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Investor Update

Managed by Jupiter Investment Management Limited

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For professional investors in the UK only

January 2024

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FY23 Results and 1Q Update

Chrysalis Investments

FY23 highlights and 1Q trading update

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134.65P – FY23 NAVPS DECLINE OF 8.9%	143.37P – 1Q NAVPS INCREASE OF 6.5%	£33M AVAILABLE LIQUIDITY
Approximately 40% of the decline through FY23 relates to FX and non-asset related costs	The NAV increased by 6.5% through 1Q, driven by Klarna and Starling	The Company's liquidity position remains robust
LIKELY DISPOSAL	**KLARNA NEARING IPO?**	**THE PORTFOLIO IS WELL POSITIONED**
A likely disposal (Dec23 announcement) will add to this liquidity	Noise around IPO grows: CEO recently stated an IPO is "…very likely to happen quite soon"*.	The average rate of sales growth was 48% FY23 with majority of assets either profitable or funded to profitability

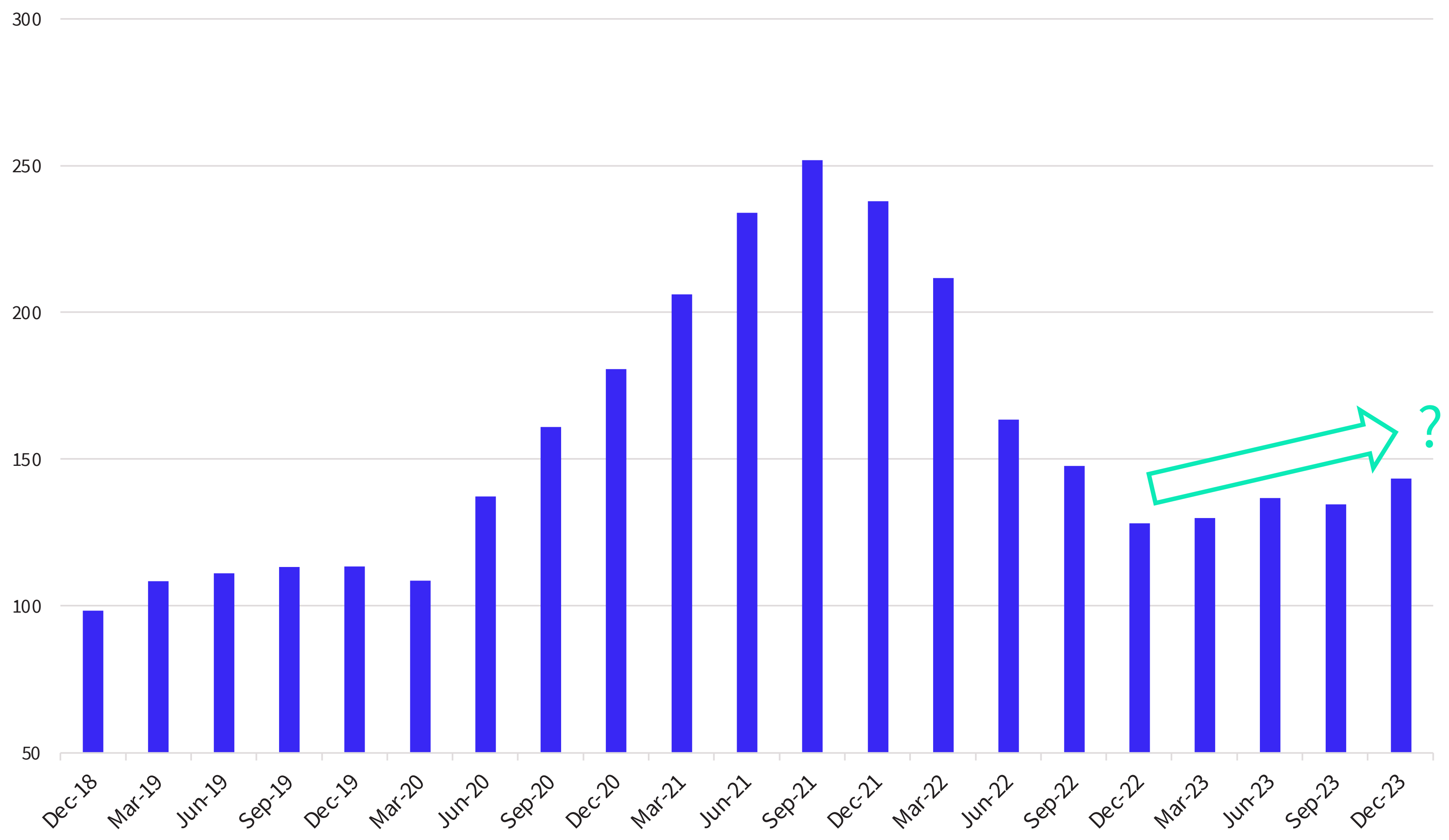
Opportunity for realisations appears to be improving

*Source: BNN Bloomberg, January 2024

NAV progression since IPO

Recent NAV performance has stabilised

Quarterly NAV per share performance since IPO (pence)



Source: Chrysalis Investments, to December 2023

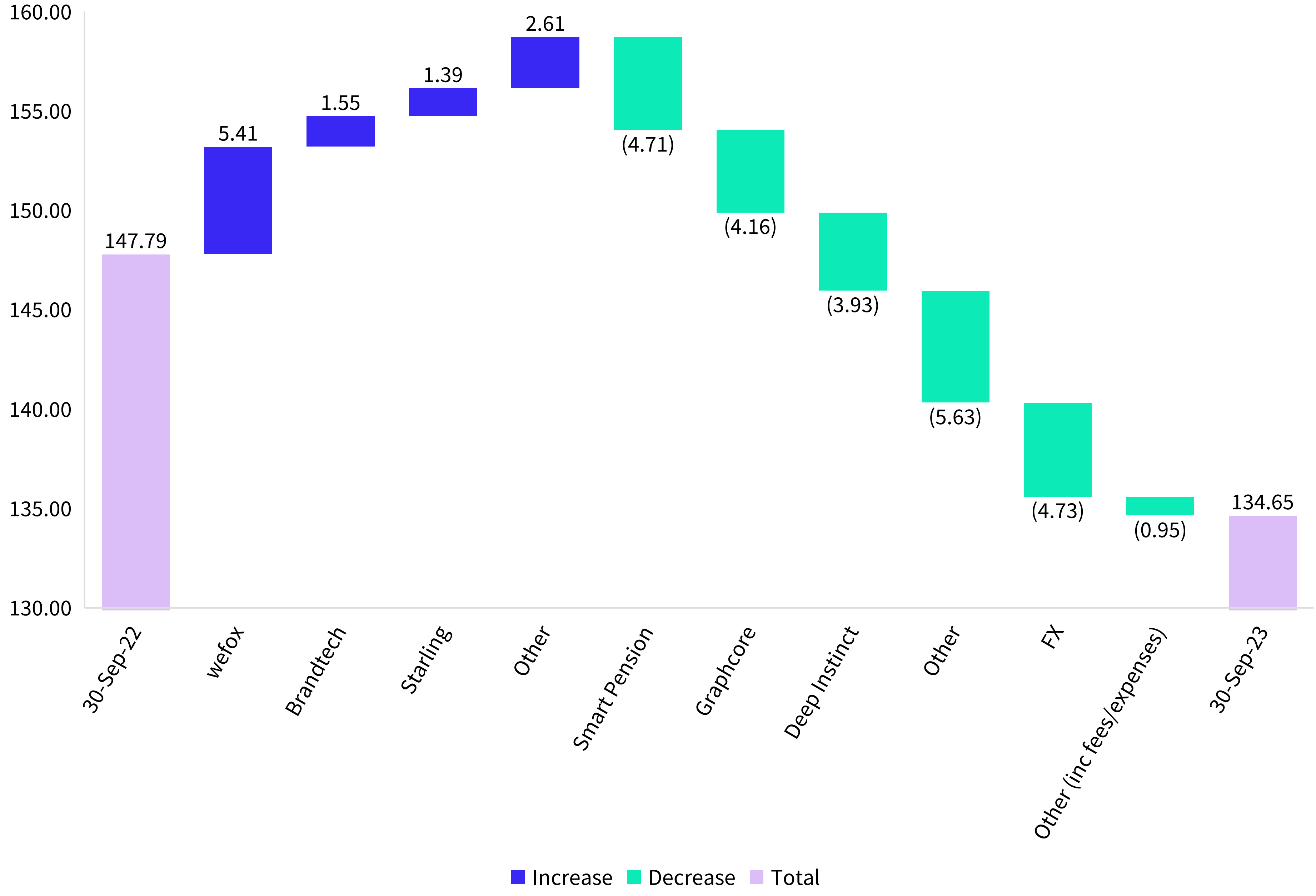
- NAV per share 1Q24 of 143.37p and up by 6.5% on FY23
- 1Q24 performance driven by rising peer valuations and on going strong financial performances from key assets
- The NAV reached 251.96p in September 2021 and then declined by 41% through FY22, with Klarna and listed assets accounting for almost 90% of the decline
- The NAV has subsequently stabilised and has increased by 12% over the LTM
- More stable markets, in response to falling yield expectations, are positive for both realisation opportunities and valuations

NAV has now been above Dec-22 for four consecutive quarters

NAV progression through FY23

Our largest assets continue to perform well and drive NAV progression

NAV per share movement between September 2022 and September 2023 (pence)



- Wefox was the largest contributor to our NAV through FY23 and is now the largest position within the portfolio
- Brandtech was revalued upwards after completing the acquisition of Jellyfish
- Starling's valuation has been increasing following a secondary transaction and is supported by strong earnings growth and BaaS client wins
- FX was the largest detractor to our NAV, impacting NAVPS by 4.7p
- Smart Pension was valued downwards following a funding round and Graphcore continues to be marked down due to a shortfall in revenues versus guidance

Source: Chrysalis Investments, to September 2023

NAV progression through 1Q24

Our largest assets continue to perform well and drive NAV progression

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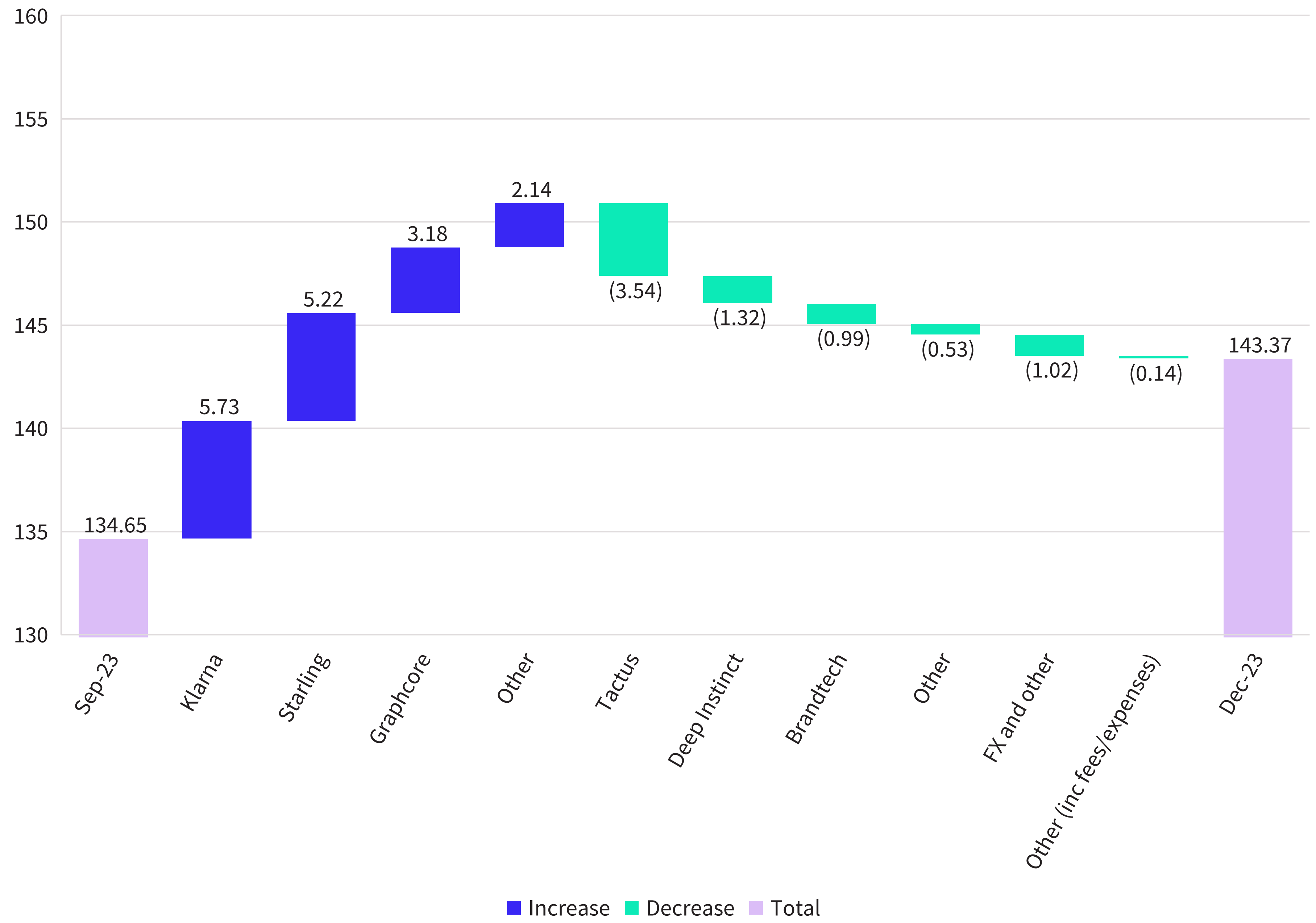
NAV per share movement between September 2023 and December 2023 (pence)



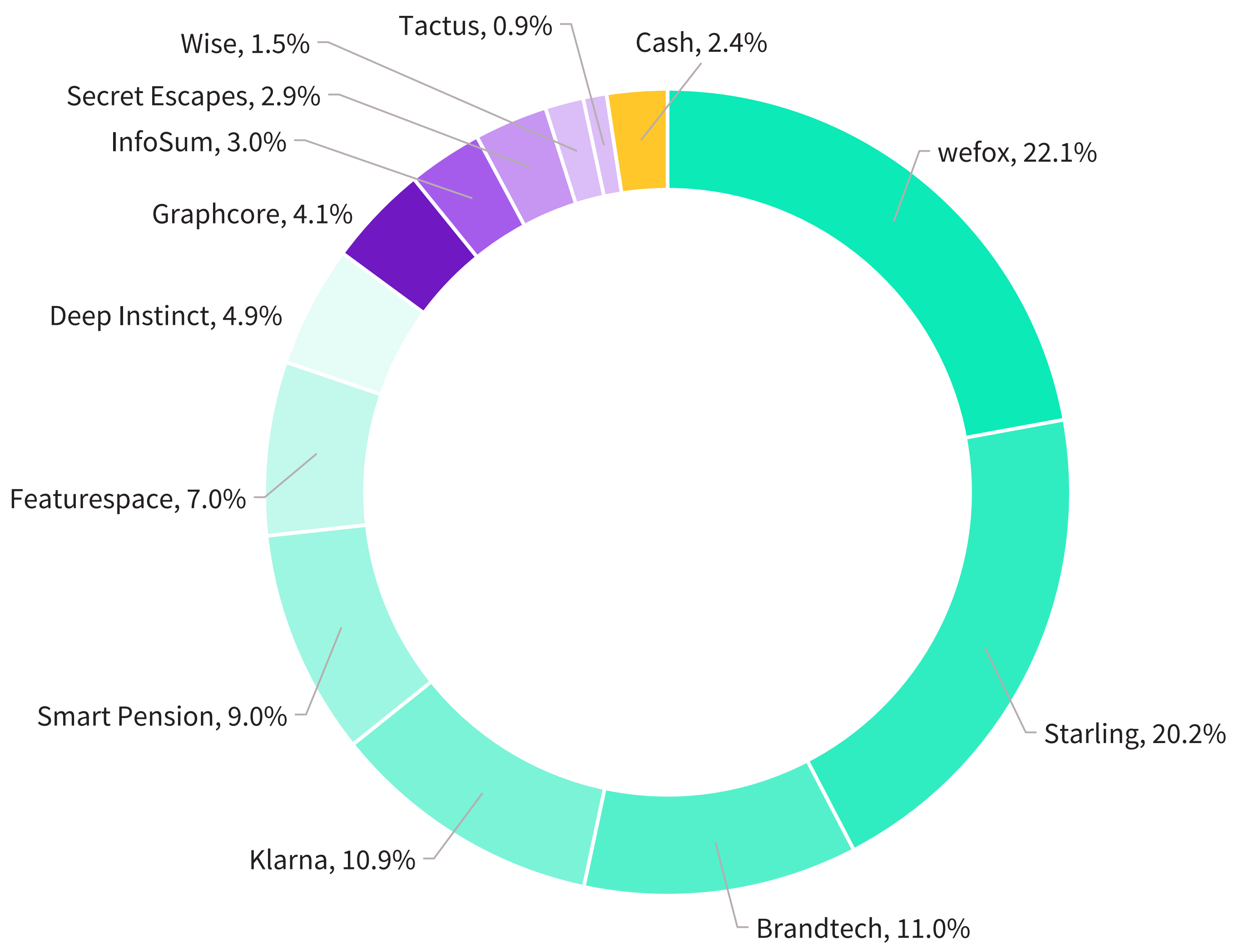
- In 1Q24, Klarna was the largest contributor to the NAV following a material rerating of peers and a strong financial performance
- Starling was also revalued upwards following strong earnings progress and a move away from the PORI
- Trading at Tactus has been impacted by reduced credit limits and the carrying value of the asset reflects downgraded earnings guidance
- Deep Instinct has continued to grow ARR strongly but a delay to the conversion of some pipeline opportunities led the valuation committee recommending a reduction in carrying value
- Brandtech was also marked down given slightly softer sales growth in the recent quarter and a derating of some listed peers

Source: Chrysalis Investments, to December 2023

Core focus

In our view, driving the core offers the most effective way of driving the NAV

Chrysalis – Portfolio as at 31 December 2023 (core in green)



Source: Chrysalis Investments, to December 2023

Core is the most likely source of realisations

- Top 4 positions account for c64% of the portfolio
- Of these, 3 are profitable and all are relatively late-stage
- Featurespace becomes more prominent, helped by strong operational performance
- Portfolio now feels better "balanced" following revaluations in 1Q24

Upcoming Votes

Upcoming votes

Continuation Vote and Performance Fee Approval

Two votes

AGM

Continuation vote

- Capital allocation policy
- Expectation of >1-2 exits over 3 years
- Could Klarna IPO in 2024?
- Realisation markets amenable to exits

EGM

Performance fee approval

- Overall performance fee cut to 12.5%
- Vesting linked to share price performance
- Alignment of incentive to investor returns

- Investors will have the ability to vote on two key items at the forthcoming AGM and EGM
- This includes the continuation of the Company, and revised management arrangements which encompasses a new performance fee mechanism
- Investors are required to return their Form of Proxy no later than 11am on 13th March 2024

Continuation Resolution

Why continue?

Confluence of events…

- We have a number of late-stage assets that could conceivably see a realisation event in the next three years
  - Klarna could come much sooner
- Markets appear to be more amenable to exits than at any time in the last two years
  - Recent fall in benchmark yields has helped in this regard
- Realisations could trigger substantial capital returns via the capital allocation policy (“CAP”)
  - The proposed £100m share buyback (>20% of MV) could materially enhance NAVPS
- Continuation will allow us to time exits, rather than force them
  - Experience shows that the perception of being a “forced seller” restricts our ability to maximise valuation

Board recommends to vote in favour of continuation

Portfolio contains late-stage assets

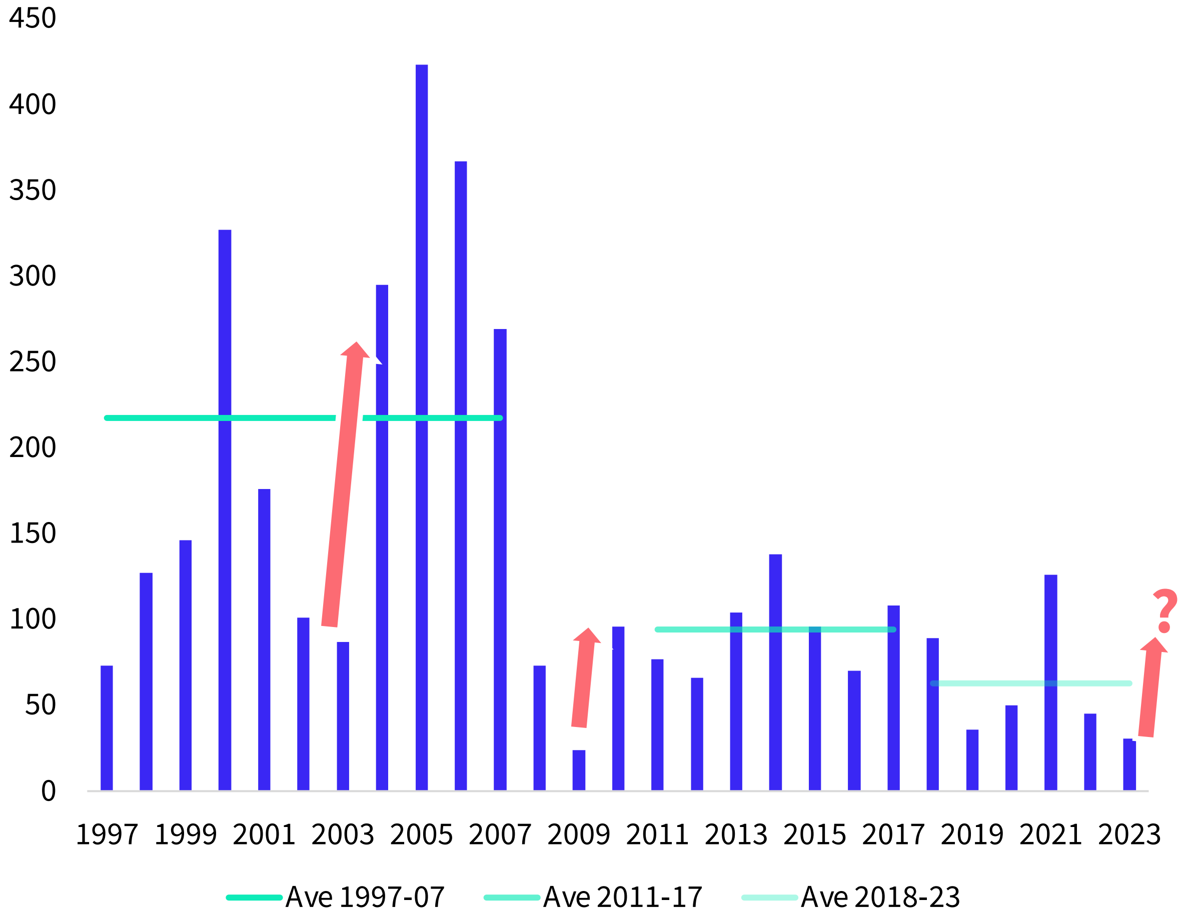
More assets becoming profitable = increased chance of successful exits

- There are reasons to be optimistic about general risk appetite in 2024, which, in normal circumstances, would lead to successful exits, including IPO and trade sale
- An increasing chance of realisations could have a significant impact on the Company's liquidity position, opening up the possibility of capital returns
- We have previously indicated a likely hold time for investments of two to five years; the current average holding period in the portfolio is approximately three and a half years. Sitting above this average are three later stage assets: Starling, Klarna and wefox
- The Company now holds a number of assets that could be considered exit candidates, and we note Klarna recently said that an IPO could come 'quite soon'.
- In this context, we believe that a decision to wind up the Company would not benefit Shareholders, as it would restrict our ability to time realisations and maximise value

IPO market ready to bounce?

Market believes rates are now near their peaks

Total UK IPOs (1997 – Sep 2023)



Source: Chrysalis Investments, LSE, Deutsche Numis

Rumored IPOs (2024)

ZEPZ, DYAL CAPITAL PARTNERS, Atom, CVC CAPITAL PARTNERS, Revolut, BREWDOG, ZOPA, GYMSHARK

ManoMano, DKV, GALDERMA, hotelbeds, CIRSA, CHEPLAPHARM, AMPERE EV, chrono24

Klarna., imagination, reddit, Rapyd, databricks, bob, SHEIN, chime, stripe

2024 could provide a better backdrop for IPOs

- Post periods of low issuance, IPOs usually bounce back, as the backlog clears
- Recent falls in benchmark yields and more certainty on direction of rates have helped boost risk appetite
- Big tech has been performing well recently
- The bellweather tech IPO in 2023 – ARM – is now well above its issue price

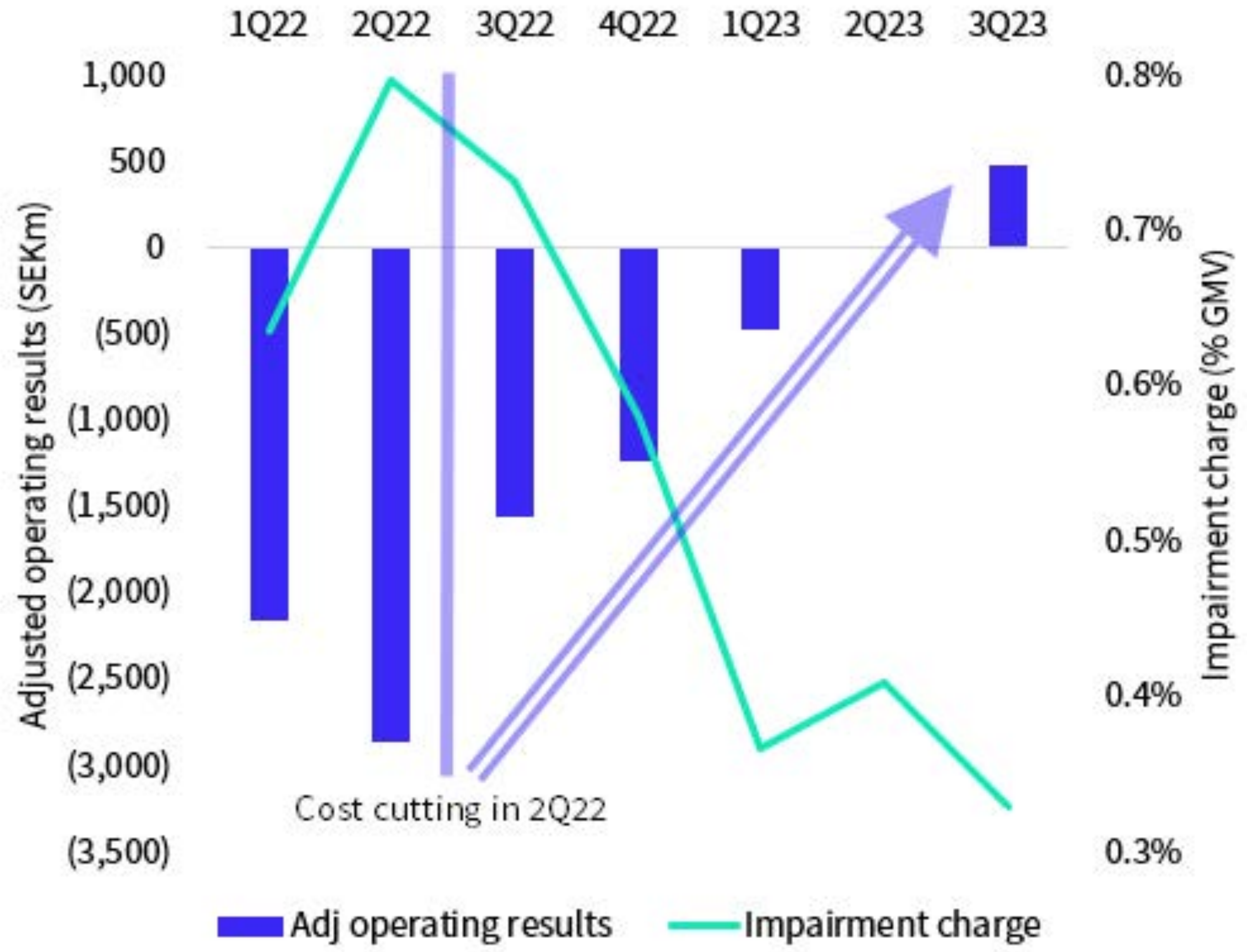
US 10yr yield (%)

Source: Bloomberg, Chrysalis Investments

Klarna Case Study

A Klarna IPO could drive NAV progression and would enhance our liquidity position

Klarna – Adjusted operating result and credit loss development



Source: Chrysalis Investments, Klarna

- One of the first of the Company's investments since 2021 to indicate it is thinking of an IPO is Klarna with Sebastien recently stating an IPO may happen 'quite soon'
- Klarna has scaled aggressively, growing revenue from $753m in FY19, to approximately $2.1bn in FY23
- The Company moved into profitability in 2Q23, earlier than expected, and is expected to report FY profitability in FY24
- This is impressive given that growth has reaccelerated to 30% and credit losses as a % of GMV are at a historic low

Proposed Capital Allocation Policy (‘CAP’)

A commitment to returning capital to shareholders

Considerations:

1. Support existing portfolio companies (follow-ons)
2. Fund working capital (opex, fees etc)
3. Invest in late-stage growth opportunities and/or consider returning capital to shareholders

- New investment/ capital return balance to be determined by relative attractiveness of options
- At wider discounts, capital returns likely to be favoured – process is dynamic
- Scale of Chrysalis (NAV/ investment capability) is also important to give access to the best deal flow

Capital Allocation Policy:

1. Working capital buffer – to be regularly reviewed – currently set at up to £50m, then
2. A capital return of £100m (at 75p equivalent to c14% enhancement to NAV ps), then
3. Commitment to return at least 25% of net realised profits (vs investment cost)

We view capital allocation as a dynamic process

Revised Management Arrangements

Performance Fee Arrangement

An updated arrangement

- Headline rate reduced from 20% to 12.5%

  → absolute saving for Chrysalis

- Performance fee payable subject to deferred settlement based on share price gates

  → payment deferred if current share price is below NAV or prior year NAV per share

- Cap on the aggregate performance fee payable of 2.75% of the NAV in any year

  → payment of performance fees in any one year cannot exceed the cap

- Performance fee to be satisfied primarily in shares

  → value of unpaid shares falls in line with the share price

Share price gates and payment in shares fully align the manager to shareholders

- New structure would have lowered overall FY21 performance fee by 37.5%
- New structure has an initial payout and 3 subsequent ones deferred over 3 years
- Share price gates would have prevented any subsequent payouts
- If share price stays at 80p, then overall payout under the new structure would be c15% of the overall FY21 performance fee level

Conclusion

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Successful realisations provide best chance of maximizing shareholder value

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PORTFOLIO DRIVES TOWARDS PROFITABILITY	NAV STABILISED?	OUTLOOK FOR REALISATIONS IMPROVING?
We expect the core portfolio to continue to head towards profitability with Klarna recently reaching this milestone	1Q24 NAV now 12% above trough NAV	A continuation of recent market action could be supportive of realisations over next few years

CAPITAL ALLOCATION POLICY	CONTINUATION ALLOWS TIMING OF EXITS	KLARNA COULD BE THE KEY
Proposed CAP could see significant quanta of capital returned to shareholders	Continuation gives flexibility to finesse any exit and lessens the chance of "forced selling" which should lead to higher valuations	If reports are true and Klarna does decide to IPO "quite soon" then this could unlock substantial liquidity

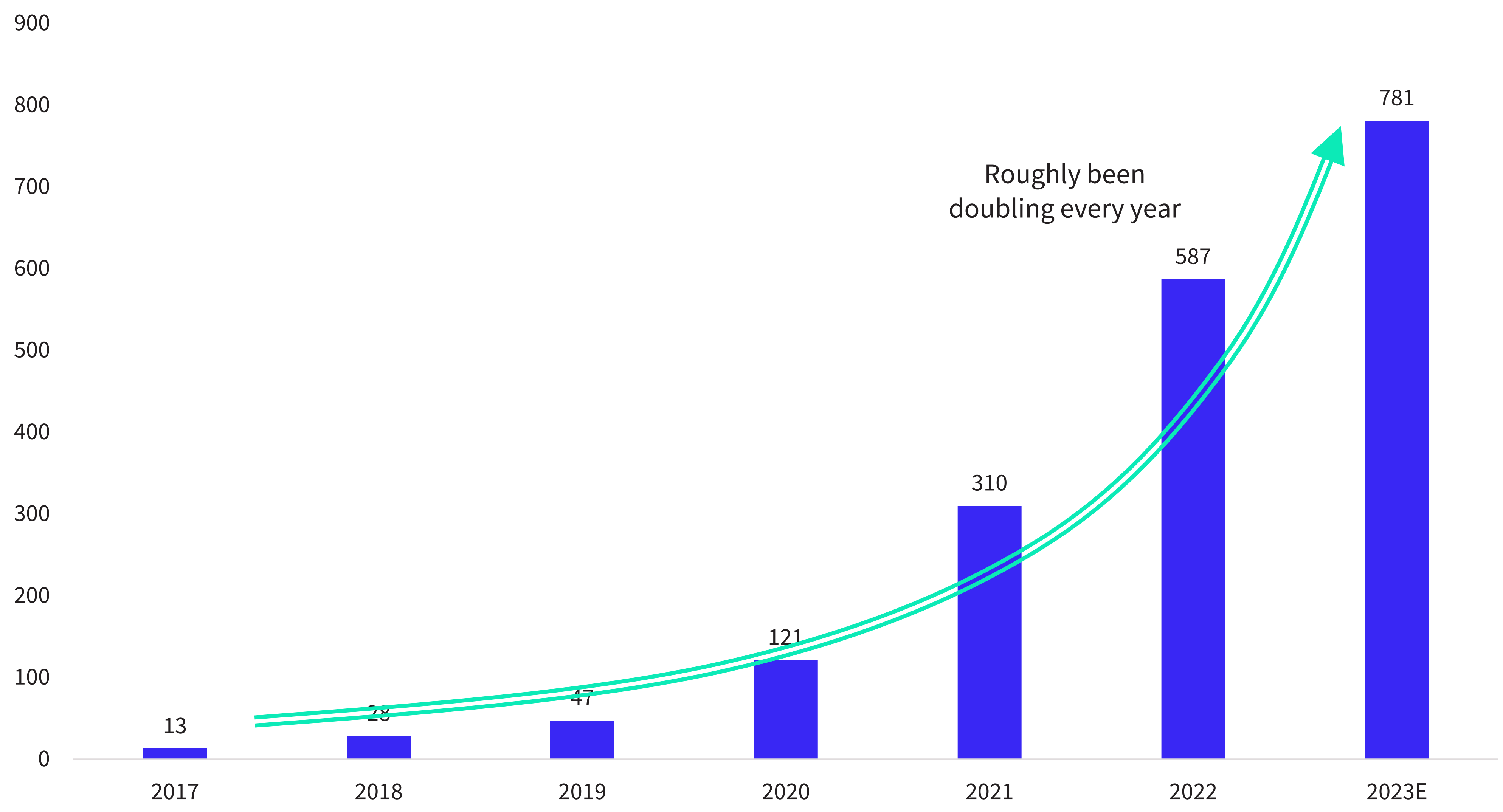
We hope to demonstrate at least 1-2 exits over the next three years

Portfolio Update

wefox

Multiple avenues for growth

Revenue progression since inception (€m)



Source: wefox, Chrysalis Investments

Strong growth continues

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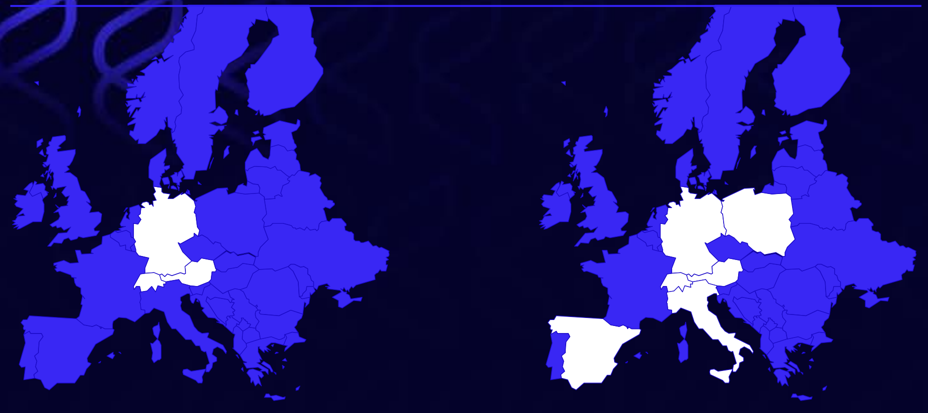

2019 **2023**

- Strong growth continued over 2023 despite a focus on profitability
- M&A remains an important avenue for market share gains and expansion
- Achieved its first full month of profitability in December 2023
- Has recently signed a 10-year affinity partnership deal with WINDTRE in Italy

Total cost: £69.2m
Carrying value: £188.8m

Starling Bank

Exceptional profit growth

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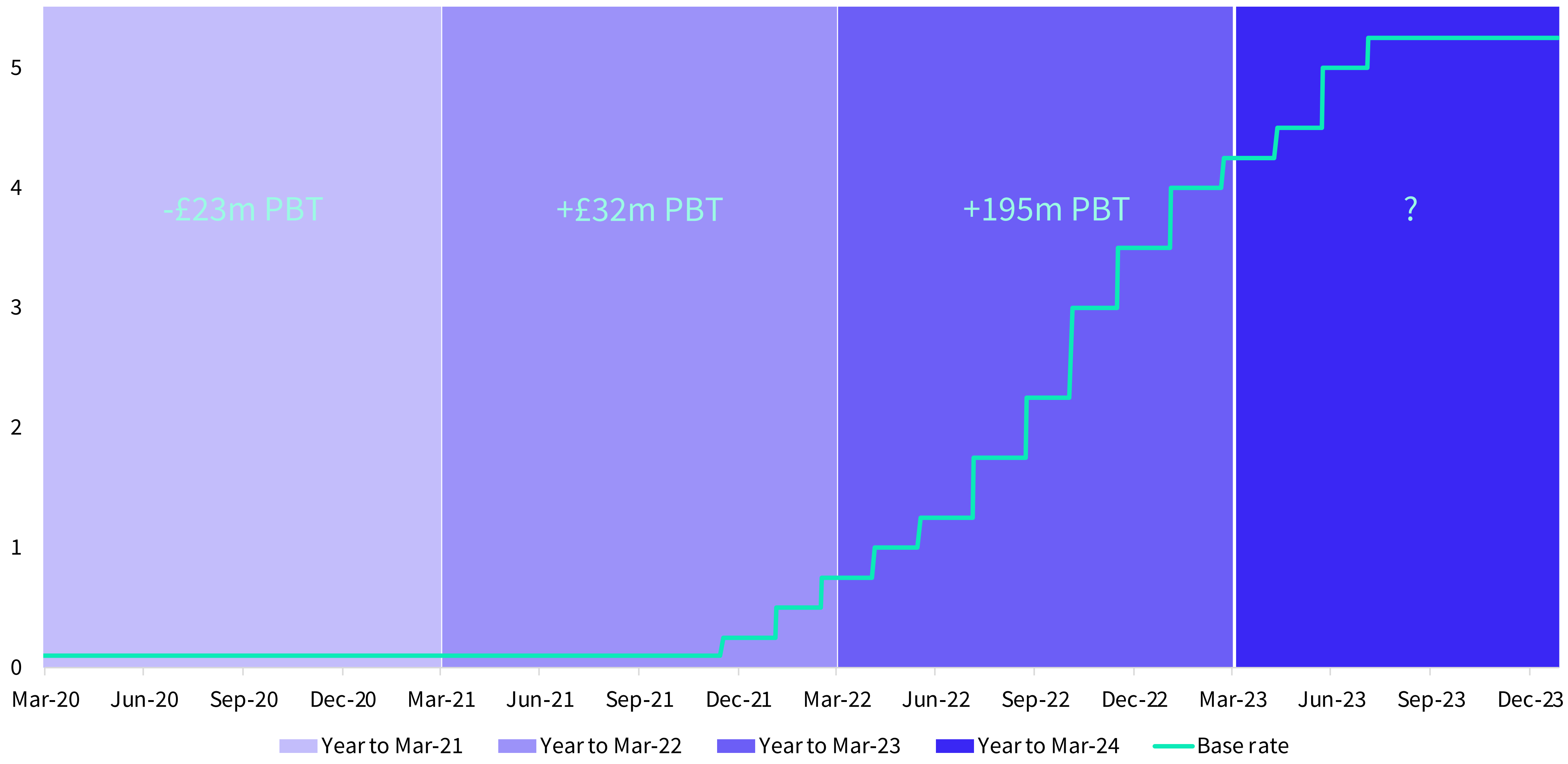
UK base rate progression vs Starling PBT (Percentage points and £m)



Source: Starling Bank, Bloomberg, Chrysalis Investments

PBT rose 6x in the year to March-23

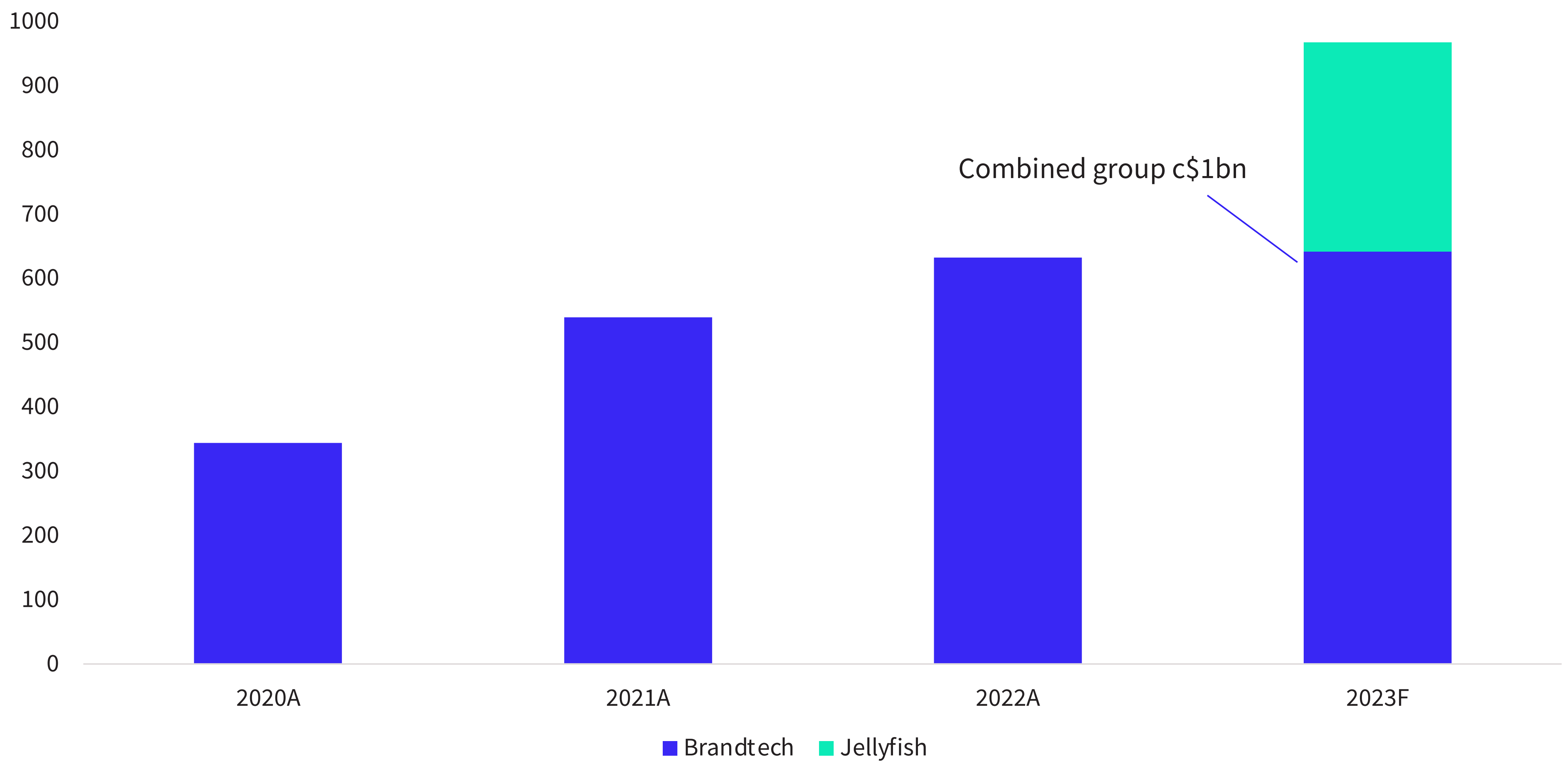
- Starling continued its strong, profitable growth over FY23
- While lending has grown to £4.9bn from minimal levels in early 2020, higher base rates have driven growth too
- Starling is currently generating a post-tax ROCE of 40% which highlights the current level of profitability
- We are very encouraged by the recent BaaS wins including AMP Bank in Australia and Salt Bank in Romania

Total cost: £118.3m
Carrying value: £172.7m

Brandtech

M&A has accelerated scaling up progress

Revenue progression (USD millions)



Source: The Brandtech Group, Chrysalis Investments

Strong organic growth, profitable, and with M&A opportunities

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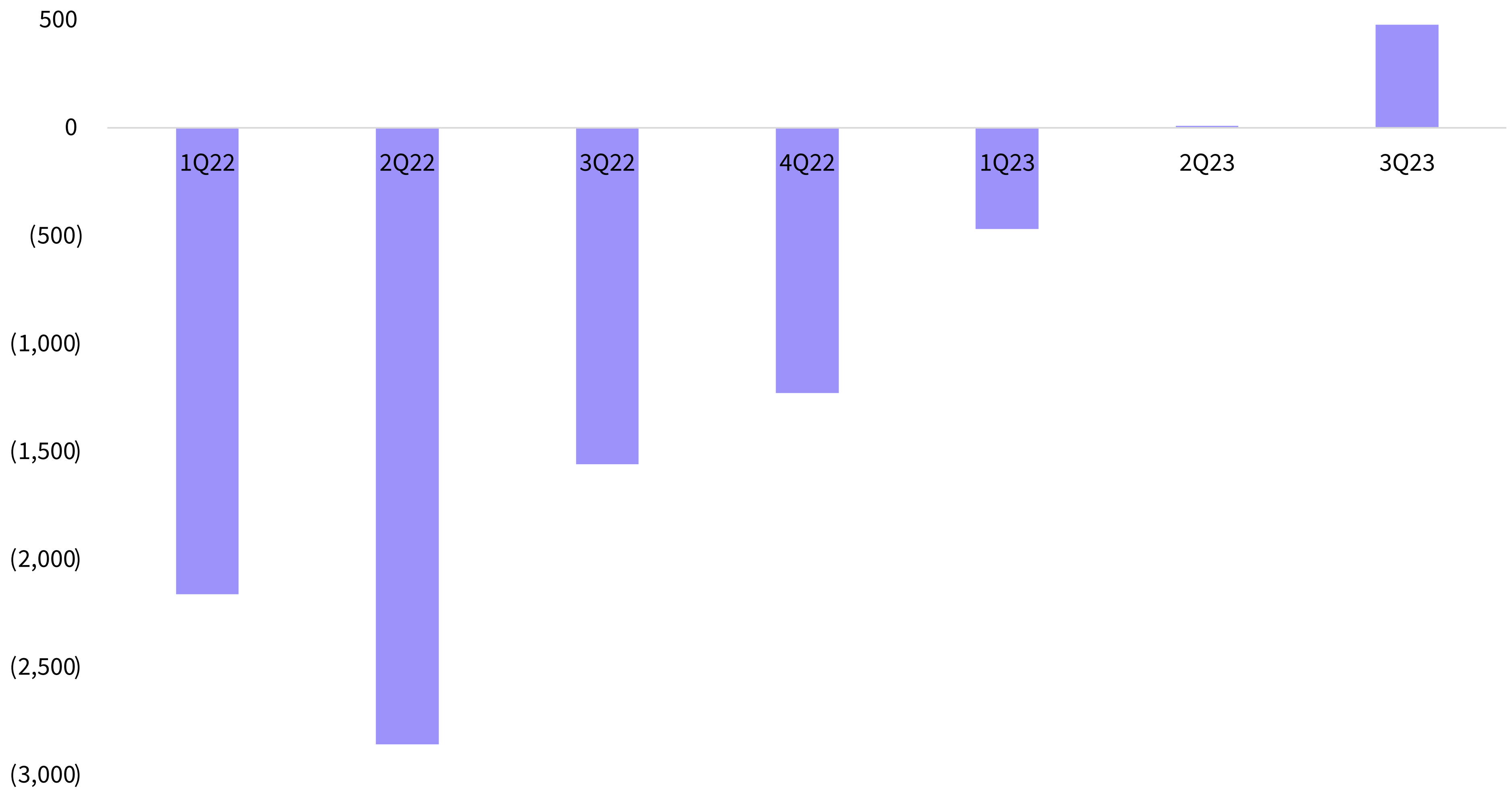
- Jellyfish acquisition materially increases scale of the group
- 2023 revenues of c1 bn on a pro forma basis
- Combined group works for eight out of ten of the world's largest advertisers
- Over the last four years, Brandtech has averaged organic growth of >30% pa
- Recent growth has been slower, due in part to an industry-wide slowdown in advertising
- Company remains profitable

Total cost: £46.4m
Carrying value: £93.6m

Klarna

Material progress since mid-2022

Klarna – Adjusted operating profit (3Q22 – 3Q23) (SEK billions)



Source: Klarna, Chrysalis Investments

Klarna is now profitable, and growth is accelerating

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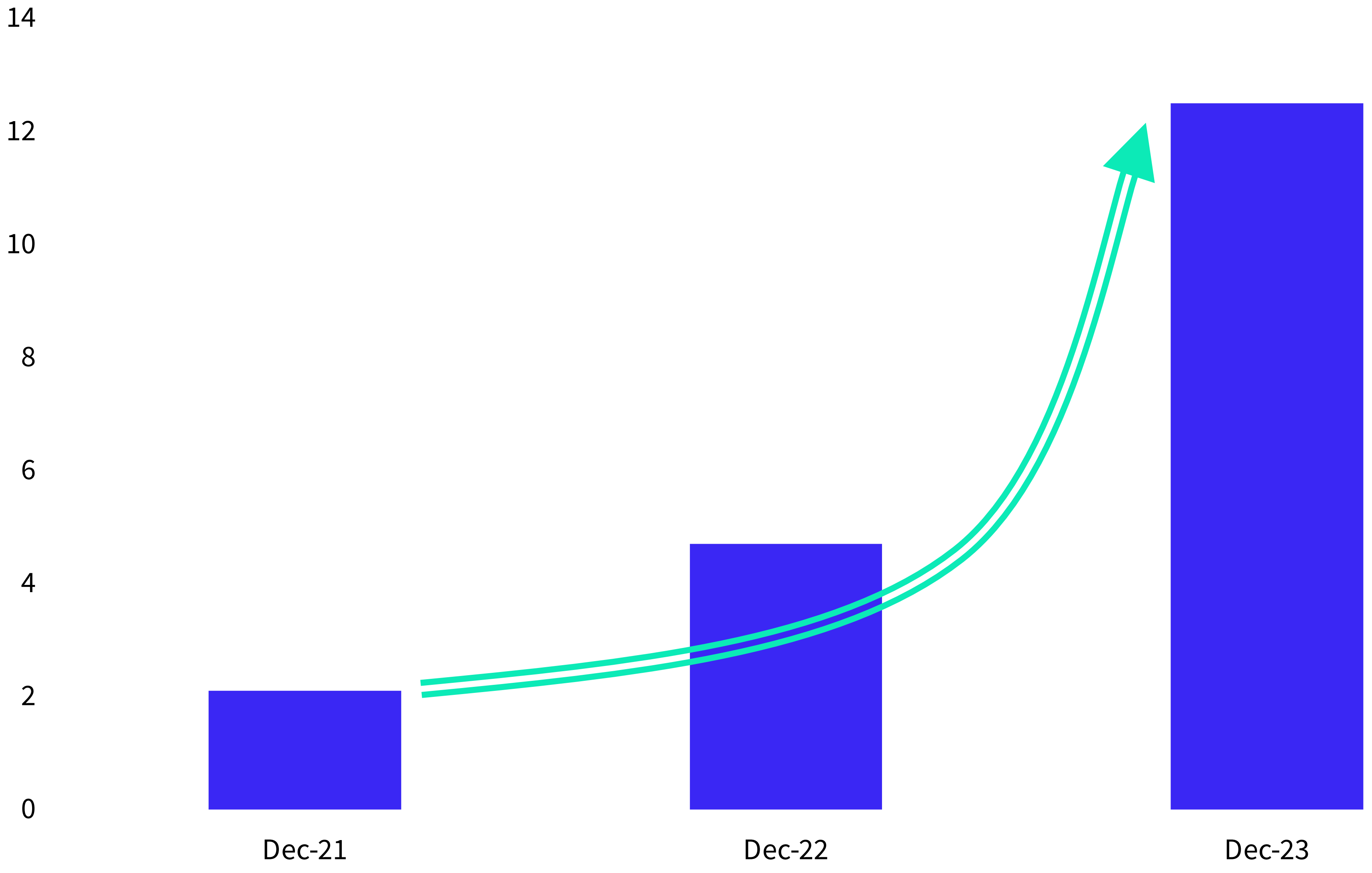
- Klarna achieved an adjusted operating profit of SEK 478m in 3Q23 which compares against a loss of SEK 2.9bn in 2Q22 (pre cost cutting)
- This implies a USD 1.3bn swing in just five quarters
- This was driven by a c19% decrease in opex year-on-year and a 53% decline in credit losses (to 0.33% of GMV)
- Since 1Q23, GMV growth has accelerated too from 13% to 22%, this has translated to 30% revenue growth
- Klarna is 'IPO ready' and the CEO recently stated that an IPO may happen 'very soon'

Total cost: £71.5m
Carrying value: £93.2m

Smart Pension

Profitable UK business with international expansion opportunities

AuM progression Dec 21 – Dec 23 (£bn)



Source: Smart Pension, Chrysalis Investments

Substantial future growth opportunities

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- UK Master Trust business continues to grow strongly and is profitable
- Clear roadmap to profitability has been established with management team
- Now has over £12.5bn of AuM versus £2bn at the point of investment

Operating at scale and growing rapidly

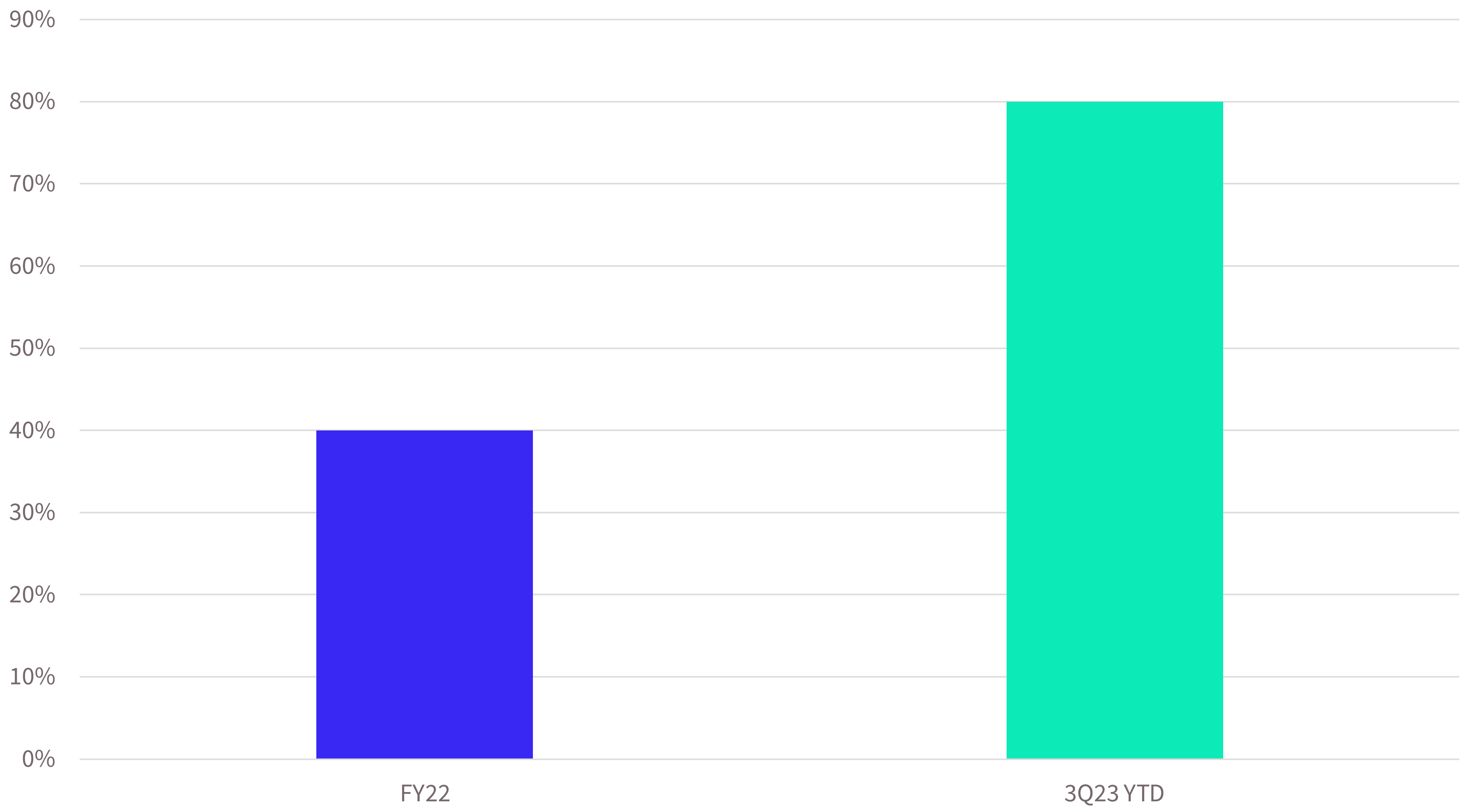
£67m	>150%
Revenue (22A)	Revenue CAGR (19A – 22A)

Total cost: £90.0m
Carrying value: £77.1m

Featurespace

World-leading, real time deep learning product preventing fraud and financial crime

ARR growth (FY22 vs 3Q23 YTD)



Source: Featurespace, Chrysalis Investments

Featurespace has been a consistent deliverer

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- Featurespace has developed a market-leading product that is utilized by the worlds leading financial intuitions
- The company recently won Best Innovation at the 2023 Fraud & AML Impact Awards
- The company recently launched TallierLTM which is the world's first Large Transaction Model. This is an AI application that has demonstrated an ability to reduce fraud by 71%

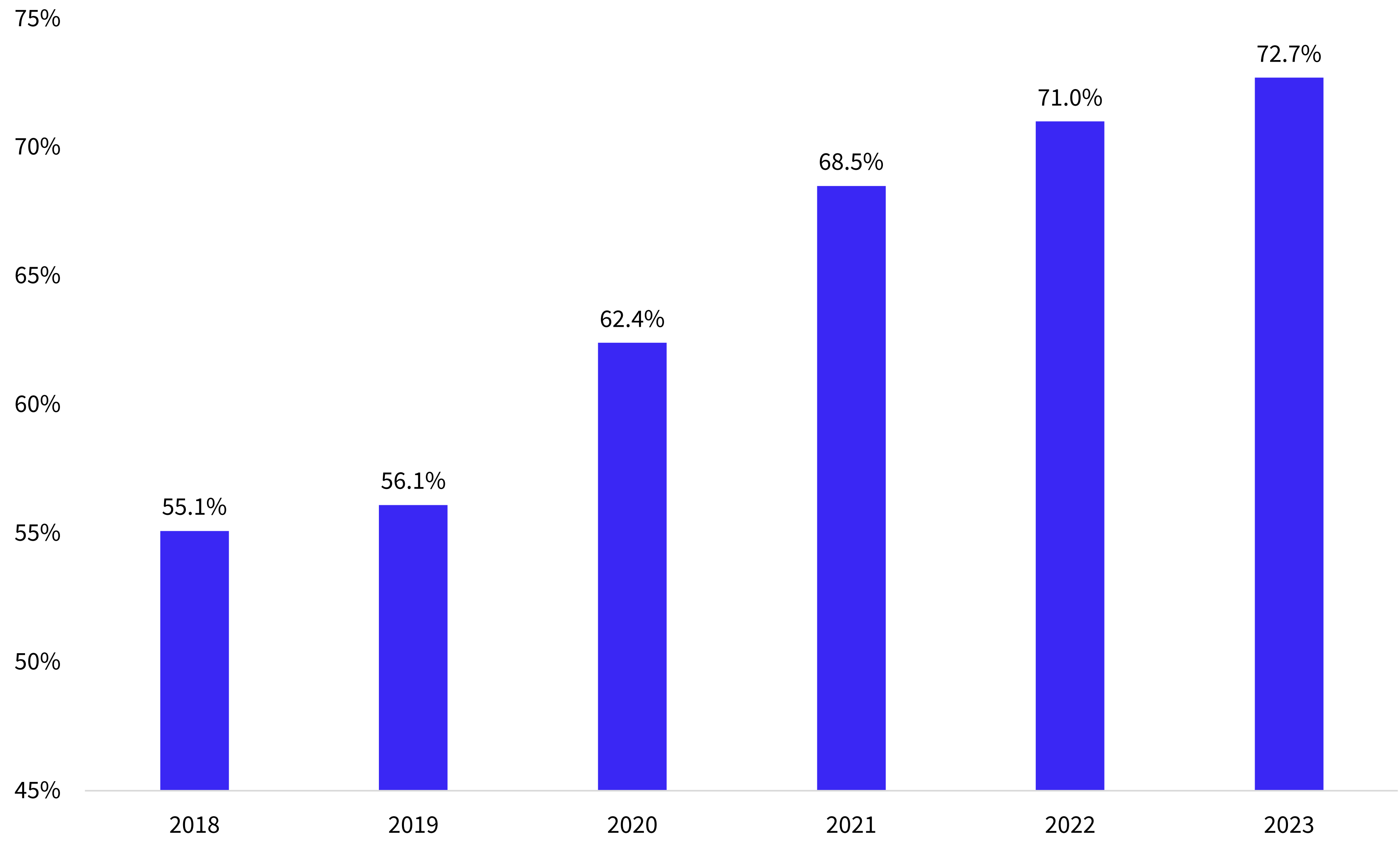
500m	50.4bn	75%
Consumers protected	Events processed per year	Reduction in false positive alerts

Total cost: £29.5m
Carrying value: £59.4m

Deep Instinct

Cutting edge deep learning solution to cyber security

Percentage of organisations victimised by ransomware (US)



Source: CyberEdge, Chrysalis Investments

Cyber crime continues to grow and is fuelling leads

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- A unique deep learning solution that offers enhanced cyber protection
- Cybercrime, including ransomware, continues to grow in prevalence
- Deep Instinct is seeing strong customer engagement with its product and has developed the only deep learning framework purpose built for cyber security
- DPS solution can scan for malware on files efficiently to protect storage repositories

>99%	<0.1%	<20m/s
accuracy	false positives	malware prevention/ intervention

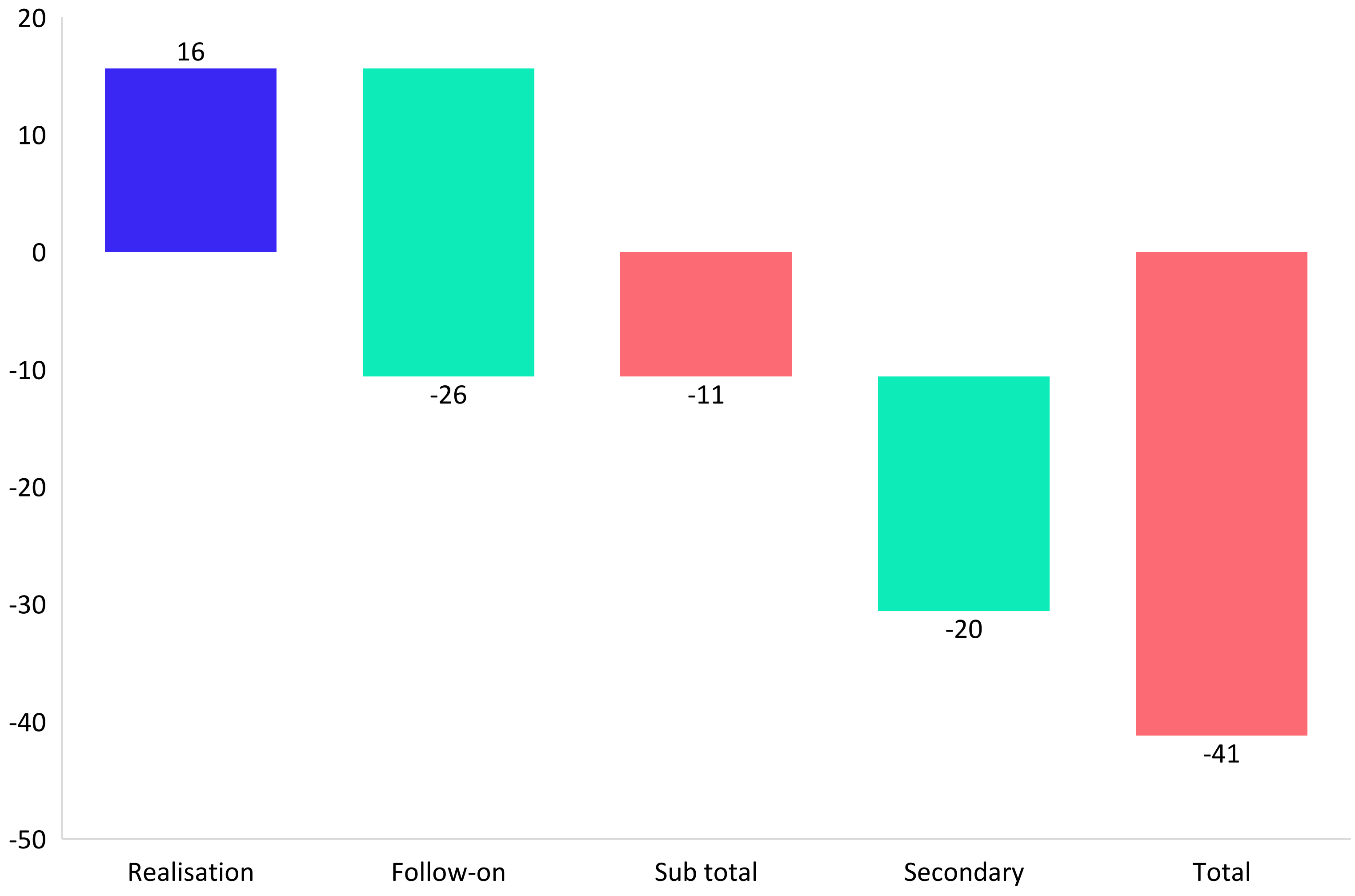
Total cost: £62.2m
Carrying value: £41.5m

Appendix

Portfolio Activity

We have been proactively managing liquidity

Net investment through FY23 and post the period end (£m)



Source: Chrysalis Investments, to December 2023

£41m of net investment over the period

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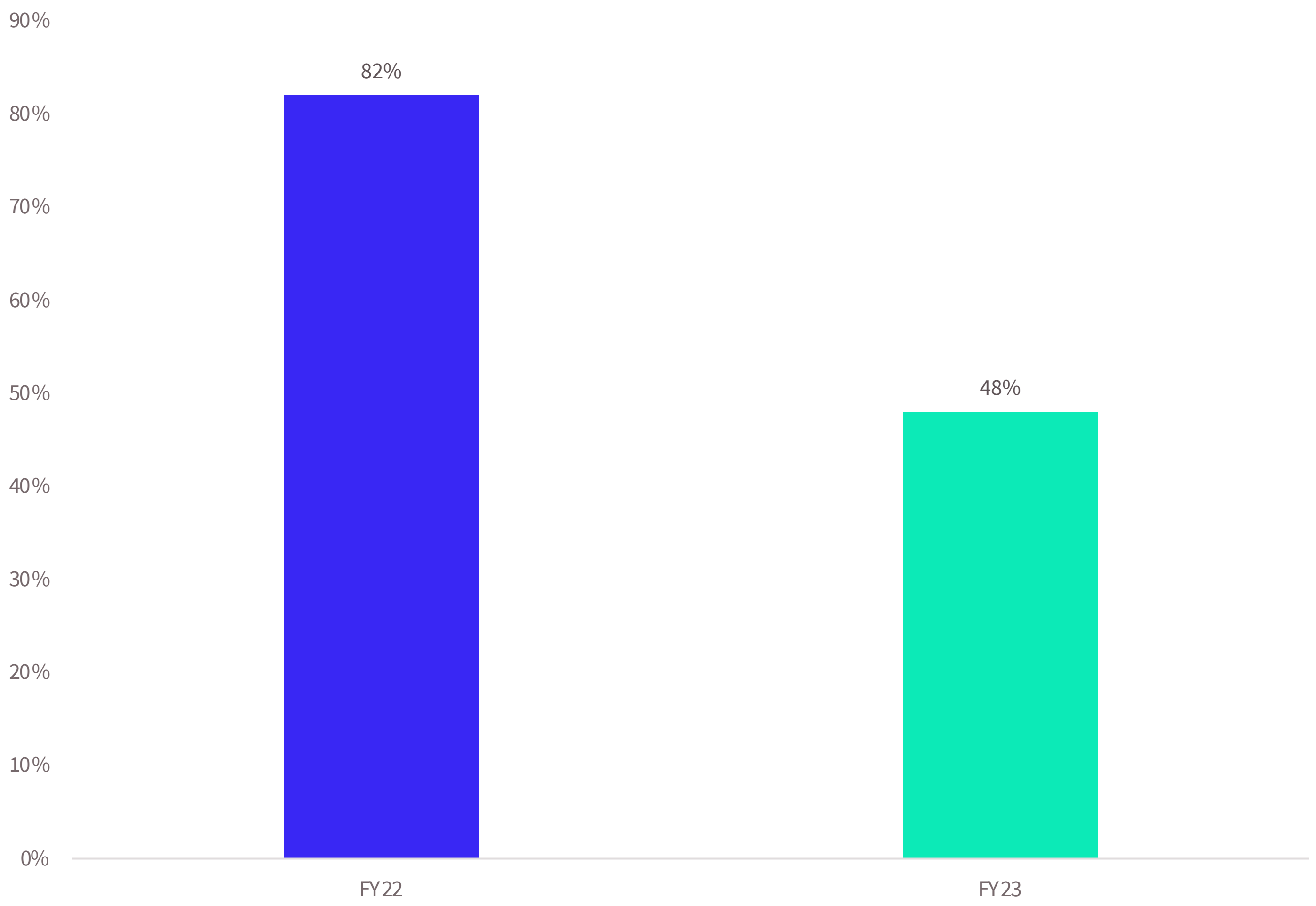
- Since the previous fundraise in December 2021, Chrysalis has generated £118m from realisations. This includes £57m from Embark and £42m from Wise
- Chrysalis partly realised its remaining holding in Wise through FY23 and exited its position in Revolution Beauty. This generated proceeds of c£16m
- Over the course of the year, Chrysalis supported six of its portfolio companies with follow-on investments, including: Smart (£12.5m), Secret Escapes (£6.5m) and wefox (£3.6m)
- The company also completed one secondary investment in Starling which accounted for £20m
- Net investment over the period was approximately £41m
- The likely disposal that was announced on 5 December would provide a realization of at least £33m

Strong growth in a challenging environment

Growth still compelling; now balanced by profit focus

Portfolio sales growth rate (FY23 vs FY22)



Source: Chrysalis Investments

Growth remains compelling, despite shift in focus

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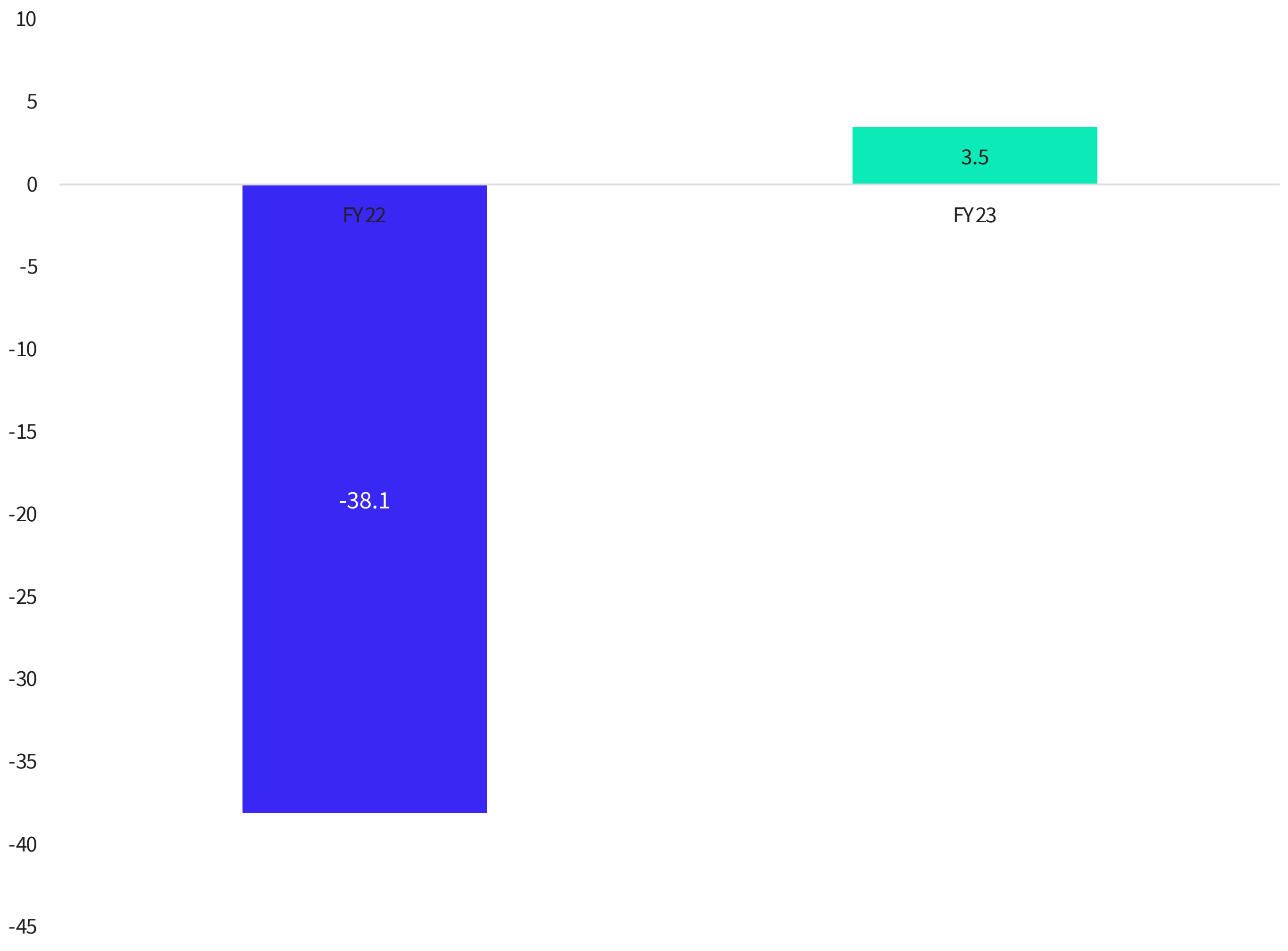
The market has shifted from all-out growth:

- Over the last twelve months, the weighted average growth rate of sales in the portfolio was 48%
- This is slower than the prior year (c82%) reflecting the "law of large numbers" and a rebalancing of companies' priorities towards profit, as well as pure growth
- In light of this, we view 48% growth as compelling, reflecting the large addressable markets our companies typically operate in with structural growth tailwinds
- Impact of shift towards profitability is often a trade off with slightly lower growth, but typically less business case risk

The shift towards profitability

The portfolio is at an inflection point of profitability

Portfolio PBT progression (FY23 vs FY22) (£m)



Source: Chrysalis Investments

The portfolio is now profitable on a weighted average basis

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Our assets are focused on driving earnings:

- The weighted average PBT of the portfolio over FY23 was approximately £3.5m. This compares against -£38m in the prior period
- This demonstrates the transition towards profitability across the Chrysalis portfolio
- Klarna has recently reported a quarterly profit and we expect wefox to follow shortly
- With two of our largest assets now at an inflection point of profitability, we expect a meaningful progression in earnings through FY24

Investment Management Arrangement

An updated arrangement

- The Board has reached an agreement with Jupiter and agreed Heads of Terms with the Managers to redraw the structure under which investment advisory services will be provided, which foresees the Managers leaving Jupiter to provide advisory services to the Company from a new entity
- The Board believes such a move is consistent with feedback from the recent shareholder consultation that demonstrated strong support for the Managers and their efforts in creating and running Chrysalis, a view which the Board shares
- The details of these arrangements are set out in the circular; however, a summary of the proposed new arrangements is as follows:
  - Chrysalis and Jupiter have agreed that the six months' notice period under the existing management contract will be waived, and the contract will terminate with effect from 1 April 2024.
  - Jupiter has agreed to a reduction in the management fee, effective from 1 October 2023, from 50bps to 15bps, leading to an expected saving of approximately £1.5m for Chrysalis shareholders over the six-month period to 31 March 2024.
  - Jupiter has released the Managers from their employment contracts and employment restrictions, effective 31 March 2024.
  - The Board has agreed a tripartite contract with a new investment adviser formed by the Managers and with G10 Capital Limited - part of IQ-EQ group's UK Regulatory and AIFM platform - to take over AIFM services for the Company, each with effect from 1 April 2024.
  - The Company's investment advisory fee will be comprised of (i) 50bps of net asset value per annum, which is commensurate to the level the Company has historically paid; and (ii) an additional AIFM fee of 5bps up to the first £1 billion of net asset value per annum (3bps thereafter).
  - The new investment advisor to be led by the Managers will have a 12-month minimum initial term, following which the new agreement will be terminable on 6 months' notice.