

Chrysalis Investments Limited As at 30 June 2024

Investment Opportunity

Aims to provide access to returns available from investing in later stage private companies with long-term growth potential, an investment class that has traditionally been difficult to access for individual investors.

Key Facts (As at 30 June 2024)

Shares in Issue:	595,150,414
Share Price:	76.1p
NAV per share:	145.25p
Market Cap:	£453m
Total Net Assets:	£865m
Share Price Premium/(Discount):	(47.61%)
Listing:	Premium Segment Main Market LSE
Ticker:	CHRY (LON)
LEI:	213800F9SQ753JQHSW24
ISIN:	GG00BGJYPP46
Incorporation:	Guernsey

Investment Adviser

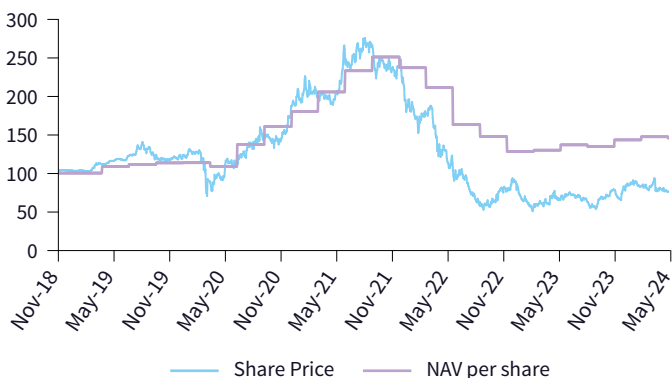


Nick Williamson
Managing Partner

Richard Watts
Managing Partner

Chrysalis Investment Partners LLP is the investment adviser to G10 Capital Limited. G10 Capital Limited is the AIFM to Chrysalis Investments Limited.

NAV and Share Price



Cumulative Performance (%)

	3 month	1 year	3 years	SI
Fund NAV	-1.50	6.13	-37.91	45.25
Fund Share Price	-8.31	10.93	-69.07	-23.90

Discreet Performance (%)

	12 months to 30/06/2024	12 months to 30/06/2023	12 months to 30/06/2022	12 months to 30/06/2021	12 months to 30/06/2020
Fund NAV	6.13	-16.28	-30.12	70.43	23.48
Fund Share Price	10.93	-34.17	-57.64	115.02	-6.91

Past performance is not a guide to future performance. The Company NAV per share is calculated on a quarterly basis. The Share Price is available daily, source London Stock Exchange. Since inception (SI) is from 6 Nov 2018.



Utilising permanent capital to invest in crossover opportunities to help de-risk future IPOs. Chrysalis Investments has the scale, expertise and relevance to be a crossover investor.



To generate long-term capital growth through investing in a portfolio consisting primarily of equity or equity-related investments in unquoted companies.



Chrysalis Investment Partners LLP is the Investment Adviser to G10 Capital Limited. The team members experience across public and private markets has given the Investment Adviser the insight and expertise to help later-stage businesses deliver profitable growth and successful outcomes.

Chrysalis Investments Limited

As at 30 June 2024

Overview

The Company announces that as at 30 June 2024 the unaudited net asset value (“NAV”) per ordinary share was 145.25 pence.

The NAV calculation is based on the Company’s issued share capital as at 30 June 2024 of 595,150,414 ordinary shares of no par value.

June’s NAV represents a 2.21 pence per share (1.5%) decrease since 31 March 2024.

Movement in the fair value of the portfolio accounted for approximately 1.72 pence per share, with foreign exchange generating an adverse movement of approximately 0.18 pence per share. Fees and expenses make up the balance.

Portfolio Activity

Chrysalis invested €5.5 million into wefox in the period as part of a funding solution it has been discussing with both the company and other shareholders. A portion of the Wise position, amounting to €6.2 million, was sold in the period thus more than funding this investment.

Post period end, a further €15 million was invested into wefox, which was more than covered by the proceeds from selling the entire position in Graphcore, which raised approximately £45 million, of which £44 million has been received to date.

Portfolio Update

The portfolio in aggregate continues to perform robustly:

Starling

Starling’s valuation rose in the period driven by multiple expansion of the listed peer group and removal of the calibration discount to the last secondary transaction (albeit an illiquidity discount is still applied). The progress of Engine has also begun to drive valuation upside for Starling.

Following significant news flow in the prior quarter, namely the appointment of Raman Bhatia as CEO and the success of Engine, this quarter saw less news flow. However, the Investment Adviser believes the company continues to perform in-line with its expectations.

wefox

The valuation of wefox fell materially in the period, reflecting both an increase in weighting towards valuation multiples in the lower quartile of the relevant group of listed peers, as well as the addition of a significant discount at group level, to reflect recent funding uncertainty. The underlying revenues that the above multiples were applied to were broadly consistent versus the last quarter.

The Company has supported wefox with additional capital and the Investment Adviser has been working closely with other stakeholders to create a viable solution to wefox’s funding requirements that it believes will allow the business to continue its journey towards profitability.

Klarna

Klarna announced the sale of Klarna Checkout, which has a 40% market share in Sweden and 20% across the Nordics, in June. Klarna has been building functionality with multiple payment service providers (“PSPs”) over recent years, and the Investment Adviser believes this disposal could allow Klarna to form closer relationships with global PSPs.

Elsewhere, Klarna Plus – Klarna’s first subscription service for US customers – reached 100,000 subscribers. Klarna Plus allows members to waive certain service fees and get access to special deals and offers. Costing \$7.99 per month, this suggests Klarna Plus is generating approximately \$10 million annually, contributing towards Klarna’s 1Q24 revenue growth in the US of 38% year-on-year.

Klarna’s drive towards AI continues. Approximately 87% of Klarna’s employees are now using AI, with the internal Kiki assistant dealing with 2,000 enquiries per day. Externally, AI has helped Klarna reduce its sales and marketing expenses by \$10 million on an annualised basis, contributing to S&M expenses falling 11% in 1Q24.

Smart Pension

In March 2024, Smart announced that Assets under Management (“AuM”) hit £5 billion in the UK Smart Pension Master Trust (“SPMT”), with regular contributions now running at £1 billion per annum. This growth has been driven organically as well as through acquisitions, such as that of Evolve in June 2023, which added £750 million in AuM.

In June 2024, STM Group – the owner of the Options Master Trust (“Options”) – announced it had signed an agreement with Smart to propose to Option’s trustees that they consider transferring its assets to Smart; the Investment Adviser believes Options has AuM of over £500 million.

The valuation increase in the period reflects the progress that Smart is making.

Chrysalis Investments Limited

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Portfolio Update (continued)

Brandtech

A key focus for Brandtech in recent quarters has been the integration of Jellyfish, which completed in July 2023 and represented the largest acquisition in the company's history. Significant progress has been made here in recent months and management is beginning to prioritise driving customer wins and organic growth across the Media division.

Momentum is building for PencilAI, the Group's generative AI marketing solution, and this has led to a number of leading brands such as Unilever and Bayer utilising the technology. We are excited about the level of engagement we are seeing between Global brands and Brandtech with regards to the application of generative AI and we are hopeful that this translates into contract wins and revenue over the remainder of the year.

The valuation decrease of Brandtech reflects market multiple contraction during the period.

Featurespace

Featurespace has continued to grow well against a backdrop of ongoing, significant fraud in society.

Featurespace reports that three in ten UK adults have been a victim of financial fraud and 55% of them have seen an increase in scam attempts in the last 12 months. Data from the National Crime Agency shows fraud is now the most common crime in the UK, accounting for 40% of all offences recorded in England and Wales.

In the period Featurespace released its annual report and accounts for the year to December 2023, which showed 47% revenue growth to £50.4 million, with recurring revenues accounting for 79% of revenues, up from 70% in 2022. Due to this strong topline growth, the loss for the year decreased from -£20.9 million in 2022, to -£8.1 million. Despite these losses, cash flow was strong – cash rose to £28.7 million from £25.7 million – and the Group expects to maintain a “strong financial position, without the need for additional equity or debt capital”.

Featurespace's valuation rose slightly in the period driven by market multiple expansion.

Cash Update

As of 30 June, the Company had net cash of approximately £16 million and a position in Wise of approximately £2 million, to give a total liquidity position of approximately £18 million. As announced on 12 July 2024, Graphcore was sold to SoftBank; the Company can confirm it has received initial proceeds of £44 million, which has significantly bolstered its current liquidity position.

The majority of the portfolio remains well funded. Having committed further capital to wefox post period end, amounting to approximately €15 million, the Investment Adviser does not expect this asset to require further material funding. Elsewhere, there are expected to be additional, modest funding requirements across the portfolio in the short to medium term – some of which are to accelerate growth – but the Company is considered to have sufficient available liquidity over that period to address these.

Outlook

The Company's NAV saw a small decline over the period, with improvements in the valuations of a number of positions offset by the material write down in wefox. Following further recent investment into wefox, the Company's position is now substantially underpinned by downside protection mechanisms, significantly reducing the downside materiality to the Company's NAV from this asset.

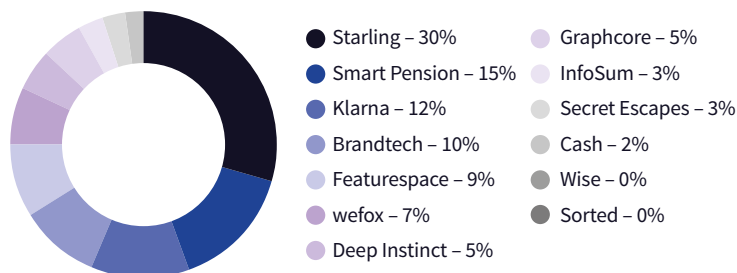
Liquidity has improved substantially post period end, with the announcement of the sale of Graphcore to SoftBank Group Corp (“SoftBank”), and currently stands at approximately £49 million, putting the Company in a strong capital position having met the “cash reserve” element of the Capital Allocation Policy.

Market interest in the later-stage, private assets space remains encouraging. In May, Forge's Private Markets Update showed a big drop in the level of investor intention to sell, which it notes “may be due to growing confidence in their equity holdings”.

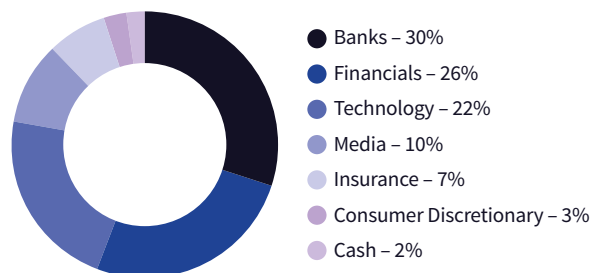
We continue to advise on maximising the value of the Company's portfolio holdings while exploring opportunities, at the appropriate price, to increase liquidity, including the option of raising debt. The potential outcomes we are advising on are at different stages of maturity and certainty and we look forward to updating the market once we have more clarity. Considering the improved liquidity backdrop the Board is now reviewing how to best implement the second phase of the Capital Allocation Policy, which was announced on the 13th October 2023. [See Company website for related RNS.](#)

Chrysalis Investments Limited As at 30 June 2024

Top Holdings



Sector Exposure



Holdings Details (As at 30 June 2024)

Name	Description
Starling Bank	Digital challenger bank that delivers financial services to retail and SMEs
Smart Pension	A provider of workplace and automatic enrolment pension schemes for SMEs
Klarna	A leading global payments company that provides direct payments, pay after delivery options and instalment plans for customers online
The Brandtech Group	A digital advertising and marketing services holding company that enables marketers to build their brands better, faster and cheaper by using technology
Featurespace	Featurespace is a world leader in financial crime risk management. The company utilises real time machine learning software risk scores events in 180 countries to reduce Fraud and AML
wefox	One of Europe’s largest digital insurance platform with significant existing scale in Germany, Austria and Switzerland
Deep Instinct	A US cybersecurity company
Graphcore	Leading artificial intelligence processor business, which has developed the Intelligent Processing Unit and the related software toolchain
InfoSum	Data collaboration platform
Secret Escapes	Travel company that helps hotels minimise unsold inventory
Wise	Platform payments business that aims to reduce fees associated with FX
Sorted Group	A global Software as a Service (SaaS) company that has developed a Delivery Management Platform which allows retailers (both digital and physical) to effectively manage their delivery / returns

Chrysalis Investments Limited

As at 30 June 2024

Company and Fund Information

Listing Date	06-Nov-18
AIFM	G10 Capital Limited
Administrator & Company Secretary	Apex Administration (Guernsey) Limited
Registrar	Computershare Investor Services (Guernsey) Limited
Legal Adviser	Travers Smith LLP
Auditor	KPMG Channel Islands Limited
Corporate Brokers	Liberum Capital Limited, Numis Securities Limited
Investment Adviser	Chrysalis Investment Partners LLP



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Directors

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Stephen Coe,
Simon Holden,
Anne Ewing,
Tim Cruttenden,
Margaret O'Connor

Important Information

On 1 April 2024 G10 Capital Limited was appointed as the Alternative Investment Fund Manager ("AIFM") to Chrysalis Investments Limited (the "Company"). Chrysalis Investment Partners LLP is the investment adviser to G10 Capital Limited. Chrysalis Investment Partners LLP is an appointed representative of G10 Capital Limited which is authorised and regulated by the Financial Conduct Authority (FRN 648953).

The contents of this document have been prepared and approved solely for the purposes of section 21 of the Financial Services and Markets Act 2000 (as amended) ("FSMA").

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G10 Capital only acts for the fund to which it provides regulated investment management services and does not act for or advise potential investors in connection with acquiring shares in the Company. Prospective investors are strongly advised to take their own legal, investment and tax advice from independent and suitably qualified advisers. The value of investments may go down as well as up and you may not get back the full amount of your investment. Past performance is not a guide to future performance.

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Key Risks

Any return you receive depends on future market performance and is uncertain. The Company does not seek any protection from future market performance so you could lose some or all of your investment.

Before purchasing any securities or otherwise investing in the Company, persons viewing this document should ensure that they understand and accept fully the risks the Company is exposed to as disclosed in the Company's Annual Report, Key Information Document or Article 23 Disclosure Document, available at chrysalisinvestments.co.uk/investor-relations/

Past Performance

Past performance is not a guide to future performance. The value of investments may fall as well as rise and is not guaranteed. An investor may receive back less than the original amount invested. This Company may not be appropriate for investors who plan to withdraw their money within the short to medium term.

Target Market

The Company is suitable for investors seeking an investment that aims to deliver total returns over the longer term (at least five years), is compatible with the needs for retail clients, professional clients and eligible counterparties, and is eligible for all distribution channels. The Company may not be suitable for investors who are concerned about short-term volatility and performance, have low or no risk tolerance or are looking for capital protection, who are seeking a guaranteed or regular income, or a predictable return profile. The Company does not offer capital protection. Prospective investors are strongly advised to take their own legal, investment and tax advice from independent and suitably qualified advisers.