Board comprises six non-executive Directors, who meet at least quarterly to consider the affairs of the Company in a prescribed and structured manner. All Directors are considered independent of the Investment Adviser for the purposes of the AIC Code and Listing Rule 15.2.12A. Biographies of the Directors for the year ended 30 September 2022 appear on pages 58 and 59 which demonstrate the wide range of skills and experience they bring to the Board.

The Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense, which is in accordance with principle 13 of the AIC Code. The Directors also have access to the advice and services of the Company Secretary through its appointed representatives who are responsible to the Board for ensuring that the Board's procedures are followed, and that applicable rules and regulations are complied with.

To enable the Board to function effectively and allow the Directors to discharge their responsibilities, full and timely access is given to all relevant information.

The Directors are requested to confirm their continuing professional development is up to date and any necessary training is identified during the annual performance reviews carried out and recorded by the Remuneration and Nomination Committee.

At each annual general meeting of the Company, each director shall retire from office and each director may offer themselves for election or re-election by the shareholders.

Conflicts of Interest

None of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements at the date of this report and none of the Directors has or had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company, and which was affected by the Company during the reporting year.

At the date of this Annual Report, there are no outstanding loans or guarantees between the Company and any Director.

Committees

The Company has established: the Audit Committee, the Remuneration and Nomination Committee, the Risk Committee, Valuation Committee and the Management Engagement Committee (together the "Committees"). Terms of Reference for each committee is available on request from the Administrator.

The Audit Committee

Stephen Coe is the Chairman of the Audit Committee. A full report regarding the Audit Committee can be found in the Audit Committee Report.

Remuneration & Nomination Committee

In accordance with the AIC Code, a Remuneration and Nomination Committee has been established. Anne Ewing has been appointed as Chairman. The Remuneration and Nomination Committee meets at least once a year in accordance with the terms of reference and reviews, inter alia, the structure, size and composition of the Board.

Details of the Directors' remuneration can be found in note 21 and page 66.

Management Engagement Committee

Margaret O'Connor has been appointed Chairman of the Management Engagement Committee. The Management Engagement Committee will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Adviser and the terms of the Portfolio Management Agreement. Details of the management and performance fees can be found in note 6.

Risk Committee

Simon Holden is the Chairman of the Risk Committee. A full report regarding the Risk Committee can be found in the Risk Committee Report.

Valuation Committee

Lord Rockley is the Chairman of the Valuation Committee with Tim Cruttenden, Diane Seymour-Williams and Jonathan Biggs as members.

Substantial Shareholdings

On 26 January 2022, the latest practicable date for disclosure in this Annual Report, the Company's only shareholder with a holding greater than 10% was Jupiter UK Mid-Cap Fund (13.4%).

Shareholder Communication

The Company's main method of communication with Shareholders is through its published Half Yearly and Annual Reports which aim to provide Shareholders with a fair, balanced and understandable view of the Company's results and objectives. This is supplemented by the publication of the Company's quarterly net asset values on its ordinary shares on the London Stock Exchange.

In line with principle 16 of the AIC Code, the Investment Adviser communicates with both the Chairman and shareholders and is available to communicate and meet with major shareholders. The Company has also appointed Liberum Capital Limited to liaise with all major shareholders together with the Investment Adviser, all of whom report back to the Board at quarterly board meetings ensuring that the Board is fully aware of shareholder sentiment, expectations and analyst views. The Company's website, which is maintained by the Investment Adviser, is regularly updated with news and announcements. Information published online is accessible in many countries each with differing legal requirements relating to the preparation and dissemination of financial information. Users of the Company's website are responsible for informing themselves of how the requirements in their own countries may differ from those of Guernsey.

The Board hosted a Capital Markets Day for shareholders at 30 November 2022. The presentation provided an overview of Chrysalis' strategy and outlook, pointing to its robust balance sheet, the potential of its well-funded portfolio, valuations relative to growth, the drive towards profitability, and the possible opportunities that may arise as and when the market re-opens. In addition, lessons learned from the less successful assets were also discussed, as well as the risks around ensuring adequate funding in the portfolio, particularly the trade-off between ability to follow-on and share buybacks.

Directors' Report
(continued)

Relations with Shareholders

All holders of Ordinary Shares in the Company have the right to receive notice of, attend and vote at the general meetings of the Company.

At each general meeting of the Company, the Board and the Investment Adviser are available to discuss issues affecting the Company.

Shareholders are additionally able to contact the Board directly outside of meetings via the Company's dedicated e-mail address (chrysalis@maitlandgroup.com) or by post via the Company Secretary. Alternatively, Shareholders are able to contact the Investment Adviser directly (chrysalis@maitlandgroup.com) or the Senior Independent Director (chrysalis@maitlandgroup.com) for issues they feel they may be unable to raise directly with the Company itself.

The Company has adopted a zero-tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly.

Voting and Stewardship Code

The Investment Adviser is committed to the principles of the Financial Reporting Council's UK Stewardship Code and this also constitutes the disclosure of that commitment required under the rules of the FCA (Conduct of Business Rule 2.2.3).

Signed on behalf of the Board by:

Andrew Haining
Chairman
30 January 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Audited Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Audited Financial Statements for each financial year. Under that law they are required to prepare the Audited Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

Under company law the Directors must not approve the Audited Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing these Audited Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Audited Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Audited Financial Statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and that each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Responsibility statement of the Directors in respect of the Annual Report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report (comprising the Chairman's Statement, the Investment Advisers' Report, and Directors' Report) includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

We consider the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by:

Andrew Haining
Chairman
30 January 2023

Audit Committee Report

In accordance with the AIC Code, an Audit Committee has been established consisting of Anne Ewing, Simon Holden, Margaret O'Connor and Stephen Coe, who is the Chairman of the Audit Committee.

Membership and Role of the Committee

The Audit Committee meets at least twice a year and, when requested, provides advice to the Board on whether the Annual Report and Audited Financial Statements, taken as a whole, is fair, balanced and understandable and provides information necessary for the shareholders to assess the Company's performance, business model and strategy. The Audit Committee also reviews, inter alia, the financial reporting process and the system of internal control and management of financial risks, including understanding the current areas of greatest financial risk and how these are managed by the Investment Adviser, reviewing the Annual Report and Audited Financial Statements, assessing the fairness of Audited Financial Statements and disclosures and reviewing the external audit process. The Audit Committee is responsible for overseeing the Company's relationship with the external auditor (the "Auditor"), including making recommendations to the Board on the appointment of the Auditor and their remuneration.

The Audit Committee considers the nature, scope and results of the Auditor's work and reviews, and develops and implements a policy on the supply of any non-audit services that are to be provided by the Auditor. The Audit Committee annually reviews the independence and objectivity of the Auditor and considers the appointment of an appropriate Auditor.

The continuation of the Auditor was considered and the Board subsequently decided that the Auditor was sufficiently independent and was appropriately appointed in order to carry out the audit of the Company for the year ended 30 September 2022. Appointment of the Auditor will be reviewed each year before the AGM. The level of non-audit versus audit services is monitored. The table below summarises the remuneration paid by the Company to KPMG Channel Islands Limited ("KPMG") for audit and non-audit services during the year ended 30 September 2022.

	30 September 2022	30 September 2021
Annual audit fee	135,000	120,000
Interim review	40,000	33,000
	175,000	**153,000**

Internal Control

Following the Company becoming self-managed AIF on 1 July 2022, the Company is responsible for the process surrounding the valuation of its investment portfolio. The Company has delegated these processes to its independent Valuation Committee which reviews third party valuations of unlisted investments. The Audit Committee liaises with the Valuation Committee regularly and reviews minutes of Valuation Committee meetings. For all other processes of the Company responsibility for internal control lies within the services provided by JIML and other service providers. These controls are monitored by the Board reviewing and challenging reports from these service providers and through segregation of duties between them. The Audit Committee monitors the financial reporting process and tasks undertaken in the production of the Annual Report and Audited Financial Statements.

The administration and company secretarial duties of the Company are performed by Maitland Administration (Guernsey) Limited.

Registrar duties are performed by Computershare Investor Services (Guernsey) Limited.

The custody of financial assets is undertaken by Citibank UK Limited.

The Company does not have an internal audit department. All the Company's management and administration functions are delegated to independent third parties and it is therefore felt there is no need for the Company to have an internal function. The Audit Committee have assessed the Company's internal controls and found them to be satisfactory.

Fair Value Estimation

The valuation of the Company's investments is considered to be a significant area of focus given that they represent the majority of the net assets of the Company and in view of the significance of the estimates and judgments that may be involved in the determination of their fair value. In discharging its responsibilities, the Audit Committee has specifically considered the valuation of investments as follows:

- Independent third-party valuation firms are engaged to provide assistance, advice, assurance, and documentation in relation to the portfolio valuations. Valuations are then submitted to the portfolio managers and the Company's Valuation Committee for review. The Board reviews these portfolio valuations on a regular basis throughout the year. On 1 July 2022, the company become a self-managed Alternative Investment Fund, assuming direct responsibility for risk management and investment valuation. A new Risk Committee and an Independent Valuation Committee were subsequently appointed. The Audit Commitee's ultimate responsibility is to review the portfolio valuations.
- The Audit Committee receives and reviews reports from the Investment Adviser and the Auditor relating to the Company's Annual Report. The Audit Committee focuses particularly on compliance with legal requirements, accounting standards and the Listing Rules and ensures that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the Annual Report remains with the Board.
- Reporting to the Board on the significant judgment made in the preparation of the Company's Annual Report and Audited Financial Statements and recommending valuations of the Company's investments to the Board.
- The Audit Committee will recommend the Board and or Fair Value Pricing Committee engages independent valuers for specific assets where it considers it appropriate.

Audit Committee Report
(continued)

External Audit

The Audit Committee will hold an annual meeting to approve the Company's Annual Report and Audited Financial Statements before its publication. During the current year the Audit Committee met with the Auditor to discuss the audit plan and approach. During this meeting it was agreed with the Auditor that the area of significant audit focus related to the valuation of investments given that they represent the majority of net assets of the Company and their valuation involves significant judgement. The scope of the audit work in relation to this asset class was discussed. At the conclusion of the audit, the Audit Committee met with the Auditor and discussed the scope of their annual audit work and their audit findings.

The Audit Committee reviews the scope and results of the audit, its cost effectiveness, and the independence and objectivity of the Auditor. The Audit Committee has particular regard to any non-audit work that the Auditor may undertake and the terms under which the Auditor may be appointed to perform non-audit services. In order to safeguard the Auditor's independence and objectivity, the Audit Committee ensures that any other advisory and/or consulting services provided by the Auditor does not conflict with their statutory audit responsibilities.

To fulfil its responsibilities regarding the independence of the Auditor, the Audit Committee considered:

- a report from the Auditor describing their arrangements to identify, report and manage any conflicts of interest; and
- the extent of the non-audit services provided by the Auditor.

To assess the effectiveness of the Auditor, the committee reviewed:

- the Auditor's fulfilment of the agreed audit plan and variations from it;
- the audit findings report highlighting any major issues that arose during the course of the audit; and
- the effectiveness and independence of the Auditor having considered the degree of diligence and professional scepticism demonstrated by them.

The Audit Committee is satisfied with KPMG's effectiveness and independence as Auditor.

During the year the Audit Committee met three times with all members present (refer to Director Attendance on page 61).

Reappointment of Auditor

The Auditor, KPMG Channel Islands Limited, has expressed its willingness to continue in office as Auditor. A resolution proposing their reappointment will be submitted at the forthcoming general meeting to be held pursuant to section 199 of the Law.

Stephen Coe
Chairman of the Audit Committee
30 January 2022

Independent Auditor's Report

Independent Auditor's Report to the Members of Chrysalis Investments Limited

Our opinion is unmodified

We have audited the financial statements of Chrysalis Investments Limited (the "Company"), which comprise the statement of financial position as at 30 September 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2022, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2021):

Valuation of investments held at fair value through profit or loss

£822,363,000

(2021: £1,460,198,000)

Refer to page 81 of the Audit Committee Report, notes 2(i), 3, 11 and 20

The risk	Our response
Basis: The Company's investments are carried at fair value in accordance with IFRS. The investments comprise of equity and equity-related instruments in quoted and unquoted companies and represent 93% (2021: 106%) of the Company's net assets as at 30 September 2022. The Company's unlisted investments, with a value of £802,046,000 (the "Unlisted Investments"), are valued by using recognised valuation methodologies and models, in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The Company utilises independent third party valuation firms (the "Valuation Agents") to assist and advise on their valuation process. The Company's listed investment, with a value of £20,317,000 (the "Listed Investment"), is valued by the Company based on the quoted market bid price in an active market for that instrument. **Risk:** The valuation of the Company's investments is a significant area of our audit, given that it represents a significant portion of the net assets of the Company. The valuation risk of the Unlisted Investments incorporates both a risk of fraud and error given the significance of estimates and judgements that may be involved in the determination of fair value.	Our audit procedures included but were not limited to: **Internal Controls:** We assessed the design and implementation of the control in place over the valuation of investments. **Challenging managements' assumptions and inputs:** For the Unlisted Investments, with the support of our valuation specialist, we: • assessed the objectivity, capabilities and competence of the Valuation Agents; • assessed the scope of the Valuation Agents' review of the investments and read the valuation reports and memoranda produced by them and the Investment Adviser; • held discussions with the Investment Adviser and the Valuation Agent and attended, in an observation capacity, a meeting of the Board of Directors of the Company, to understand the key judgments made and valuation approaches applied; • assessed the appropriateness of the valuation approach and methodology applied to each investment; • compared the assumptions used in the valuation models employed to observable market data (where possible); • corroborated significant investee company inputs used in the valuation models, and recent investment transactions to supporting documentations; and • considered market transactions in close proximity to the year end and assessed their appropriateness as being representative of fair value. Our valuation specialist independently priced the Listed Investment to a third party pricing source. **Assessing disclosures:** We also considered the Company's disclosures (see notes 3 and 20) in relation to the use of estimates and judgements regarding the valuation of investments and the Company's investment valuation policies adopted in note 2(i) and fair value disclosures in note 20 for compliance with IFRS.

Independent Auditor's Report to the Members of Chrysalis Investments Limited

(continued)

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £17,591,000, determined with reference to a benchmark of net assets of £879,582,000, of which it represents approximately 2.0% (2021: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £13,193,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £879,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period was the availability of capital to meet operating costs and other financial commitments.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclose in note 2(b) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias

Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's Report to the Members of Chrysalis Investments Limited

(continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (page 72) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 72) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 72 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Independent Auditor's Report to the Members of Chrysalis Investments Limited

(continued)

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 79, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Barry Ryan
For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors
Guernsey

30 January 2023

Financial Statements

Statement of Comprehensive Income

For the year ended 30 September 2022

		Year ended 30 September 2022			Year ended 30 September 2021		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investments							
Net (losses)/gains on investments held at fair value through profit or loss	11	–	(610,180)	(610,180)	–	568,419	568,419
Net gains on currency movements		–	215	215	–	268	268
Net investment (losses)/gains		**–**	**(609,965)**	**(609,965)**	**–**	**568,687**	**568,687**
Interest income	5	71	–	71	851	–	851
Gain on settlement of financial liability	6	–	17,907	17,907	–	–	–
Total income		**71**	**17,907**	**17,978**	**851**	**–**	**851**
Investment management and performance fees	6	(6,093)	–	(6,093)	(5,153)	(112,077)	(117,230)
Other expenses	7	(3,199)	–	(3,199)	(3,762)	–	(3,762)
(Losses)/gains before finance costs and taxation		**(9,221)**	**(592,058)**	**(601,279)**	**(8,064)**	**456,610**	**448,546**
Finance costs	8	(13)	–	(13)	(238)	–	(238)
(Losses)/gains before taxation		**(9,234)**	**(592,058)**	**(601,292)**	**(8,302)**	**456,610**	**448,308**
Tax expense		–	–	–	–	–	–
Total (losses)/gains and comprehensive income for the year		**(9,234)**	**(592,058)**	**(601,292)**	**(8,302)**	**456,610**	**448,308**
(Loss)/gain per Ordinary Share (pence)	9	(1.59)	(101.65)	(103.24)	(1.75)	96.51	94.76

The total column of this statement represents the Statement of Comprehensive Income of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The supplementary revenue and capital return columns are prepared under guidance published by the Association of Investment Companies ("AIC").

All items in the above statement derive from continuing operations.

The notes on pages 96 to 124 form an integral part of these Audited Financial Statements.

Statement of Financial Position

As at 30 September 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investments held at fair value through profit or loss	11	**822,363**	**1,460,198**
Current assets			
Cash and cash equivalents	12	58,712	49,794
Other receivables	13	69	427
Unsettled trades	14	3,791	–
		62,572	**50,221**
Total assets		**884,935**	**1,510,419**
Current liabilities			
Performance fee payable	6	–	(112,077)
Management fee payable	6	(4,306)	(3,333)
Loan payable	15	–	(15,000)
Other payables	16	(1,047)	(1,075)
Total liabilities		**(5,353)**	**(131,485)**
Net assets		**879,582**	**1,378,934**
Equity			
Share Capital	17	860,890	758,950
Capital reserve		41,362	633,420
Revenue reserve		(22,670)	(13,436)
Total equity		**879,582**	**1,378,934**
Net Asset Value per Ordinary Share (pence)	18	147.79	251.96
Number of Ordinary Shares in issue	17	595,150,414	547,273,076

Approved by the Board of Directors and authorised for issue on 30 January 2023 and signed on their behalf:

Stephen Coe
Director

The notes on pages 96 to 124 form an integral part of these Audited Financial Statements.

Statement of Changes in Equity

For the year ended 30 September 2022

	Share Capital	Capital Reserve	Revenue Reserve	Total
	£'000	£'000	£'000	£'000
At 30 September 2020	**370,367**	**176,810**	**(5,134)**	**542,043**
Total gains/(losses) and comprehensive income for the year	–	456,610	(8,302)	448,308
Share issue	395,000	–	–	395,000
Share issue costs	(6,417)	–	–	(6,417)
At 30 September 2021	**758,950**	**633,420**	**(13,436)**	**1,378,934**
Total losses and comprehensive loss for the year	–	(592,058)	(9,234)	(601,292)
Share issue	102,614	–	–	102,614
Share issue costs	(674)	–	–	(674)
At 30 September 2022	**860,890**	**41,362**	**(22,670)**	**879,582**

The notes on pages 96 to 124 form an integral part of these Audited Financial Statements.

Statement of Cash Flows

For the year ended 30 September 2022

	Notes	2022	2021
		£'000	£'000
Cash flows from operating activities			
Cash used in operating activities	19	(59,330)	(37,987)
Interest paid	8	(13)	(238)
Interest income	5	71	851
Purchase of investments	11	(93,663)	(426,639)
Sale of investments	11,14	117,527	94,707
Net gains on currency movements		215	268
Net cash outflow from operating activities		**(35,193)**	**(369,038)**
Cash flows from financing activities			
Issue of ordinary shares	17	59,999	395,000
Share issue costs	17	(674)	(6,417)
(Repayment)/Proceeds of loan payable	15	(15,000)	15,000
Net cash inflow from financing activities		**44,325**	**403,583**
Net increase in cash and cash equivalents		**9,132**	**34,545**
Cash and cash equivalents at beginning of year		49,794	15,559
Net loss on cash currency movements		(214)	(310)
Cash and cash equivalents at end of year	12	**58,712**	**49,794**
Cash and cash equivalents comprise of the following:			
– Cash at bank		58,712	49,794
		58,712	**49,794**

The notes on pages 96 to 124 form an integral part of these Audited Financial Statements.

Notes to the Audited Financial Statements

For the year ended 30 September 2022

1. Reporting Entity

Chrysalis Investments Limited (the "Company") is a closed-ended investment company, registered in Guernsey on 3 September 2018, with registered number 65432. The Company's registered office is 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey GY1 1WD.

The Company is a Registered Closed-ended Collective Investment Scheme regulated by the Guernsey Financial Services Commission ("GFSC"), with reference number 2404263, pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended and the Registered Closed-ended Investment Scheme Rules 2021.

The Company's 595,150,414 shares in issue (per note 17) under ticker CHRY, SEDOL BGJYPP4 and ISIN GG00BGJYPP46 have a premium listing and are admitted to trading on the London Stock Exchange's Main Market for listed securities. During the year, the Company had share issues of 25,210,084 and 22,667,254 for a net consideration of £59,403,549 and £42,536,651 respectively. The shares were issued on 15 December 2021 and 28 January 2022. The Audited Financial Statements of the Company are presented for the year ended 30 September 2022. The Company invests in a diversified portfolio consisting primarily of equity and equity-related securities issued by unquoted companies.

The Company and its Alternative Investment Fund Manager ("AIFM") received investment advice from Jupiter Investment Management Limited ("JIML") up to 30 June 2022. From 1 July 2022, the Company became a self-managed Alternative Investment Fund ("AIF"), assuming direct responsibility for risk management and investment valuation. A new Risk Committee and an Independent Valuation Committee were subsequently appointed. Discretionary portfolio management services are now procured directly from JIML. The administration of the Company is delegated to Maitland Administration (Guernsey) Limited ("MAGL") (the "Administrator").

2. Significant Accounting Policies

(a) Basis of Accounting

The Audited Financial Statements have been prepared in compliance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Audited Financial Statements give a true and fair view and comply with the Companies (Guernsey) Law, 2008.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment companies issued by the Association of Investment Companies ("AIC") updated in February 2019 is consistent with the requirements of IFRS, the Directors have sought to prepare the Audited Financial Statements on a basis compliant with the recommendations of the SORP.

(b) Going Concern

In assessing the going concern basis of accounting, the Directors have assessed the guidance issued by the Financial Reporting Council and considered the Company's own financial position, recent market volatility, the on-going impact of the Russian war on Ukraine, energy shortages, inflation and increases in interest rates and other uncertainties impacting on the Company's investments, their financial position and liquidity requirements.

At year end, the Company has liquidity including a current cash position of £58,712,000, a net current asset position of £57,219,000 and liquid listed investments amounting to £20,317,000.

The Company generates liquidity by raising capital and exiting investments. It uses liquidity by making new and follow-on investments and paying company expenses. The Directors ensure it has adequate liquidity by regularly reviewing its financial position and forward looking liquidity requirements.

The Directors' going concern assessment includes consideration of a range of likely downside scenarios which measure the impact on the Company's liquidity of differing assumptions for portfolio valuation, exits, new and follow-on investment requirements, capital raising and company expenses.

After making enquiries, the Directors have a reasonable expectation that the Company will continue in operational existence for at least twelve months from the date of approval of the of the Annual Report and Audited Financial Statements and continue to adopt the going concern basis in preparing them.

(c) Functional and Presentation currency

The Audited Financial Statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Audited Financial Statements, the results and financial position of the Company are expressed in pound sterling ("£").

(d) Segmental Reporting

The chief operating decision maker is the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business with the primary objective of investing in securities to generate capital growth for shareholders. Consequently, no business segmental analysis is provided.

The key measure of performance used by the Board is the Net Asset Value of the Company (which is calculated under IFRS). Therefore, no reconciliation is required between the measure of profit or loss used by the Board and that contained in these Audited Financial Statements.

(e) Income

Interest income is accounted for on an accruals basis and recognised in profit or loss in the Statement of Comprehensive Income. Interest income includes interest earned on convertible loan notes, cash held at bank on call, on deposit and cash held as cash equivalents including UK treasury bills.

(f) Expenses

Expenses are accounted for on an accruals basis. The Company's portfolio management and administration fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income and are charged to revenue. Performance fee is charged to the capital column in the Statement of Comprehensive Income.

(g) Dividends to Shareholders

Dividends are recognised in the year in which they are paid.

(h) Taxation

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 amended by the Director of Income Tax in Guernsey for the current year. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,200 (2021: £1,200).

(i) Financial Instruments

Classification

The Company's financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets held at amortised cost

Assets that are held in order to collect contractual cash flows give rise to cash flows that are solely payments of principal and interest are measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method.

The Company has elected to apply the simplified approach permitted by IFRS 9 in respect of trade and other receivables. This approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company's financial assets held at amortised cost include trade and other receivables and cash and cash equivalents.

Financial assets at fair value through profit or loss

For investments actively traded in organised financial markets, fair value will generally be determined by reference to Stock Exchange quoted market bid prices at the close of business on the valuation date, without adjustment for transaction costs necessary to realise the asset.

In respect of unquoted instruments, including associates, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVC").

2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

The Company has adopted a valuation policy for unquoted securities to provide an objective, consistent and transparent basis for estimating the fair value of unquoted equity securities in accordance with IFRS as well as IPEVC.

The unquoted securities valuation policy and the associated valuation procedures are subject to review on a regular basis, and updated as appropriate, in line with industry best practice. In addition, the Company works with independent third-party valuation firms, to obtain assistance, advice, assurance, and documentation in relation to the ongoing valuation process.

The Company considers it impractical to perform an in-depth valuation analysis for every unquoted investment on a daily basis (whether internally or with the assistance of an independent third party). Therefore, it is expected that an in-depth valuation of each investment will be performed independently by an independent third-party valuation firm: (i) on a quarterly basis; and (ii) where JIML determines that a Triggering Event has occurred.

A "Triggering Event" may include any of the following:

- a subsequent round of financing (whether pro rata or otherwise) by the relevant investee company;
- a significant or material milestone achieved by the relevant investee company;
- a secondary transaction involving the relevant investee company on which sufficient information is available;
- a change in the makeup of the management of the relevant investee company;
- a material change in the recent financial performance or expected future financial performance of the relevant investee company;
- a material change in the market environment in which the relevant investee company operates; or
- a significant movement in market indices or economic indicators.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The change in fair value is recognised in profit or loss and is presented within the "net gains on investments held at fair value through profit or loss" in the Statement of Comprehensive Income.

IFRS requires the Company to measure fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of fair value hierarchy under IFRS are as follows:

- Level 1 reflects financial instruments quoted in an active market.
- Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.
- Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data. For investments that are recognised in the Audited Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re¬assessing the categorisation (based on the lowest significant input) at the date of the event that caused the transfer.

Recognition and derecognition of financial assets
The Company recognises a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

A financial asset (in whole or in part) is derecognised either (i) when the Company has transferred substantially all the risks and rewards of ownership; or (ii) when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or (iii) when the contractual right to receive cash flow has expired. The derecognised investments are measured at the weighted average method. Any gain or loss on derecognition is recognised in the Net gains on investments held at fair value through profit or loss in the Statement of Comprehensive Income.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(j) Cash and Cash Equivalents

Cash comprises cash and demand deposits. Cash equivalents, which may include UK treasury bills, are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Included in cash and cash equivalents at the year end was cash at bank of £58,712,000. Refer to note 12 for further details of the cash balance held at 30 September 2022.

(k) Other Receivables

Other receivables do not carry interest and are short-term in nature and are accordingly recognised at amortised cost.

(l) Foreign Currency

Transactions and balances
At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date fair value is measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the year in which they arise. Transactions denominated in foreign currencies are translated into pound sterling (£) at the rate of exchange ruling at the date of the transaction.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Where foreign currency items are held at fair value, the foreign currency movements are presented as part of the fair value change.

(m) Capital Reserve

Profits achieved by selling investments and changes in fair value arising upon the revaluation of investments that remain in the portfolio are all charged to profit or loss in the capital column of the Statement of Comprehensive Income and allocated to the capital reserve. The capital reserve is also used to fund dividend distributions.

(n) Revenue Reserve

The balance of all items allocated to the revenue column of the Statement of Comprehensive Income for the year is transferred to the Company's revenue reserve.

(o) Investment entities

In accordance with IFRS 10 an investment entity is an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital application, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors are satisfied that the Company meets each of these criteria and hence is an investment entity in accordance with IFRS 10.

3. Use of Estimates and Critical Judgements

The preparation of Audited Financial Statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Audited Financial Statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. There were no significant accounting estimates or significant judgements in the current year, except for the use of estimates in the valuation of the unquoted investments detailed in note 20.

4. New and Revised Standards

The following standards have been released but are not yet effective and hence have not been applied in preparing the Company's financial statements for the year ended 30 September 2022. The Directors have considered their impact and have concluded that they will not have a material impact on the Company's financial statements.

- **IAS 1 - Presentation of Financial Statements**
  Classification of Liabilities as Current or Non-current: The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
  Effective date - 1 January 2024
- **IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**
  Definition of Accounting Estimates: The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
  Effective date - 1 January 2023
- **IAS 12 – Income Taxes**
  Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
  Effective date - 1 January 2023
- **IAS 37 – Provisions, Contingent Liabilities and Assets**
  Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
  Effective date - 1 January 2022
- **IFRS 9 – Financial Instruments**
  Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
  Effective date - 1 January 2022

5. Interest Income

Interest is accounted for using the effective interest method. Interest income totaling £60,000 (2021: £380,000) was earned from the Sorted Holdings Limited Convertible Loan which is held at fair value through profit or loss (FVTPL). £11,000 (2021: £nil) was earned from Citibank accounts. During the prior year, £471,000 was earned from the wefox Loan note which converted to equity in that period. It was also held at fair value through profit or loss (FVTPL).

6. Investment Management Fees

	2022	2021
	£'000	**£'000**
Investment management fee		
- Jupiter Unit Trust Managers Limited ("JUTM")	4,915	2,840
- Jupiter Investment Management Limited ("JIML")	1,178	2,313
Investment performance fee – charged to capital	–	112,077
Total investment management fees	**6,093**	**117,230**

Jupiter Unit Trust Managers Limited ("JUTM") was the Alternative Investment Fund Manager ("AIFM") until 30 June 2022. JUTM had sub delegated portfolio management to Jupiter Investment Management Limited ("JIML") which is a member of the same group. From 1 July 2022 the Company became a self-managed AIF and procures portfolio management services directly from JIML, under the Portfolio Management Agreement entered into on the same date.

Management Fee

The monthly management fee is equal to 1/12 of 0.5% of the Net Asset Value (the "management fee"). The management fee is calculated and paid monthly in arrears.

If at any time the Company invests in or through any other investment fund or special purpose vehicle and a management fee or advisery fee is charged to such investment fund or special purpose vehicle by JIML or any of its Associates and is not waived, the value of such investment will be excluded from the calculation of NAV for the purposes of determining the management fee.

As at 30 September 2022, an amount of £3,128,000 (2021: £3,333,000) to JUTM and £1,178,000 (2021: £nil) to JIML were outstanding and due in respect of management fees.

Performance Fee

In accordance with an agreement between the Company and JUTM dated 29 November 2021 (the "Agreement"), the Company settled 54% (£60,522,000) of the performance fee due to JUTM for the year ended 30 September 2021 in ordinary shares issued by the Company. The remaining 46% (£51,555,000) of the performance fee amount was settled in cash.

The value of the 22,667,415 ordinary shares issued under the Agreement on 28 January 2022 was £42,615,000. The difference between the value of the liability settled through the issuance of ordinary shares and the value of the shares issued on 28 January 2022, being £17,907,000, is recognised within gains on settlement of financial liability within the Statement of Comprehensive Income.

For the year ended 30 September 2022, JIML was entitled to receive a performance fee, the sum of which is equal to 20% of the amount by which the Adjusted Net Asset Value at the end of a Calculation Period exceeds the higher of: (i) the Performance Hurdle; and (ii) the High Water Mark (the "Performance Fee"). The calculation period for the current period will be the period commencing on 1 October 2021 and ending on 30 September 2022 (the "Calculation Period").

6. Investment Management Fees (continued)

Performance Fee (continued)

Adjusted Net Asset Value at the end of a Calculation Period shall be the audited NAV in Sterling at the end of the relevant Calculation Period:

i. plus an amount equal to any accrued or paid performance fee in respect of that Calculation Period or any prior Calculation Period;

ii. plus an amount equal to all dividend or other income distributions paid to shareholders that have been declared and paid on or prior to the end of the relevant Calculation Period;

iii. minus the amount of any distribution declared in respect of the Calculation Period but which has not already reduced the audited NAV;

iv. minus the Net Capital Change where the Net Capital Change is positive or, correspondingly, plus the Net Capital Change where such net Capital Change is negative (which for this purpose includes the Net Capital Change in the relevant Calculation Period and each preceding Calculation Period); and

v. minus any increase in the NAV during the Calculation Period attributable to investments attributable to C shares prior to the conversion of those C shares.

"Performance Hurdle" means, in relation to the Calculation Period, ("A" multiplied by "B") + C where:

"A" is 8% (expressed for the purposes of this calculation as 1.08) (calculated as an annual rate and adjusted to the extent the Calculation Period is greater or shorter than one year).

"B" is:

i. in respect of the first Calculation Period, the Net Issue Proceeds; or

ii. in respect of each subsequent Calculation Period, the sum of this calculation as at the end of the immediately preceding Calculation Period: plus (where sum is positive) or minus (where such sum is negative) the Net Capital Change attributable to shares issues and repurchases in all preceding Calculation Period (the amount in this paragraph (b) being the "Aggregate NCC"), in each case, plus (where such sum is positive) or minus (where such sum is negative) the sum of:

   x. in respect of each share issue undertaken in the relevant Calculation Period being assessed, an amount equal to the Net Capital Change attributable to that share issue multiplied by the sum of the number of days between admission to trading of the relevant shares and the end of the relevant Calculation Period divided by 365 (such amount being the "issue adjustment"), minus

   y. in respect of each repurchase or redemption of shares undertaken in the relevant Calculation Period being assessed, an amount equal to Net Capital Charge attributable to that share purchase or redemption multiplied by the number of days between the relevant disbursement of monies to fund such repurchase or redemption and the end of the relevant Calculation Period divided by 365 (such amount being the "reduction adjustment").

"C" is the sum of:

i. the issue adjustment for the Calculation Period;

ii. the reduction adjustment for the Calculation Period; and

iii. the Aggregate NCC multiplied by -1.

"Net Capital Change" equals I minus R where:

i. "I" is the aggregate of the net proceeds of any share issue over the relevant year (other than the first issue of ordinary shares);

ii. "R" is the aggregate of amounts disbursed by the Company in respect of the share redemption or repurchases over the relevant period.

"High Water Mark" means the Adjusted Net Asset Value as at the end of the Calculation Period in respect of which a performance fee was last earned or if no performance fee has yet been earned, an amount equal to the Net Issue Proceeds (as such term is defined in the prospectus); and

"Calculation period" means each twelve-month period ending on 30 September, except that the first Calculation Period shall be the period commencing on Admission and ending on 30 September 2019.

Under the terms of the Portfolio Management Agreement, any accrued and unpaid performance fees will crystallise and become payable to JIML upon certain termination events.

The accrued performance fee shall only be payable by the Company to the extent that the Payment Amount is greater than the sum of the performance fee (which shall both be calculated as at the end of each Calculation Period) and, to the extent that the Payment Amount is less than the sum of the performance fee for that Calculation Period, an amount equal to the difference shall be carried forward and included in the performance fee calculated as at the end of the next Calculation Period (and such amount shall be paid before any performance fee accrued at a later date).

"Payment amount" is the sum of:

i. aggregate net realised profits on investments since the start of the relevant Calculation Period; plus

ii. an amount equal to each IPO investment unrealised gain where the initial public offering of the relevant investment takes place during the relevant Calculation Period; plus or minus (as applicable)

iii. an amount equal to the listed investment value change attributable to that calculation period; plus

iv. the aggregate amount of all dividends or other income received from investments of the Company in that Calculation Period (other than investments made pursuant to the cash management policy of the Company as stated in the Investment Policy).

No performance fee is payable out of the assets attributable to any C Shares in issue from time to time.

As at 30 September 2022, the Company had not exceeded the High Water Mark and Performance Hurdle and no accrual (2021: £112,077,000 due to JUTM) for performance fees has been reflected within these Audited Financial Statements.

An amount of £nil (2021: £112,077,000 due to JUTM) was outstanding and due to JIML in respect of performance fee payable as at 30 September 2022.

7. Other Expenses

	2022	2021
	£'000	£'000
Administration fee	267	237
AIFM fee	433	400
Auditor's remuneration for:		
- audit fees (current year)	135	120
- audit fees (under accrual in prior year)	4	42
- non-audit fees	40	114
Committee fees	79	–
Depositary fees	87	91
Directors' expenses	6	–
Directors' fees	345	404
Directors' liability insurance	68	49
FCA fees	31	18
Legal fee and professional fees:		
- ongoing operations	826	946
- valuation fees	152	221
- due diligence fees	160	165
- purchases	275	354
Listing fees	53	140
Loan agreement fee	–	160
Loan commitment fee	9	88
Printing fees	32	47
Registrars' fees	42	42
Secretarial fees	41	35
Sundry	114	89
	3,199	**3,762**

8. Finance Costs

	2022	2021
	£'000	£'000
Bank interest	1	21
Loan interest	12	217
	13	**238**

9. (Losses)/gains per ordinary share

	30 September 2022		30 September 2021	
	Net return £'000	Per share pence	Net return £'000	Per share pence
Revenue return	(9,234)	(1.59)	(8,302)	(1.75)
Capital return	(592,058)	(101.65)	456,610	96.51
	(601,292)	**(103.24)**	**448,308**	**94.76**
Weighted average number of Ordinary Shares		582,448,943		473,121,001

The return per share is calculated using the weighted average number of ordinary shares.

10. Dividends

The Board has not declared a dividend (2021: £nil).

Notes to the Audited Financial Statements
For the year ended 30 September 2022
(continued)

11. Investments held at fair value through profit or loss

	2022	2021
	£'000	£'000
Opening book cost	758,013	404,480
Opening investment holding unrealised gains	702,185	201,807
Opening valuation	**1,460,198**	**606,287**
Movements in the year:		
Purchases at cost	93,663	380,199
Sales – proceeds	(121,318)	(94,707)
Net (losses)/gains on investments held at fair value through profit or loss	(610,180)	568,419
Closing valuation	**822,363**	**1,460,198**
Closing book cost	731,095	758,013
Closing investment holding unrealised gains	91,268	702,185
Closing valuation	**822,363**	**1,460,198**

Movement in unrealised gains during the year	130,434	501,083
Movement in unrealised losses during the year	(741,351)	(705)
Realised loss on sale of investments	(55,742)	–
Realised gain on sale of investments	56,479	68,041
Net (losses)/gains on investments held at fair value through profit or loss	**(610,180)**	**568,419**

The Company holds all its investments at fair value through profit and loss. Investments held by the Company on 30 September 2022 where the ownership interest exceeded 20% were as follows:

Name	Principal place of business	Principal activity	Ownership interest %
Cognitive Logic Inc.	United States	Trading company	20-30%
Smart Pension Limited	United Kingdom	Trading company	20-30%
Sorted Holdings Limited	United Kingdom	Trading company	20-30%
Tactus Holdings Limited	United Kingdom	Trading company	20-30%

12. Cash and Cash Equivalents

	2022	2021
	£'000	£'000
Cash and cash equivalents comprise of the following:		
Cash at bank	58,712	49,794
	58,712	**49,794**

13. Other Receivables

	2022	2021
	£'000	£'000
Prepayments and accrued income	69	427
	69	**427**

14. Unsettled Trades
On 30 September 2022, the Company sold 566,927 shares in Wise plc for a consideration of £3,791,154. The transaction was settled on 4 October 2022.

15. Loan payable

	2022	2021
	£'000	£'000
Barclays Bank PLC	–	15,000

During the prior year the Company entered into a revolving loan facility with Barclays Bank plc. The facility had an interest rate of LIBOR +2.5%. An amount of £15,000,000 was drawn on the facility in the prior period. The Company incurred agreement fees of £160,000 and a commitment fee of £88,000 during the prior period in respect of the facility. The loan was subsequently repaid in full on 15 October 2021 and the facility terminated.

16. Other payables

	2022	2021
	£'000	£'000
Administration fees	60	142
AIFM fees	287	280
Audit fees	135	142
Loan interest	–	86
Pricing review fees	267	276
Custodian fees	18	30
Other creditors	280	119
	1,047	**1,075**

17. Share Capital

	No of shares	£'000
Ordinary Shares at no par value		
At 30 September 2020	336,742,424	370,367
Issue of shares	210,530,652	395,000
Issue costs	–	(6,417)
At 30 September 2021	**547,273,076**	**758,950**
Issue of shares	47,877,338	102,614
Issue costs	–	(674)
At 30 September 2022	**595,150,414**	**860,890**

The holders of Ordinary Shares have the right to receive notice of and attend, speak and vote in general meetings of the Company. They are also entitled to participate in any dividends and other distributions of the Company.

Included within the value of the issue of shares is £42,615,000 relating to shares issued to JUTM in settlement of the performance fee payable at 30 September 2021 (see Note 6).

18. Net Asset Value per Ordinary Share

The Net Asset Value per Ordinary Share and the Net Asset Value at the year end calculated in accordance with the Articles of Incorporation were as follows:

	30 September 2022		30 September 2021	
	NAV per share pence	NAV attributable £'000	NAV per share pence	NAV attributable £'000
Ordinary Shares: basic and diluted	147.79	879,582	251.96	1,378,934

The Net Asset Value per Ordinary Share is based on 595,150,414 (2021: 547,273,076) Ordinary Shares, being the number of Ordinary Shares in issue at the year end.

19. Cash used in operating activities

	2022	2021
	£'000	£'000
Total (losses)/gains for the year	(601,292)	448,308
Net losses/(gains) on investments held at fair value through profit or loss	610,180	(568,419)
Gain on settlement of financial liability	(17,907)	–
Interest income	(71)	(851)
Finance costs	13	238
Net (gains)/losses on currency movements	(1)	42
Movement in working capital		
Decrease/(Increase) in other receivables	358	(160)
(Decrease)/Increase in payables (excluding loan payable and settlement of performance fees through the issuance of shares – see note 6)	(50,610)	82,855
	(59,330)	**(37,987)**

20. Financial Instruments and Capital Disclosures

The Company's activities expose it to a variety of financial risks; market risk (including other price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk.

Certain financial assets and financial liabilities of the Company are carried in the Statement of Financial Position at their fair value. The fair value is the amount at which the asset could be sold, or the liability transferred in a current transaction between market participants, other than a forced or liquidation sale. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market mid prices and Stock Exchange Electronic Trading Services ("SETS") at last trade price at the year end date, without adjustment for transaction costs necessary to realise the asset. Other financial instruments not carried at fair value are typically short-term in nature and reprice to the current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, other receivables and other payables.

20. Financial Instruments and Capital Disclosures (continued)

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1, if they reflect actual and regularly occurring market transactions on an arm's-length basis.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 2 inputs include the following:

- quoted prices for similar (i.e. not identical) assets in active markets;
- quoted prices for identical or similar assets or liabilities in markets that are not active. Characteristics of an inactive market include a significant decline in the volume and level of trading activity, the available prices vary significantly over time or among market participants or the prices are not current;
- inputs other than quoted prices that are observable for the asset (for example, interest rates and yield curves observable at commonly quoted intervals); and
- inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market-corroborated inputs).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

At 30 September 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	20,317	–	–	20,317
Unquoted equity	–	–	802,046	802,046
	20,317	**–**	**802,046**	**822,363**

At 30 September 2021

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	236,756	–	–	236,756
Unquoted equity/Convertible debt	–	–	1,223,442	1,223,442
	236,756	**–**	**1,223,442**	**1,460,198**

The following table shows the valuation techniques used for Level 3 fair values, as well as the significant unobservable inputs used for Level 3 items:

Unlisted Investments 2022

Fair Value as at 30 September 2022 (£000s)	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
447,933	Market approach using comparable traded multiples	EV/2022E revenue multiples EV/LTM revenue multiples EV/2023E revenue multiples	0.13 – 25.79x	25%	If multiples changed by +/- 25%, the value of the companies in this group would change by + £42,745,628 / - £41,842,136
113,394	Market approach using price to book ratios	Price/2022E Book multiple	0.35 – 4.41x	25%	If multiples changed by +/- 25%, the value of the companies in this group would change by + £39,701,835 / - £34,903,560
177,016	Recent transaction price	N/A	N/A	N/A	N/A
45,065	Scenario Analysis	Probability	17-100%	25%	If probability changed by +/- 25%, the value of the companies in this group would change by + £21,124,669 / - £21,124,669
18,429	Option Pricing	Underlying Asset Value	N/A	25%	If the underlying asset values changed by +/- 25%, the value of the companies in this group would change by + £3,816,379 / - £3,893,347
209	Wind Down	N/A	N/A	N/A	N/A

20. Financial Instruments and Capital Disclosures (continued)

The following table shows the valuation techniques used for Level 3 fair values, as well as the significant unobservable inputs used for Level 3 item:

Unlisted Investments 2021					
Fair Value as at 30 September 2021 (£000s)	**Valuation Technique**	**Significant Unobservable Inputs**	**Range**	**Sensitivity %**	**Sensitivity to changes in significant unobservable inputs**
840,358	Market approach using comparable traded multiples	EV/2022E revenue multiples EV/LTM revenue multiples EV/2021E revenue multiples	5.47 – 18.50x	10%	If revenue multiples changed by +/- 10%, the value of the companies in this group would change by +/-£76,875,162
1,332	Wind Down	N/A	N/A	N/A	N/A
307,147	Recent transaction price	N/A	N/A	N/A	N/A
74,605	Indicative Offer	N/A	N/A	N/A	N/A

The Company has an established control framework with respect to the measurement of fair values. The Unlisted Asset Valuation Committee ("UAVC") of the AIFM was responsible for valuation of the Company's investments until 30 June 2022. The Company has appointed a new independent Valuation Committee upon its move to a self-managed structure from 1 July 2022. Under the new structure, the Company's Investment Adviser continues to provide discretionary portfolio management services, while the Company assumes direct responsibility for the valuation process.

The Valuation Committee regularly reviews significant unobservable inputs and valuation adjustments. Valuations are prepared by an independent third party valuer and the Valuation Committee assesses the evidence prepared to support the conclusion that these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuation should be classified.

The following table shows a reconciliation of the opening balance to the closing balance for Level 1 and 3 fair values:

	2022	**2021**	**2022**	**2021**
	Level 1 £'000	**Level 1 £'000**	**Level 3 £'000**	**Level 3 £'000**
Opening balance	236,756	94,213	1,223,442	512,074
Transferred to/(from) Level 1	(4,961)	161,161	4,961	(161,161)
Purchases	15,219	64,101	78,444	316,098
Sales	(49,478)	(94,707)	(71,840)	–
Total gains/(losses) included in net gains on investments in the statement of comprehensive income				
– on assets sold	(42,763)	68,041	43,500	–
– on assets held at year end	(134,456)	(56,053)	(476,461)	556,431
	20,317	**236,756**	**802,046**	**1,223,442**

Revolution Beauty was moved to Level 3 from Level 1 due to being suspended on the London Stock Exchange and no longer valued using a quoted share price. The change in unrealised gains or losses (net loss) for the period included in the Statement of Comprehensive Income relating to those Level 3 assets held at the reporting date amount to £427,998,000 (2021: net gain of £474,928,000).

Investments are moved between levels at the point of the trigger event.

The main risks that the Company faces arising from its financial instruments are:

i. market risk, including:
   - other price risk, being the risk that the value of investments will fluctuate as a result of changes in market prices;
   - interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates;
   - foreign currency risk, being the risk that the value of financial assets and liabilities will fluctuate because of movements in currency rates;

ii. credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and

iii. liquidity risk, being the risk that the Company will not be able to meet its liabilities when they fall due. This may arise should the Company not be able to liquidate its investments.

20. Financial Instruments and Capital Disclosures (continued)

Other Price Risk

The management of price risk is part of the portfolio management process and is characteristic of investing in equity securities. The investment portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Although it is the Company's current policy not to use derivatives, they may be used from time to time for the purpose of efficient portfolio management and managing any exposure to assets denominated in currencies other than pound sterling.

If the investment portfolio valuation rose or fell by 25% at 30 September 2022 (10% at 30 September 2021), the impact on the net asset value would have been £205,590,626 (2021: £146,019,845). The calculations are based on the investment portfolio valuation as at the Statement of Financial Position date and are not necessarily representative of the year as a whole.

Interest Rate Risk

As at 30 September 2022 the financial assets and financial liabilities exposed to interest rate risk are as shown below:

			2022
	In one year or less £'000	Greater than one year £'000	Total £'000
Cash and cash equivalents (daily interest rate)	58,712	–	58,712
Total	**58,712**	**–**	**58,712**

As at 30 September 2021 the financial assets and financial liabilities exposed to interest rate risk are as shown below:

			2021
	In one year or less £'000	Greater than one year £'000	Total £'000
Cash and cash equivalents (daily interest rate)	49,794	–	49,794
Loan payable (LIBOR +2.5%)	(15,000)	–	(15,000)
Total	**34,794**	**–**	**34,794**

Liquidity and Interest Risk Tables

The following tables detail the Company's remaining contractual maturity for its financial assets and liabilities.

					2022
	Interest rate %	Year 1 £'000	Year 1 – 2 £'000	Over 2 years £'000	Total £'000
Assets					
Cash	Daily bank rate	58,712	–	–	58,712
Other receivables and unsettled treads	Interest free	3,860	–	–	3,860
		62,572	**–**	**–**	**62,572**

					2021
	Interest rate %	Year 1 £'000	Year 1 – 2 £'000	Over 2 years £'000	Total £'000
Assets					
Convertible loan note (notional)	8% fixed rate	5,205	–	–	5,205
Cash	Daily bank rate	49,794	–	–	49,794
Other receivables	Interest free	427	–	–	427
		55,426	**–**	**–**	**55,426**

					2022
	Interest rate %	Year 1	Year 1 – 2	Over 2 years	Total
Liabilities					
Other current liabilities	Interest free	5,353	–	–	5,353
		5,353	**–**	**–**	**5,353**

20. Financial Instruments and Capital Disclosures (continued)

					2021
	Interest rate %	Year 1	Year 1 – 2	Over 2 years	Total
Liabilities					
Loan payable	Libor +2.5%	15,000	–	–	15,000
Other current liabilities	Interest free	116,485	–	–	116,485
		131,485	**–**	**–**	**131,485**

Foreign Currency Risk

The Investment Adviser does not normally hedge against foreign currency movements affecting the value of the investment portfolio but takes account of this risk when making investment decisions. The Company invests in securities denominated in foreign currencies which give rise to currency risks.

Foreign currency exposure:

				2022
	Investments £'000	Cash £'000	Debtors £'000	Creditors £'000
US dollar	260,583	58	–	2
Euro	154,943	10	–	–
Swedish krona	56,135	290	–	–
Total	**471,661**	**358**	**–**	**2**

				2021
	Investments £'000	Cash £'000	Debtors £'000	Creditors £'000
US dollar	253,247	216	–	2
Euro	108,657	10	–	–
Swedish krona	386,999	–	–	–
Total	**748,903**	**226**	**–**	**2**

During the year pound sterling weakened by an average of 4.75% against all of the currencies in the investment portfolio (weighted for exposure at 30 September 2022). In a similar scenario, where the value of pound sterling had strengthened against each of the currencies in the portfolio by 5% (2021: 10%), the impact on the Net Asset Value would have been negative £22,460,066 (2021: negative £68,082,169). If the value of pound sterling had weakened against each of the currencies in the investment portfolio by 10%, the impact on the Net Asset Value would have been positive £35,097,984 (2021: £83,211,540). The calculations are based on the investment portfolio valuation and cash balances as at the year end and are not necessarily representative of the year as a whole.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Risk Committee has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date, and the main exposure to credit risk is via the Company's Depositary who is responsible for the safeguarding of the Company's cash balances.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2022	2021
	£'000	£'000
Convertible loan note (fair value)	–	5,205
Cash and cash equivalents	58,712	49,794
Other receivables	69	427
Unsettled trades	3,791	–
	62,572	**55,426**

All the assets of the Company which are traded on a recognised exchange are held on its behalf by Citibank UK Limited, the Company's Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to securities held by the Depositary to be delayed or limited.

The credit risk on cash is controlled through the use of counterparties or banks with high credit ratings, rated AA or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

Cash of £58,354,558, $64,552, CHF72, SEK3,586,427 and €10,961 was held with Citibank UK Limited at year end.

The credit rating of Citibank UK Limited was A-1 at the year end[1].

Liquidity Risk

Liquidity risk is defined as the risk that the Company does not have sufficient liquid resources to meet its obligations as they fall due. In managing the Company's assets, the Company will seek to ensure that it holds at all times a portfolio of assets (including cash) to enable the Company to discharge its payment obligations as they fall due. The Company may also maintain a short-term overdraft facility that it may utilise from time to time to manage short-term liquidity.

The Company invests in a number of unquoted securities which are not readily realisable. These investments make up 91% (2021: 89%) of the net assets as at 30 September 2022.

The Company's liquidity risk is maintained by the Risk Committee in accordance with established policies, procedures and governance structures in place. Cash flow forecasting is reviewed by the Risk Committee to ensure that it has sufficient cash to meet obligations as they fall due.

[1] Credit rating obtained from Standard & Poor's (S&P). S&P is a leading index provider and data source of independent credit ratings.

20. Financial Instruments and Capital Disclosures (continued)

The maturity profile of the Company's current assets and liabilities is presented in the following table.

	Up to 3 months £	Between 3 and 12 months £	Between 1 and 5 years £	2022 Total £
Assets				
Cash	58,712	–	–	58,712
Other receivables	69	–	–	69
Unsettled trades	3,791	–	–	3,791
Liabilities				
Current liabilities	(5,353)	–	–	(5,353)
Total	**57,219**	**–**	**–**	**57,219**

	Up to 3 months £	Between 3 and 12 months £	Between 1 and 5 years £	2021 Total £
Assets				
Convertible loan note (notional)	–	5,205	–	5,205
Cash	49,794	–	–	49,794
Other receivables	427	–	–	427
Liabilities				
Current liabilities	(116,485)	–	–	(116,485)
Loan payable	–	(15,000)	–	(15,000)
Total	**(66,264)**	**(9,795)**	**–**	**(76,059)**

Capital Management Objectives, Policies and Procedures

The structure of the Company's capital is described in note 17 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 94.

The Company's capital management objectives are:

- to ensure that it is able to continue as a going concern; and
- to generate long-term capital growth through investing in a portfolio consisting primarily of equity or equity related investments in unquoted companies.

The Board, with the assistance of the Investment Adviser, regularly monitors and reviews the broad structure of the Company's capital. These reviews include:

- the level of gearing, set at limits in normal market conditions, between 5% and 25% of net assets, which takes account of the Company's position and the views of the Board and the Investment Adviser on the market;
- the extent to which revenue reserves should be retained or utilised; and
- ensuring the Company's ability to continue as a going concern.

Notes to the Audited Financial Statements

For the year ended 30 September 2022

(continued)

21. Related Parties

On 1 May 2021 the Company appointed Jupiter Unit Trust Managers Limited ("JUTM") as its Alternative Investment Fund Manager ("AIFM"), replacing Maitland Institutional Services Limited whose appointment was terminated at the same time. JUTM subsequently sub delegated portfolio management services to Jupiter Investment Management Limited ("JIML") which is a member of the same group.

On 30 June 2022 JUTM's appointment as AIFM was terminated, and on 1 July 2022 the Company became a self-managed AIF. JIML continues to provide portfolio management services by virtue of a Portfolio Management Agreement entered into the same date.

	2022	2021
	£'000	£'000
Management fee charged by JUTM:		
Total management fee charged	4,915	2,840
Management fee outstanding	3,128	2,840
Management fee charged by JIML:		
Total management fee charged	1,178	2,313
Management fee outstanding	1,178	493
Performance fee charged by JUTM:		
Total performance fee charged	–	112,077
Performance fee outstanding	–	112,077
AIFM fee charged by JUTM:		
Total AIFM fee charged	433	147
AIFM fee outstanding	287	147
AIFM fee charged by Maitland Institutional Services Ltd		
Total AIFM fee charged	–	248
AIFM fee outstanding	–	129
Directors' fees		
Total Directors' fees charged	345	404
Directors' fees outstanding	18	–

As detailed in note 6, on 28 January 2022 JUTM received 22,667,415 shares in satisfaction of the performance fee payable at 30 September 2021.

As at 30 September 2022 the following Directors have holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 30 September 2022
Director		
Andrew Haining	79,000	0.0133
Stephen Coe	60,909	0.0102
Simon Holden	89,500	0.0150
Anne Ewing	55,000	0.0092
Tim Cruttenden	21,298	0.0036
Margaret O'Connor	–	–
S Cruttenden (son of Tim Cruttenden)	11,170	0.0019

As at 30 September 2021 the following Directors have holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 30 September 2021
Director		
Andrew Haining	64,000	0.0117
Stephen Coe	50,909	0.0093
Simon Holden	72,500	0.0132
Anne Ewing	32,500	0.0059
Tim Cruttenden	14,968	0.0027
Margaret O'Connor	–	–

21. Related Parties (continued)

The following funds, which are also managed by Jupiter, hold an investment in the Company.

Fund name	Total holdings at 30 September 2021	Shares purchased during the year	Shares sold during the year	Total holdings at 30 September 2022	Value of holdings at 30 September 2022 £'000
Jupiter UK Smaller Companies Focus Fund	6,567,286	–	(2,177,175)	4,390,111	2,709
Jupiter UK Specialist Equity Fund	7,009,168	–	(2,842,943)	4,166,225	2,571
Jupiter UK Mid-Cap Fund	77,592,375	7,600,007	(1,128,854)	84,063,528	51,867
Jupiter UK Smaller Companies Fund	17,820,552	–	(1,861,995)	15,958,557	9,846
Jupiter Investment Fund – Jupiter Managed European Portfolio	742,325	3,633	(745,958)	–	–
Jupiter Investment Fund -Jupiter Merlin International Balanced	668,092	3,270	(671,362)	–	–
Jupiter Investment Fund - Jupiter Merlin International Equities	946,275	4,724	(950,999)	–	–
Jupiter Investment Fund - Jupiter Merlin Real Return Portfolio	1,559,644	7,268	(307,273)	1,259,639	777
Jupiter Fund of Investment Trusts	2,000,000	–	–	2,000,000	1,234
Jupiter Merlin Real Return Portfolio	103,926	509	(104,435)	–	–
Jupiter Merlin Worldwide Portfolio	8,532,956	43,605	(8,576,561)	–	–
Jupiter UK Smaller Companies Equity Fund	1,750,000	500,000	–	2,250,000	1,388
Total	**125,292,599**	**8,163,016**	**(19,367,555)**	**114,088,060**	**70,392**

The following funds, which are also managed by Jupiter, hold an investment in the Company.

Fund name	Total holdings at 30 September 2020	Shares purchased during the year	Shares sold during the year	Total holdings at 30 September 2021	Value of holdings at 30 September 2021 £'000
Jupiter UK Smaller Companies Focus Fund	5,520,882	2,637,000	(1,590,596)	6,567,286	17,535
Jupiter UK Specialist Equity Fund	8,112,820	–	(1,103,652)	7,009,168	18,714
Jupiter UK Mid-Cap Fund	51,451,305	26,141,070	–	77,592,375	207,172
Jupiter UK Smaller Companies Fund	14,601,552	3,219,000	–	17,820,552	47,581
Jupiter Investment Fund – Jupiter Managed European Portfolio	–	–	–	742,325	1,982
Jupiter Investment Fund -Jupiter Merlin International Balanced	–	668,092	–	668,092	1,784
Jupiter Investment Fund - Jupiter Merlin International Equities	–	946,275	–	946,275	2,527
Jupiter Investment Fund - Jupiter Merlin Real Return Portfolio	–	1,559,644	–	1,559,644	4,164
Jupiter Fund of Investment Trusts	–	2,000,000	–	2,000,000	5,340
Jupiter Merlin Real Return Portfolio	–	103,926	–	103,926	277
Jupiter Merlin Worldwide Portfolio	–	8,532,956	–	8,532,956	22,783
Jupiter UK Smaller Companies Equity Fund	–	1,750,000	–	1,750,000	4,673
Total	**79,686,559**	**47,557,963**	**(2,694,248)**	**125,292,599**	**334,532**

Notes to the Audited Financial Statements

For the year ended 30 September 2022

(continued)

22. Post Balance Sheet Events

During October 2022, the Company purchased two UK treasury bills maturing on 14 November 2022 and 21 November 2022 respectively for a consideration of £28,944,225. The Company also purchased three UK treasury bills in December 2022 maturing on 16 January 2023, 23 January 2023 and 30 January 2023 respectively for a consideration of £54,800,418. The Company purchased three further treasury bills in January 2022 maturing on 30 January 2023, 6 February 2023 and 20 February 2023 for a consideration of £21,368,497.

The Company completed a £1,499,999 follow-on investment in Cognitive Logic Inc. (InfoSum) in October 2022.

During October 2022, the Company sold 874,411 shares in Wise plc for a net consideration of £5,894,843 and a realised gain of £3,873,061.

During November 2022, the Company sold all of its stake in Revolution Beauty Group plc for approximately £5 million via an off-market transaction. The asset was held at nil value at 30 September 2022.

On 30 November 2022, an announcement was made about the intention to revise current performance fee arrangements. Details of the proposed changes can be found in the Chairman's Report on page 6. Further details will be provided to shareholders through a circular where shareholder consent will be sought by virtue of these changes being a related party transaction for the purposes of the Listing Rules. If approved by shareholders, it is expected that the revised arrangements will apply with effect from the start of the financial year ended 30 September 2023.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial year.

Corporate Information

Directors

Andrew Haining, Chairman
Anne Ewing
Simon Holden
Stephen Coe (Senior Independent Director)
Tim Cruttenden
Margaret O'Connor

Registered office

3rd Floor
1 Le Truchot
St Peter Port
Guernsey, GY1 1WD

Investment Advisor

Jupiter Investment Management Limited ("JIML")
The Zig Zag Building
70 Victoria Street
London, SE1E 6SQW

Alternative Investment Fund Manager ("AIFM")

Jupiter Unit Trust Managers Limited ("JUTM")
(To 30 June 2022)
The Zig Zag Building
70 Victoria Street
London, SE1E 6SQW

On 1 July 2022 the Company moved
to a self-managed structure

Financial Advisor and Corporate Broker

Liberum Capital Limited
Ropemaker Place Level 12
25 Ropemaker Street
London, EC2Y 9LY

Numis Securities Limited
45 Gresham Street
London, EC2V 7BF

Administrator and Company Secretary

Maitland Administration (Guernsey) Limited
3rd Floor
1 Le Truchot
St Peter Port
Guernsey, GY1 1WD

Registrar

Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage
St Peter Port
Guernsey, GY1 1DB

Depositary

Citibank UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London, E14 5LB

English Legal Advisor to the Company

Travers Smith LLP
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Definitions

Benchmark Performance	With reference to investment valuation, application of the performance of a benchmark or pool of comparable companies to an unlisted company to determine a valuation.
NAV per Share	Net Asset Value expressed as an amount per share.
NAV per Share Growth	With reference to fund performance, NAV at end of stated year / NAV at beginning of stated year as a percentage.
IRR	Internal Rate of Return – with reference to investment performance, calculated using excel XIRR formula.
Trading Multiple	With reference to investment valuation, enterprise value / annual revenue of company.
Drawdown	With reference to index performance, the maximum percentage loss in value over a given time period.
Discount / Premium	The amount by which the market price per share of an investment company is lower or higher than its net asset value per share. The discount or premium is normally expressed as a percentage of the net asset value per share.
Net Asset Value (NAV)	The Net Asset Value (NAV) is the amount by which total assets exceed total liabilities, i.e. the difference between what the Company owns and what it owes.
EBITDA	Earnings before interest, tax, depreciation and amortisation

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