chrysalis investments

Chrysalis Investments Limited

Interim Report and Unaudited Condensed Interim Financial Statements

For the period ended 31 March 2023

Contents

Next era potential: Transformative tech that changes our world.

Performance Headlines

130.02p

– NAV decline of 17.77p or 12%

Driven by lower values of the tech-enabled companies used as comparables to the portfolio. The share price closed at 58.70p, a 45% discount to NAV.

£24.9m

– Follow-on investment

Deployed proceeds to support the existing portfolio in the drive towards profitability and supplemented our investment in Starling Bank Limited.

84%[1]

– of portfolio profitable or anticipated to be funded to profitability

Up from 67% at 30 September 2022.

£55.3m[2]

– Available liquidity at 31 March 2023

Closed the period in a strong liquidity position.

[1] Following the post period end investment in Smart Pension Limited (£12.5 million), using valuations as of March 2023
[2] Prior to the post period end investment in Smart Pension Limited (£12.5 million)

Chairman's Statement

"We remain confident in the huge potential of our portfolio of companies and in the value that Chrysalis can create for its shareholders."

The six-month period from September 2022 to March 2023 has seen a further reduction in values in our portfolio of investments, but I am encouraged by the strong and steady improvement in the underlying companies' performance.

Chrysalis' Net Asset Value ("NAV") for the period declined from 147.79p per share to 130.02p per share. This decrease reflects movements in both peer group stock market valuations and the tougher capital market conditions for both "follow on" and "secondary market" private capital. These downward pressures have been partially outweighed by strong revenue growth and significant progress in profitability, or pathway to profitability, being achieved across our portfolio. It is encouraging to note that the pace of downward change in valuations has slowed, with the NAV showing an upward movement for the second quarter of this interim period.

The Investment Adviser's report will go through each of our portfolio companies in more detail. I would like to focus on the significant investment issues that your Board has been considering during the period.

Portfolio Investment

We invested in our portfolio of companies in the knowledge that as "growth stories" these companies were likely to need further capital in order to reach their operating goals. We remain confident that, in aggregate, these companies are on track to achieve the levels of growth, scale and profitability required to unlock alternative sources of expansion capital provided by the public capital markets, while generating potential liquidity for early investors such as Chrysalis.

The Investment Adviser has set out clearly in its report what drives our desire to reinvest in our portfolio companies in its analysis of the individual investments. From a portfolio perspective, the Investment Adviser has worked closely with the Board to achieve the right balance of investment, both across the portfolio, and within each individual investment, to maximise the potential increase in NAV per share for shareholders. The Investment Adviser has sought, and will continue to seek, to allocate the Company's available capital to those companies that stand the best chance of making a significant contribution to NAV in the future.

As a supportive and constructive investor in private companies, we have had to balance the desire to support our portfolio management teams with the prevailing capital market conditions, which have seen the cost of private capital increase significantly over the last twelve months. This latter point has manifested itself across the market, and in certain cases in our portfolio, in follow on rounds in which capital has been raised at a sizeable discount, or conditions have been applied which protect investors downside, or simply when shareholders who need to sell have had to accept discounts to obtain their desired level of liquidity.

Our Valuation Committee has taken these circumstances into account in arriving at its valuation adjustments. This has led, appropriately, to downward valuations in some of our strongly performing investments that were involved in either a primary or a secondary transaction. Some companies, Klarna Holding AB ("Klarna") for example, took very early action, both on its operating model and its capital valuation, to fundraise through to profitability. Others, such as Starling Bank Limited ("Starling"), did not need to raise capital but were marked down due to some shareholders needing to sell their positions in a buyers' market. In both instances, Chrysalis was determined to reinvest, believing that the price of the round was at a significant discount to the likely long-term valuation achievable by those companies.

Over the coming quarters, we may well see a number of these investments moving from a "price of last round" valuation to a "peer group" valuation, with a resulting positive impact on the NAV. Over the period covered by these interim accounts, and post period end, it is especially pleasing to see continuing positive activity, particularly in our larger holdings.

Smart Pension Limited's ("Smart") recently announced fundraising, led by a new investor bringing more growth capital to the company, is extremely encouraging. We have supported Smart from an early stage and look forward to working with the team on building the business and achieving its goal of a public listing.

The Brandtech Group LLC ("Brandtech") has also continued to grow and build its leading presence in the digital marketing sector. Its latest acquisition of Jellyfish is strategically important for the operating business, and the transaction terms, which remain confidential, helped to underpin our valuation of the business.

Smart and Brandtech account for approximately 23.4% of the Company's portfolio.

I would like to focus on two investments where there was significant activity during the quarter and where the Board has worked particularly closely with the Investment Adviser.

Revolution Beauty Group PLC ("Revolution Beauty")

I highlighted in our 2022 year-end accounts that we were considering our position regarding Revolution Beauty, following audit concerns that were raised in late 2022, and the subsequent share suspension. Since then, we have been consulting with our retained lawyers to establish whether there is a case to be answered by either the company, or any individuals. Chrysalis wishes to enable businesses to develop into public companies successfully – if that is their goal – so we take the obligations and undertakings of those who bring companies to the public market very seriously. In some instances, the poor performance of any recently listed company can occur because of poor management and a lack of understanding of how to operate in the public domain. In the instance of Revolution Beauty, we believe other factors were at play.

We are currently considering all our options and will be notifying shareholders of any decision at the appropriate time. Whilst corporate legal action on our own, or in conjunction with litigation funding partners, may not recover all our losses, we would like to reassure our shareholders that any decision to engage in legal action will be based entirely on what is deemed to be in their best financial interest. We note that Revolution Beauty is now alleging the co-founder and former chief executive breached fiduciary and other duties and is looking "to recover material sums relating to the exceptional costs incurred as a result of the matters alleged".

Starling

Starling is an important part of our portfolio. During the period, the disposal by Jupiter of its holding in Starling, which was managed by Citi, completed. This process took some time to arrange and so straddled a period of considerable uncertainty in both private capital markets, and the banking sector. Nevertheless, the performance of Starling throughout this period remained strong and profitability continued to improve. Chrysalis was determined to take advantage of the opportunity to re-invest in a bank with a strong profit trajectory, an efficient technology platform and limited credit exposure, in a period of rising interest rates, by acquiring, in conjunction with other shareholders, the holdings being sold by Jupiter.

As can be seen from the recent publication of Starling's results, the purchase was made at an undemanding multiple of historic profits. We remain very excited by Starling and its potential in our portfolio. Starling accounts for 16.9% of the Company's portfolio.

On the release of Starling's results, Anne Boden (CEO and founder) decided to step aside. I would like to take this opportunity to thank Anne for her fundamental role in this growth story, having driven the development of Starling with real entrepreneurial zeal. Starling is now a household name in a sector previously dominated by established banks with large market shares and entrenched customer bases. We look forward to working closely with the ongoing management team and with Anne, as a fellow shareholder, in the next stage of Starling's development.

Performance Fee Proposal

As previously outlined to shareholders we expect to send a circular to shareholders shortly in order to seek approval to the proposed changes in the performance fee arrangements with Jupiter.

Valuation Committee and Process

I would like to thank Lord Rockley and his colleagues on the Valuation Committee for their work. This has been a particularly challenging period for valuations, and I am delighted with the change we made to the process last year. The market knowledge the committee has of both public and private markets, and the impact this has had on the valuation process and outcomes, has been significant.

Valuation is key to the information flow for investors and the Board will continue to work with Lord Rockley and his colleagues to refine this system.

Amongst other options, we have been asked to consider providing monthly valuations to replace our current quarterly approach. We have considered this very carefully but, for practical reasons, we have decided to continue to provide quarterly valuations for the time being. We are working towards improving the visibility around our valuation methodology so investors can see the drivers of individual company valuations more clearly, while taking into account the non-disclosure agreements that typically govern our use of our portfolio companies' data.

Chairman's Statement

(continued)

Discount Management and Share Buybacks

The Board continues to be concerned that the discount to NAV our shares trade at is not a fair reflection of what our portfolio of investments is worth. To give investors greater visibility into the valuation process and comfort around the Company's activities more generally, the following actions have been undertaken by the Board and the Investment Adviser:

i. Upon moving to a self-managed structure in July 2022 we introduced a new valuation process and committee. Its substance and the increasing transparency of its work over time will, I hope, build confidence in shareholders' minds and enable the shares to trade at or above the NAV, reflective of the future growth prospects of our underlying investments.

ii. We have decided to apply our capital to reinvesting in the portfolio at the current time. Notwithstanding the discount at which the shares currently trade, we believe that this action will secure the financial runways of our portfolio companies and that our investment in their future growth will lead to greater shareholder value in the long term.

iii. We recognise that with the emerging maturity of some of our investments, it is important for the Board and the Company to consider whether it is appropriate to establish rules for future share buybacks and/or returns of capital. Whilst there is no stated requirement to return capital, we have indicated that some surplus capital could be used in share buybacks, as and when realisations occur. The Board believes we need to be more explicit on this and will be canvassing larger shareholders for their views. The Board also believes that such a policy, clearly stated, could assist in reducing the discount to NAV at which the Company's shares currently trade. These consultations will take place during the summer with the intention of bringing a proposal to shareholders in the fourth calendar quarter as part of the Continuation Vote process (see below).

Continuation Vote

When Chrysalis was established, the Board was obligated to put a proposal before shareholders at its AGM for the basis on which the company should operate beyond the fifth anniversary of its IPO, which is November 2023. The AGM to consider this, inter alia, will be no later than April 2024.

It is the Board's intention that a circular be sent to shareholders in the first quarter of 2024 with a proposal for the ongoing management of the Company beyond April 2024. In summary, shareholders will have an option at that AGM to determine if the Company should continue investing proceeds from realisations, and if so, how much and over what period of time, or whether shareholders would prefer to see a return of all investment proceeds (and therefore no reinvestment) over a managed exit programme.

There are several variables which need to be considered to reach the right outcome for the Company, its shareholders and stakeholders. Therefore, in addition to canvassing our larger shareholders for their views on the realisation/distribution policy referred to above, we will also take the opportunity to elicit broader views on the way forward for Chrysalis beyond next year's AGM.

The Board and its advisers are working closely with the Investment Adviser, and we look forward to setting out our proposals to shareholders later in the year.

Finally, it remains for me to thank the Investment Adviser and the management teams and staff of our underlying investee companies, for their continued hard work and dedication during this period. It has been a challenging period, but we remain confident in the huge potential of our portfolio companies and in the value that Chrysalis can create for its shareholders. We hope to begin to see the benefit of that hard work in the coming months.

Andrew Haining
Chairman
26 June 2023

Portfolio Statement

As at 31 March 2023

Company	Location	Cost (£'000)	Opening value 1 October 2022 (£'000)	Net invested / returned (£'000)	Fair value movements (£'000)	Closing Value (£'000)	% of net assets
wefox Holding AG	Germany	69,187	154,943	3,562	8,045	166,550	21.5
Starling Bank Limited	UK	118,248	113,394	20,000	(9,410)	123,984	16.0
The Brandtech Group LLC	USA	46,440	103,390	–	(8,388)	95,002	12.3
Smart Pension Limited	UK	90,000	95,187	–	(18,598)	76,589	9.9
Deep Instinct Limited	USA	62,225	81,829	–	(10,991)	70,838	9.2
Klarna Holding AB	Sweden	71,486	56,135	–	(4,177)	51,958	6.8
Featurespace Limited	UK	29,546	53,139	–	(10,979)	42,160	5.4
Tactus Holdings Limited	UK	40,130	36,795	–	(1,961)	34,834	4.5
Cognitive Logic Inc. ("InfoSum")	USA	48,454	30,299	1,327	(3,450)	28,176	3.6
Graphcore Limited	UK	57,589	45,065	–	(28,744)	16,321	2.1
Secret Escapes Limited	UK	21,509	13,232	–	61	13,293	1.7
Wise PLC	UK	4,807	20,317	(5,894)	(2,453)	11,970	1.5
Sorted Holdings Limited	UK	27,941	18,429	–	(17,104)	1,325	0.2
Revolution Beauty Group PLC	UK	–	–	(5,220)	5,220	–	0.0
Growth Street Holdings Limited	UK	11,223	209	(149)	3	63	0.0
Rowanmoor Group Limited	UK	13,363	–	–	–	–	0.0
Total investments		**712,148**	**822,363**	**13,626**	**(102,926)**	**733,063**	**94.7**
Cash and cash equivalents						43,305	5.6
Other net current liabilities						(2,552)	(0.3)
Total net assets						**773,816**	**100.0**

Investment Adviser's Report

"We have spent the last year strengthening the portfolio against a challenging backdrop. We are pleased to report that revenue growth continues to be very strong and 84% of the portfolio is either profitable or funded to anticipated profitability."

Market Context

The first six months of the financial year saw a continuation of the difficult market conditions that have been prevalent since early 2022, driven by rising inflation and interest rate expectations. This has led to generally lower valuations for the tech-enabled companies which are used as comparables to generate data to assist in valuing the Chrysalis portfolio holdings, when compared with the prior year. While some listed tech stocks have seen their share prices rally over the course of 2023 to date, the impact of this broad dynamic has maintained pressure on valuation multiples, a key driver of the Company's NAV.

Evidence of weak investor sentiment over the period can be demonstrated by the paucity of IPO activity.

The change in market pre and post the Great Financial Crisis ("GFC") can be clearly seen and is one of the key reasons why Chrysalis was established: to enable investors to access companies that were no longer coming to market. Over the ten years pre-GFC, approximately 54 companies per quarter were undertaking an IPO. In the eleven years post GFC, this had more than halved to approximately 20.

However, over the last five quarters to March 2023, only nine companies came to market on average, marking a significant slowdown, from arguably an already heavily depressed level.

Despite the market backdrop, revenue growth across the portfolio has remained strong at around 46%, measured as reported growth over the year to March 2023.

This high level of growth is all the more noteworthy given the switch in focus by the majority of the portfolio from driving sales growth, towards balancing growth with profit generation and, in certain cases, on the back of a normalisation in sales patterns following COVID-19 and/or a potential throttling of growth in light of expected economic conditions.

This shift in focus has continued to lead to an improvement in the overall risk profile of the portfolio, with 84% (by NAV) now profitable or funded to anticipated profitability[2]. This is explored in more detail below.

Activity

Given the focus of the Company's capital on supporting the current portfolio, no new investments have been made since the purchase of a position in Tactus, in August 2021.

Over the period, the following investments were made in existing portfolio companies:

- In October 2022, £1.4 million was invested in InfoSum, to assist it in continuing to scale;
- In February 2023, £3.6 million was invested in wefox, as part of a wider round to continue to fund the company as it drives towards profitability;
- In March 2023, a £20m secondary purchase of Starling Bank was undertaken; the Investment Adviser remains optimistic over Starling's prospects.

Post period end, a £12.5 million investment was made in Smart Pension as part of a wider Series E round. This capital should provide runway for the company to get to profitability, as well as backing for future M&A.

Some realisations were also completed, notably:

- In October 2022, approximately £5.9 million of Wise was sold at an average share price of 674p;
- In the same month, a small recovery of approximately £150,000 was made from Growth Street; and
- In November 2022, approximately £5.2 million was realised from an off-market transaction in Revolution Beauty, which effected a total exit for the Company.

At the Capital Markets Day in November 2022, the Investment Adviser highlighted a likely further funding requirement in the portfolio of approximately £20 million. Since that time, investments in Smart Pension (which was the expected major component of this capital) and wefox have been made, accounting for approximately £16 million in aggregate.

As a result of these investments, at the time of writing, 84% of the Company's portfolio was either profitable, or funded to anticipated profitability.

Shift of focus towards profitability

The Investment Adviser has been working closely with the portfolio management teams to adapt to the change in market conditions that gathered a head of steam in early 2022, and still persist today; that of a shift in investor focus from pure growth to more of a balance between profitability and growth.

One of the key factors considered at the point of any initial investment is the likely profitability that can be expected at maturity. Depending on the company in question, topics such as unit economics and cohort analysis are considered, as well as observable anecdotal evidence from other familiar investments.

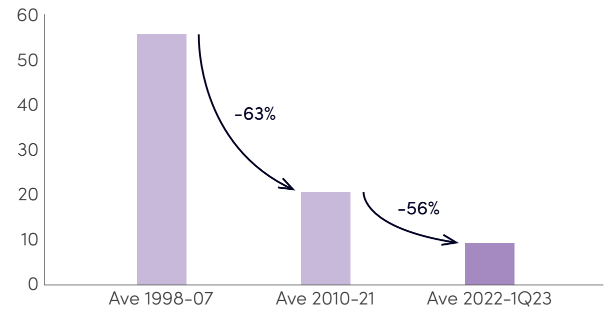
While the predominant focus within the portfolio has been on growth, striking the right balance between growth and profitability typically has been a constant consideration at portfolio company board level. In the Investment Adviser's view, Chrysalis' position in March 2022 was better than many in the industry, in that about 42% of the portfolio was profitable. However, of the companies that comprised the remaining 58% that were not profitable, none were funded to hit profitability on their available cash resources at that time.

By March 2023, this position had substantially improved. Approximately 38% of the portfolio was profitable (this drawdown is explained by the Company's exit from THG and Revolution Beauty), but crucially, a further 36% was funded to anticipated profitability. This situation improved further with the funding round in Smart Pension that completed post period end, taking the 'funded to anticipated profitability' percentage up to 46%.

This now means that approximately 84% of the portfolio is funded to anticipated profitability or is currently profitable. Not only does this reduce the risk that Chrysalis will need to commit more capital to these businesses, but the Investment Adviser believes it will also make these businesses more attractive to external shareholders if they do need to raise again, for example to complete M&A.

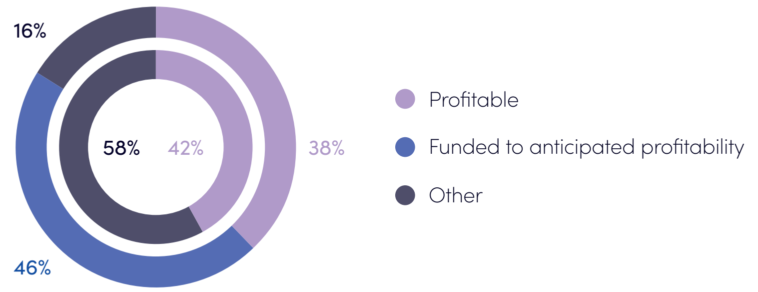
The Investment Adviser believes that this push towards profitability is occurring across the market and that investors will be more likely to back companies targeting profitability. This raises the prospect of corporate insolvencies for those companies unable to make meaningful moves towards profit and a potentially fertile environment for those investors still with capital to deploy.

UK IPO activity
(by calendar quarter, UK Main Market and AIM only)[1]



Source: LSE and Jupiter

Portfolio profitability (% of portfolio, inner circle Mar-22 vs outer circle May-23)



Source: Jupiter

1. Graph excludes 2008-10 period distorted by the Great Financial Crisis
2. Funding status as of May 2023, following completion of Smart Pension series-E investment, using valuations as of March 2023

Investment Adviser's Report

(continued)

As discussed at the Company's Capital Markets Day in November 2022, of the remaining 16% of the portfolio that is not funded to anticipated profitability, the Investment Adviser sees three possible outcomes it might pursue:

i. Chrysalis provides further capital, and/ or;

ii. Other investors provide capital, or;

iii. Chrysalis looks to exit its position

In determining the correct course of action for this group of companies, and while wishing to support as much of the portfolio as possible, the Investment Adviser recognises its responsibility to prioritise capital to those investments with the best potential return profile for shareholders. The reality of options two and three above, is that these may result in outcomes that yield returns lower than current carrying values.

Case study – Klarna

Klarna's positive response to the shift in the market since the beginning of 2022 is exemplary and demonstrates how the strength of its business model has allowed it to continue to thrive.

In response to changing market conditions, in late May 2022 Klarna announced that it would enact tighter control over its cost base and reduce its workforce by approximately 10%. Shortly afterwards, in July 2022, Klarna managed to raise $800 million in the teeth of the worst growth selloff since the GFC. Despite this being a considerable down round – occurring at a $6.7 billion post-money valuation, versus $45.6 billion a year earlier – it was seen as a significant vote of confidence by investors in Klarna's investment case. Chrysalis committed $8.7 million to this round, which was its pro rata entitlement.

In the quarter to June 2022, which would have been too early to see any material impact from reduced costs, Klarna reported an adjusted operating result (analogous to adjusted PBT) of approximately -SEK2.9 billion (circa £233 million).

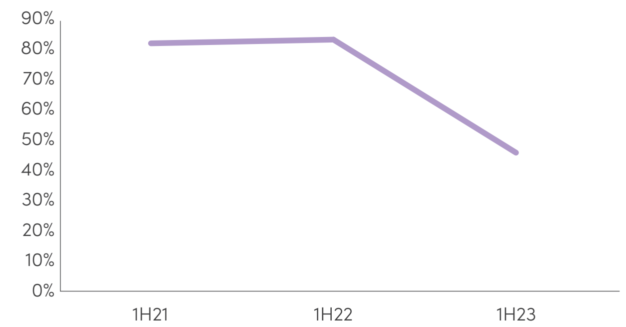
Despite market fears that worsening economic conditions would see Klarna's credit loss ratios move sharply higher, and rising bond yields would have a damaging impact on Klarna's profit and loss account, the Investment Adviser remained optimistic, particularly regarding credit losses, as Klarna's average loan duration of 40 days means the book can be repriced very rapidly.

In the event, these market worries proved unfounded.

By 1Q23, Klarna's adjusted operating loss had fallen to under -SEK0.5 billion, or by over 80%, with credit losses having fallen from a peak of 80 basis points ("bps") in 2Q22 to 37bps by 1Q23.

Despite this significant improvement in operating performance, Gross Merchandise Volume ("GMV") growth remained broadly stable at 22% over 2022, and was 13% in 1Q23.

Chrysalis – Blended average portfolio revenue growth (last twelve months)



Source: Jupiter

[1] Revenue for Klarna for the year to end December 2022.

Growth

Revenue growth across the portfolio remained very strong. Over the twelve months to March 2023, the portfolio grew revenues on a blended average basis by approximately 46%, compared with slightly over 80% in the two prior years.

This slower growth rate when compared to the two prior years is partly a function of many of Chrysalis' businesses becoming substantially larger over this period and the natural slowdown in growth rates off a much larger revenue base. For example, Starling has seen revenues more than quadruple to £415 million from the year to March 2021 to March 2023.

There has also been an impact from the refocusing by the majority of the portfolio away from outright growth, towards a more balanced approach between growth and profitability.

The drive towards profitability has had a major positive effect on the portfolio.

Aggregating the profits/losses by portfolio company in the quarter to the end of March 2023 (in order to give a sense of what "run rate" profitability is currently), versus that of the quarter to March 2022, shows a material improvement. While this exercise may not yield a fundamental financial metric, the Investment Adviser believes it gives a good indication of progress made as portfolio companies drive towards profitability.

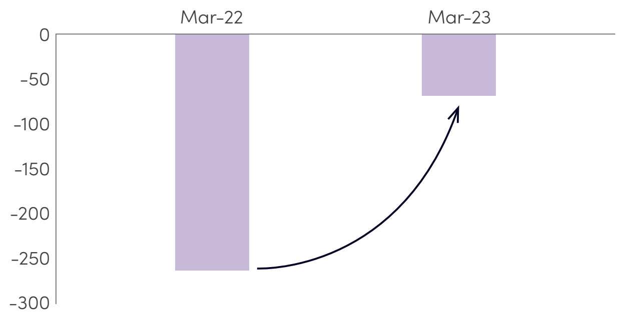
The data reflects the unweighted aggregate profit/loss in the portfolio, so is naturally skewed to those companies that have larger profits or losses, such as Starling and Klarna respectively, regardless of their position sizes in the portfolio.

The chart clearly shows that losses in the portfolio have reduced by approximately £189 million year-on-year; approximately a 74% reduction.

The chart below shows the contribution by company to the £189 million improvement in the loss position in the portfolio since 31 March 2022, with Klarna being the main driver, due to its large losses in the prior year and the aggressive action it took over 2022. Of the twelve companies assessed (excluding Wise, due to lack of quarterly profit data), ten of them have shown an improvement in profits or narrowing of losses over the year. This demonstrates the widespread focus on driving towards profitability in the portfolio.

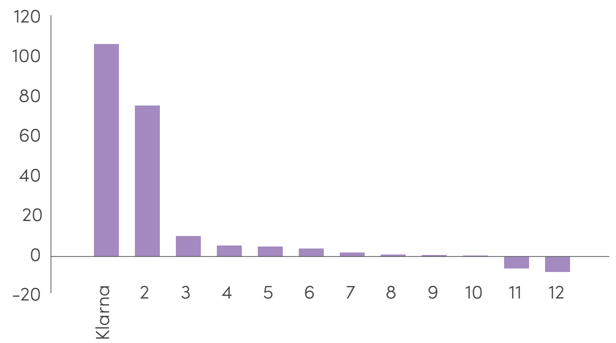
Another point worth noting is that if Klarna hits its stated target of profitability in the second half of 2023, then the portfolio would be in a position of net profitability, ceteris paribus.

Chrysalis – Total portfolio losses (unweighted, quarter to March, £ millions)[1]



Source: Jupiter

Chrysalis – Contribution by company to change in total portfolio losses between March 2022 and March 2023 (£ millions)



Source: Jupiter

[1] Excludes Wise due to lack of quarterly profit data.

Investment Adviser's Report
(continued)

Outlook

While the intensity of investor concerns over rising interest rates and growth valuations appears to have diminished to a degree since the end of 2022, "animal spirits" still appear to be absent from global markets, with the US yield curve remaining inverted and the short end moving higher over the last few months. Whilst the impact on the Chrysalis portfolio was negligible, the collapse of Silicon Valley Bank and wider concerns across the banking sector, have also had an impact on sentiment.

The hiatus in stock issuance, and in particular IPOs, is marked. In the UK, only 27 IPOs[1] occurred over the year to March 2023.

While an IPO is only one option for Chrysalis to realise its investments, it is likely to be an important one, and a well-functioning IPO market would be beneficial for Chrysalis.

Given the first quarter of 2023 was also weak, and the second quarter has not started well, the market is currently in the sixth quarter of anaemic issuance in the UK. By comparison, the GFC, a much more severe crisis, saw low issuance last for seven quarters. It is always difficult to "call the bottom", but the duration of this slowdown suggests we are nearer the end, rather than the beginning, of the normalisation process.

For over a year now, the focus has been on strengthening the portfolio, as well as strengthening Chrysalis to adapt to the new environment. In November 2022, the Company set out a likely primary follow-on requirement in the portfolio of approximately £20 million. With the conclusion of the Smart Pension funding round, which was the major component, as well as the much smaller investment into wefox, much of this capital allocation has now been utilised.

These investments have strengthened the portfolio, particularly in the larger names. As of period end, the Company had cash of approximately £43 million, and following the post period end investment in Smart Pension, cash stands at approximately £33 million. In combination with the listed position in Wise, the Investment Adviser believes this represents a strong liquidity position.

[1] LSE Main Market and AIM

Our portfolio and commentary

Investment Adviser's Report
(continued)

£69.2m
Total Investment

£166.6m
Carrying Value

5th December 2019
Date of initial investment

wefox.com

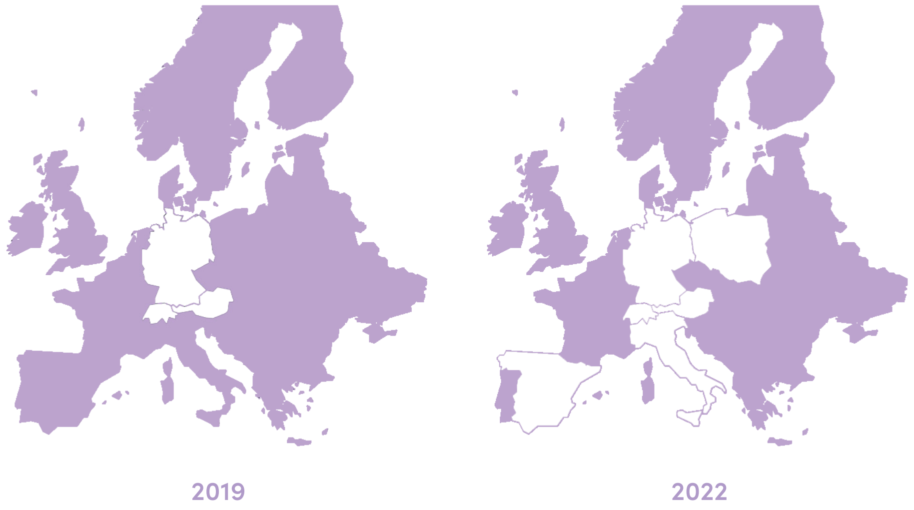
wefox

wefox Holding AG ("wefox")
wefox grew strongly through 2022, reaching nearly €600 million of revenue, and this momentum has carried through into 2023. When Chrysalis first invested in the company, back in 2019, wefox generated approximately €50 million of revenue and through organic growth and selective M&A, it has grown into one of the largest insurtech companies globally.

Over the past twelve months, management teams across the entire portfolio have been encouraged to focus on demonstrating strong unit and customer acquisition economics, appropriately managing the cost base and driving profitability. The wefox management team has done a good job so far on executing this strategy and the Investment Adviser believes that the business is on track to generate run-rate profitability towards the end of 2023.

In order to ensure that the business is funded to anticipated profitability, wefox completed a second-close to the €400 million Series D funding round it announced in July 2022, earlier this year. The company raised €55 million of primary capital on the same terms as that round, with Chrysalis contributing €4 million to the raise.

International Expansion (2019-2022)[1]



Source: wefox and Jupiter

[1] wefox presence is shown as unshaded

wefox has continued to scale internationally, and the proceeds of the Series D funding round were used to acquire TAF, a market-leading life insurance company in the Netherlands. This takes the total number of countries the group operates in to seven: Germany, Austria, Spain, Italy, Switzerland, Poland and the Netherlands. By acquiring established insurance companies globally, wefox has been able to build a significant international scale and is driving them towards profitability more quickly than an organic route was likely to deliver. The Investment Adviser has been pleased with the progress made on integrating and digitising recent acquisitions.

In recent weeks, wefox announced that it has launched its global affinity business which will enable it to connect insurance companies with partners who can distribute insurance products, thus increasing its network and the routes to market for its own insurance products. This announcement is viewed as a precursor to wefox scaling its software revenues by providing the technological infrastructure necessary for market incumbents to launch and distribute digital insurance products.

The short-term target for wefox remains getting to profitability – expected in 2H23 on a run rate basis.

At that point, the company will have a choice to make, in conjunction with investors: either keep growing at current rates and build profitability further, or accelerate growth with investment, accepting lower profits/running at breakeven.

The Investment Adviser is optimistic that substantial value would be generated by either route.

Investment Adviser's Report
(continued)

£118.2m
Total Investment

£124.0m
Carrying Value

12th February 2019
Date of initial investment

starlingbank.com

Starling Bank Limited ("Starling")

Progress has continued to be impressive at Starling.

Its financial results to March 2023 were released in May, which showed very strong growth in both sales and profits, as shown below.

Starling Bank – Financial Performance (Year to indicated date)

	Nov-19	Mar-21	Mar-22	Mar-23	% chg (Mar21 -23)
Total income (£m)	14.2	87.8	188.1	414.8	372%
Implied costs	(67.8)	(101.5)	(156.0)	(220.2)	117%
Profit before tax (£m)	(53.6)	(13.7)	32.1	194.6	
Return on Tangible Equity			18.3%	29.0%	

Source: Starling and Jupiter

The growth in profits has been driven by strong revenue growth and a scalable cost base, which has grown significantly less quickly than the top line over the last two years.

Revenue growth in 2023 was predominantly derived from both new lending, which has risen over 100% since Mar-21, assisted by the introduction of 'Buy To Let' mortgage origination via the acquisition of Fleet Mortgages, and via increases in yields on cash ("Loans to banks") and on debt securities, as a result of increases in the Bank of England's Base Rate and its impact on wider market yields.

Starling – Simplified Balance Sheet (at Nov-19, Mar-21, Mar-22 and Mar-23)

Lending to customers	Nov-19	Mar-21	Mar-22	Mar-23	% chg (Mar21 -23)
Mortgages	–	–	1,216	3,437	
SME lending	–	2,187	2,006	1,404	
Retail	59	77	51	33	
Total Lending	**59**	**2,264**	**3,272**	**4,874**	**115%**
Loans to banks	765	3,196	6,105	6,110	91%
Debt securities	332	1,516	2,330	2,480	
Other	46	73	198	249	
Total assets	**1,202**	**7,048**	**11,905**	**13,713**	**95%**
Deposits	(1,007)	(5,828)	(9,027)	(10,552)	81%
Other liabilities	(125)	(1,080)	(2,448)	(2,464)	
Total liabilities	**(1,132)**	**(6,908)**	**(11,475)**	**(13,016)**	**88%**
Total equity	**70**	**140**	**430**	**697**	**394%**

Source: Starling and Jupiter

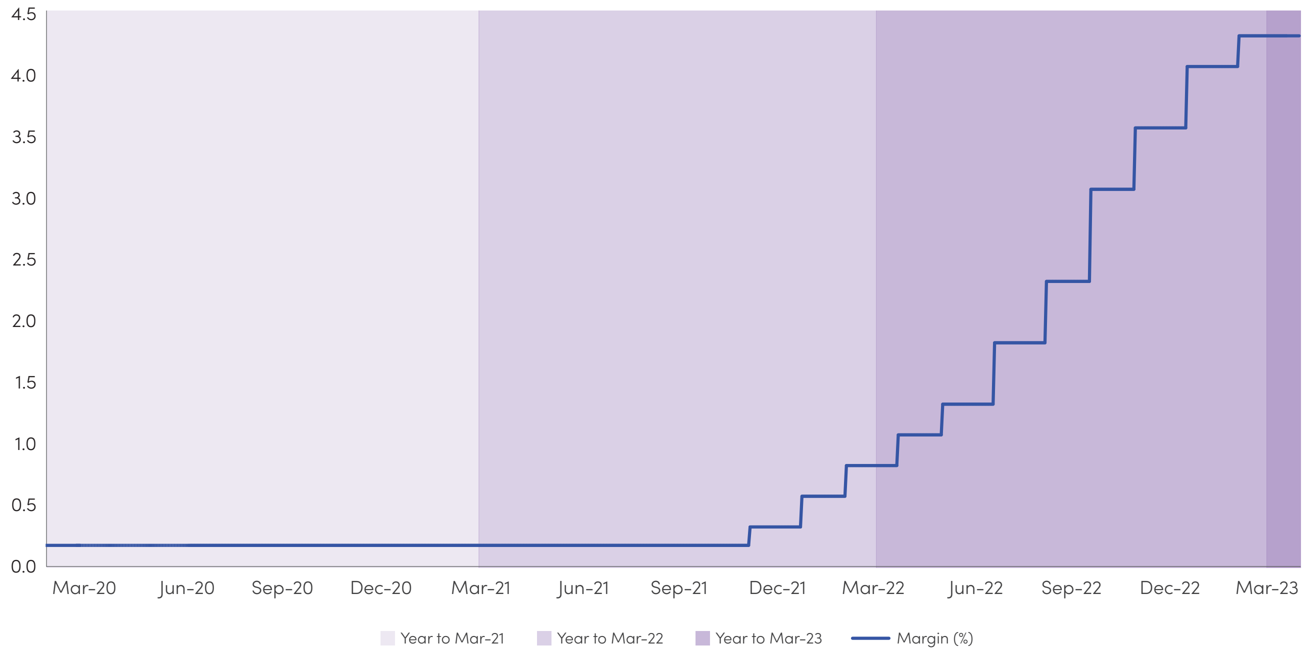
Despite the strong growth in lending over the period illustrated, the loan-to-deposit ratio only rose by approximately ten percentage points to circa 46%, due to the strong growth in deposits. Over the course of 2021, these excess deposits received minimal yield from the Bank of England with commensurately lower yields for debt securities. But as yields have risen since late 2021, the return on these funds has begun to rise.

The chart below shows the evolution of UK base rates with Starling's last three fiscal years overlaid. Given the starting point of base rates for Starling's fiscal 2024 is higher than the average received over fiscal 2023, it is reasonable to assume that, ceteris paribus, Starling's income will continue to benefit from putting excess deposits to work at market rates.

Starling also continues to expand and, in March 2023, announced plans to add up to 1,000 new jobs in a new office in Manchester, on top of the 2,500 people it already employs.

In January, it won a trio of awards, including placing very well on the Current Account Switching Service ("CASS") leader board for net switches. Over the quarter from 1 July 2022 to 30 September 2022, Starling grew by 9,070 net switches, behind only the behemoths of Santander and HSBC, despite being the only one of the three not to offer incentives to switch.

UK Base Rate (percentage points)



Source: Bloomberg and Jupiter

Investment Adviser's Report
(continued)

£46.4m
Total Investment

£95.0m
Carrying Value

6th October 2020
Date of initial investment

thebrandtechgroup.com

The Brandtech Group LLC ("Brandtech")

Brandtech has been profitable since the point of investment and has seen an improving margin profile in recent years, as the company has scaled. Growth has also remained strong and has typically been best-in-class year-on-year, averaging 30% revenue growth per annum over the last four years, demonstrating the company's ability to deliver for enterprise clients globally and maximise the revenue potential of existing accounts.

Completing strategic M&A that would broaden geographic reach and the range of products and services provided to enterprise clients formed a key part of the initial investment thesis. Some progress on this front was made last year with the acquisition of DP6 – Latin America's leading marketing technology and data company – and Acorn-I – an ecommerce platform. While these acquisitions made sense strategically, they were much smaller than the acquisition of Oliver, for example.

In June, Brandtech announced the acquisition of Jellyfish, a performance and digital marketing agency. Jellyfish was founded in 2005 by Rob Pierre and now has more than 2,000 employees across 38 offices around the world. It joins Brandtech after its most profitable year yet. Jellyfish is a global partner in digital and performance marketing to some of the world's leading brands such as Google, Netflix, and Uber. It is one of the most globally certified companies across today's platforms, including Google Marketing Platform, Google Cloud, Salesforce, Snap, Amazon, Facebook and other major social platforms.

This is viewed as a very exciting development by the Investment Adviser as it represents Brandtech's ninth and largest ever acquisition; importantly, this acquisition provides Brandtech with scale in Media, which is the largest part of the addressable market and also the most profitable segment to operate in. The acquisition of Jellyfish creates the number one digital-only marketing group in the world with over $1bn in revenue, over 7,000 employees, working for eight out of ten of the world's largest advertisers, and 49 of the top 100.

In April 2021, Brandtech hired former Mindshare Global chief executive Nick Emery to run Brandtech Media. Nick Emery was a founding member of Mindshare when WPP set it up in 1997 and Mindshare grew into one of the biggest media agency networks in the world, with approximately $18 billion in annual billings. Nick will be responsible for integrating and scaling Jellyfish and the Brandtech Media division going forward.

Brandtech is one of Chrysalis' later-stage assets and, given the company's scale and profitability, the Investment Adviser believes it will make an excellent IPO candidate in due course. The public market should make it easier for Brandtech to execute its acquisition strategy, as seen with several media conglomerates historically, and the Investment Adviser is excited about the prospects for the group.

[1] On 15 June 2022

£90.0m
Total Investment

£76.6m
Carrying Value

5th December 2019
Date of initial investment

smartpension.co.uk

Smart Pension Limited ("Smart")

The key news for Smart occurred post period end, with the announcement of its $95 million Series E funding round, led by Aquiline Capital Partners. Chrysalis also participated – committing £12.5 million to the round – alongside other existing investors, such as Fidelity International Strategic Ventures, DWS, Natixis Investment Managers and Barclays.

This new, substantial quantum of capital was raised at a time of on-going stress in the private funding market, which the Investment Adviser believes is testament to the strength and attractiveness of Smart's business model and will enable the business to continue to grow its offering. This is expected to occur both via organic means – such as the PCCW contract in the Far East – and via inorganic means, similar to the acquisition of Stadion in the US last year.

Over the course of 2022, Smart Pension grew its assets under management ("AuM") to over £4.7 billion, up over 123% from £2.1 billion a year earlier. In doing so, it added over 5,000 employers and 105,000 employees. Strong growth is expected to continue into 2023, partly driven by M&A, with the company forecasting AuM in excess of £10 billion by the end of 1H23. This should enable Smart to continue to build on the impressive 65% revenue growth it experienced in 2022, which took total sales to £67 million.

Smart's business is split between the Smart Master Trust – which operates in the UK – and its international operations. Both sides of the company are powered by Keystone, Smart's technology platform. In the UK, Smart passed one million members in the period, partly helped by the acquisition of the Ensign Master Trust, with £158 million in AuM.

Post period end, Smart announced the acquisition of US based ProManage, which offers managed retirement solutions, taking AuM to over £8 billion and putting the business well on track to achieve its AuM target for the year.

Bolt-on deals such as these can be highly lucrative, given the efficiency of Keystone, and have been a key driver of the UK Master Trust achieving profitability.

The global retirement savings market is one of the largest markets in the world. With cutting edge technology to tackle the inefficiencies inherent in managing many small value pension pots, the Investment Adviser believes Smart is well positioned to continue to grow.

Investment Adviser's Report
(continued)

£62.2m
Total Investment

£70.8m
Carrying Value

7th November 2018
Date of initial investment

deepinstinct.com

Deep Instinct Limited ("Deep Instinct")

The Investment Adviser remains optimistic about the prospects for Deep Instinct and is pleased with the financial and operational progress that has been made in recent months.

The company announced the appointment of Lane Bess as CEO in September 2022 and he has been working hard to bolster sales productivity and establish key partnerships. Momentum in these areas has already been seen, with Deep Instinct announcing a new partnership with eSentire, a leader in Managed Detection and Response ("MDR") cybersecurity services. This partnership will protect eSentire customers from unknown and zero-day attacks with an efficacy and speed not delivered by any other MDR provider.

In addition to this partnership, Deep Instinct also announced that eSentire Board Member Amit Mital will join its board of directors. Most recently, Amit served as a special assistant to the President and senior director of the National Security Council in The White House. Amit has over 30 years of industry experience and spent most of that time as a corporate vice president at Microsoft, leading the conceptualisation and execution of disruptive technologies and products. This represents another great appointment for the company and demonstrates how important this partnership could be.

Deep Instinct is the first company to develop a purpose-built, AI-based deep learning framework for cybersecurity and the Investment Adviser's belief that the company is at the forefront of innovation in the sector continues to be validated. In March, Deep Instinct announced its inclusion in the 2022 Gartner Magic Quadrant or Endpoint Protection Platforms ("EPP"). Of the 18 vendors in the 2022 report, Deep Instinct is the only new vendor to be added for its ability to execute and the completeness of vision.

The Company completed a follow-on investment in Deep Instinct in September 2022, to extend the cash runway of the business, and the Investment Adviser was encouraged by the fact that PayPal Ventures announced an investment into the company as part of a second-close. This funding will help further accelerate Deep Instinct's growth and was completed on the same terms as Chrysalis' investment.

£71.5m
Total Investment

£52.0m
Carrying Value

5th August 2019
Date of initial investment

klarna.com

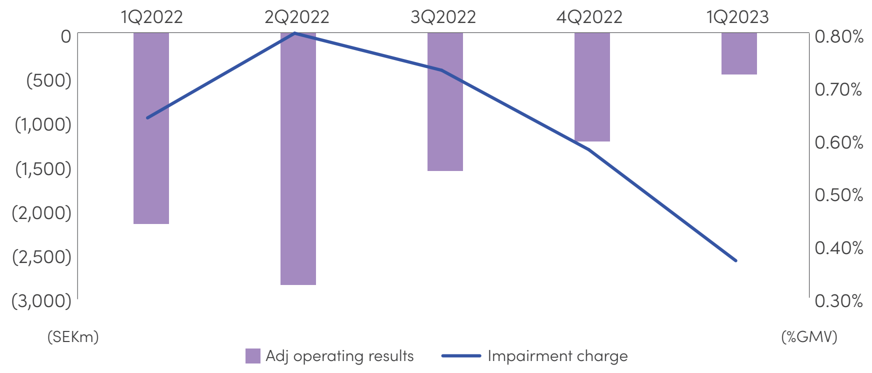
Klarna Holding AB ("Klarna")

In the March 2022 Interim Report, the Investment Adviser highlighted the likely ramifications of Klarna achieving profitability on the back of its cost cutting programme. At the time, there was still significant scepticism in the market that Klarna's business model would survive rising interest rates and likely higher impairment.

Scroll forward to today, and Klarna appears to be in rude health.

As of its 1Q23 results, Klarna's adjusted operating losses had fallen materially, improving by over 80% since the nadir in 2Q22. This has been a function of both improving credit losses – driven by Klarna's responsible decision to limit credit growth last year in the light of deteriorating economic conditions – and lower operating costs – driven by Klarna's cost cutting programme that was largely enacted over 2Q22.

Klarna – Adjusted operating results (analogous to adjusted PBT) and impairment charge evolution



Source: Klarna and Jupiter

At its full year results, Klarna stated it was "...making concrete progress towards profitability..." and achievement of this goal would be a key moment, despite this being a business which ran profitably for most of its early existence. This drive towards profit was restated in its 1Q23 press release.

The US continues to be a key engine of growth, growing 71% in GMV terms over 2022, despite improving credit loss ratios by 37%, as customer cohorts matured. As of last year, Klarna had 34 million US consumers and over 150 million globally.

Klarna is more than just a Buy Now Pay Later ("BNPL") lender, which it estimated accounts for less than 50% of GMV. Payments are also a key, via products such as "Pay Now", which allows users to benefit from Klarna's ease of use, but pay immediately. In addition, marketing services have been a source of strong growth, and includes products such as sponsored content as well as serving retailers with over 600 million leads over 2022.

As a result of customer take up, Klarna's marketing services revenue grew 131% over 2022 to SEK1.6 billion and accounted for over 8% of total revenues. This rapid pace of development continued into 1Q23.

The Investment Adviser believes that diversification of revenue streams will be attractive to investors, lowering the reliance on a single source of income.

Investment Adviser's Report
(continued)

£29.5m
Total Investment

£42.2m
Carrying Value

13th May 2019
Date of initial investment

featurespace.com

Featurespace Limited ("Featurespace")

Featurespace continues to lead the market in fraud detection and has seen strong growth as a result, the former evidenced by Featurespace's announcement in April 2023 that its technology had managed to improve NatWest's financial scam detection rate by 135%. False positives also fell by 75% in the same test, which has a material impact in terms of reducing workloads on staff having to check erroneously blocked transactions.

Featurespace won a number of awards over the period, including being named one of the winners in the PETs (Privacy-Enhancing Technologies) Challenge. Featurespace combined different PETs to allow AI models to make better fraud predictions, without exposing sensitive data.

The company's results for 2021 showed revenue growth of approximately 27% to £26.7 million, Annual Recurring Revenue grew by 33%, albeit with losses widening to £16.3 million, due to on-going investment. Results for 2022 are due post the summer and are expected to show continued growth.

Over the course of the last twelve months, Featurespace has added 9 new direct customers, taking the total to 55, and has continued to see very strong customer traction and contact wins, with 2022 delivering a record TCV of over £60 million.

In April 2023, Featurespace announced the appointment of John Shipsey as CFO. John was previously CFO at Smiths Group from 2017-2022 and prior to that was CFO of Dyson. The Investment Adviser views this as very positive news and indicative of the attractiveness of Featurespace to someone who has been in several high-profile roles at substantially larger companies in the past.

Featurespace's market-leading technology, and the seemingly never-ending growth in financial crime across the globe, means the Investment Adviser believes the company is very well positioned to continue to grow its business and its offering.

£40.1m
Total Investment

£34.8m
Carrying Value

13th May 2019
Date of initial investment

tactusgroup.com

Tactus Holdings Limited ("Tactus")

Tactus has completed a number of acquisitions since Chrysalis' initial investment, including coding and robotics firm pi-top, B2B IT reseller BIST Group, PC gaming brand Chillblast and more recently Box, an online retailer of consumer technology and specialist devices. The focus over the last twelve months has been on integrating these assets and the management team has successfully migrated its warehousing and fulfilment capabilities to a single site in Tamworth, rebranded CCL and Chillblast and begun to re-platform its ecommerce sites. This should enable Tactus to drive operational efficiencies and realise further synergies from its M&A.

The trading environment over the last twelve months has been challenging. Microsoft recently announced that Xbox hardware sales declined by 30% for the three months ended 31 March 2023, while Apple reported a 40% decline in Mac sales over the same period. These recent trends have made it more difficult for Tactus to drive higher rates of organic growth, but it has been able to take market share in recent months and has continued to outperform many of its competitors. Longer term, it is believed that the global gaming industry will continue to grow strongly, and the company will ultimately be a beneficiary of this trend. Despite a challenging backdrop, Tactus has managed to continue trading profitably.

The business is in much better shape than when Chrysalis first invested back in 2021 and should be well placed to take advantage as industry conditions improve.

£48.5m
Total Investment

£28.2m
Carrying Value

7th November 2018
Date of initial investment

infosum.com

Cognitive Logic Inc. ("InfoSum")

Despite Alphabet announcing last year that it was delaying Google Chrome's third-party cookie deprecation to 2024, which was initially expected by 2022, it is clear that InfoSum is operating in a huge addressable market that will increasingly benefit from regulatory tailwinds; this was a key part of the initial investment thesis.

The deprecation of third-party cookies will make it increasingly difficult for brands to gather first-party data, increasing the need for direct data collaboration with their advertising partners to salvage addressability.

However, privacy regulations are particularly penal and brands are nervous about sharing data with outside partners, given the financial implications and the potential impact on consumer trust and brand reputation. Data clean rooms are the key to solving the issues around harnessing first-party data, but they are typically difficult to set up and operate. This is the fundamental issue that InfoSum is trying to solve for.

In recent months, the Interactive Advertising Bureau (IAB) Tech Lab released the first draft of proposed standards for data clean rooms along with a guidance document. This is positive for InfoSum as, in the absence of established standards, it's been difficult for marketing organisations to understand what constitutes a data clean room and the differentiating factors between vendors.

In recent months, InfoSum announced the launch of Platform Sigma, which solves many of the issues facing the industry. Platform Sigma will enable customers to analyse first-party data without sharing or moving data and allows for faster and more seamless use cases, including deep consumer insights, cross-channel activation and measurement, with end-to-end protection and security. The Investment Adviser believes that the upgrades to the technology platform will drive sales conversion and platform adoption of InfoSum's market-leading technology solution.

£57.6m
Total Investment

£16.3m
Carrying Value

17th December 2018
Date of initial investment

graphcore.ai

Graphcore Limited ("Graphcore")

Over the period, Graphcore has continued to develop both its software and hardware offerings.

In terms of the former, Poplar SDK 3.1 was released in December 2022, which added a range of functionality including support for certain libraries. In terms of the latter, a C600 PCIe card was launched, based on the MK2 IPU. The PCIe form factor was a response to customer demand for datacentre configurations.

In terms of new customer wins, the US Department of Energy's Argonne National Laboratory – which is attempting to integrate high performance computing with AI accelerators to develop next generation ML workloads – installed a Bow IPU system in October 2022. In May 2023, it opened its IPU resources to researchers around the world for free.

Post period end, Nvidia – the major supplier of AI accelerators in the market – announced a significant beat to analysts' estimates for 1Q23 EPS, but more importantly, a massive increase in sales guidance for 2Q23 ($11 billion vs expectations of $7.2 billion). The commentary suggested that this marks the start of a multi-year upgrading of datacentre processors, to deal with AI-driven workload demand.

Graphcore is one of only a handful of companies with a chip designed for deep learning/ AI type work. The Investment Adviser identified the likely explosion in AI interest five years ago, and despite the ongoing encouraging performance of the technology, it is frustrating that widespread commercial traction has proved elusive for Graphcore.

The Investment Adviser believes that the set of conditions that now exist in the market must surely mark a very positive backdrop for the company to pursue its development plans.

Investment Adviser's Report

(continued)

£4.8m
Total Investment

£12.0m
Carrying Value

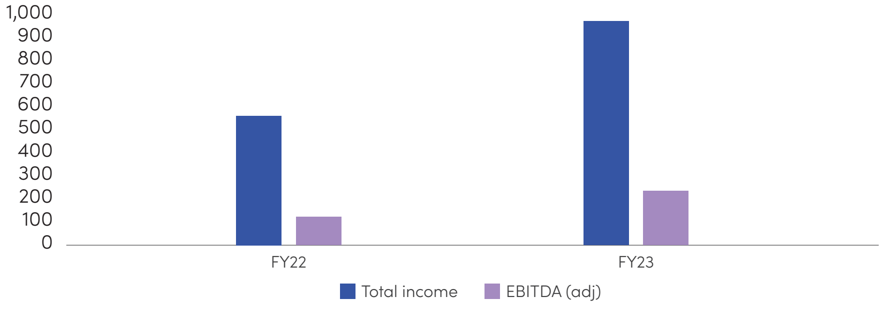
7th November 2018
Date of initial investment

wise.com

Wise PLC ("Wise")

As a listed asset, there is considerable financial information available on Wise and it has continued to see strong growth over its year to March 2023, as evidenced by the chart below.

Wise – Total Income and EBITDA (adj) growth[1] (Fiscal year to March)



Source: Wise and Jupiter

Over the course of its fiscal year to March 2023, total income grew approximately 73% and adjusted EBITDA grew approximately 92%. Wise's consistent medium-term guidance since IPO has been for adjusted EBITDA margins to be "at or above 20%", as the company continues to drive down prices for customers and invest in the offering.

Despite this, margins are expected to have gently trended upwards over FY23, as the pace of revenue growth has meant that it has not been possible to invest surplus contribution sufficiently rapidly.

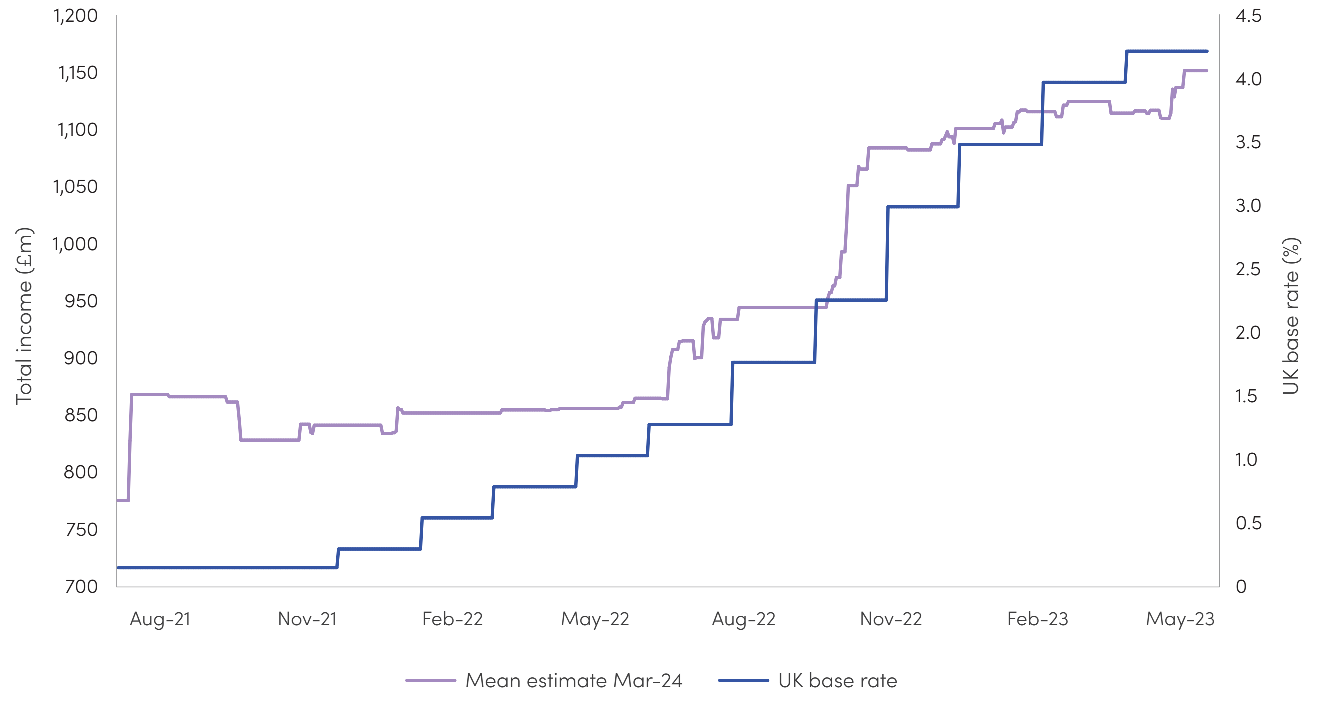
Part of the reason for the strong operating performance of Wise has been its exposure to UK base rates. Like Starling, Wise has deposits on its platform that it can lodge with the Bank of England and other central banks, which have achieved negligible yields for several years. Following the global shift upwards in yields, these excess deposits are now earning a return.

[1] FY23 EBITDA (adj) is Bloomberg estimate as of 9 May 2023.

Wise has begun to offer products to customers, such as Wise Interest, which may see the effective retained yield normalise. But customer behaviour towards low balances is such that not all of these offers will be taken up. As a result, the trend in higher base rates has fed into company income forecasts, as shown in the chart above, which illustrates the development of these forecasts against base rate changes.

Looking forward, Wise is well positioned to continue to take market share from other financial institutions, especially in money transfer, and the shape of current yield curves augurs well for continuing returns on customer balances.

Wise – Total income estimate (Mar-24) vs UK base rate (%)



Source: Bloomberg and Jupiter

Investment Adviser's Report
(continued)

£21.5m
Total Investment

£13.3m
Carrying Value

Secret Escapes Limited ("Secret Escapes")

Following a tough few years, with trading disrupted by COVID-19 and travel restrictions, the backdrop and market environment appear to be improving for Secret Escapes. The company's financial performance year to date versus 2019 (pre-COVID) has been encouraging and the outlook for the remainder of 2023 looks positive.

Secret Escapes proactively reduced its cost base through the COVID-19 period and this is now translating into a more attractive margin profile versus 2019. With trading patterns beginning to normalise, Secret Escapes can begin to accelerate customer acquisition to drive its rate of organic growth and unit economics, thus creating a faster growing, more profitable business in the near to medium term.

7th November 2018
Date of initial investment

secretescapes.com

£27.9m
Total Investment

£1.3m
Carrying Value

Sorted Holdings Limited ("Sorted")

Sorted continued to grow over the period, winning new customers, but, given its stage of development and the current difficult funding markets, the Company's carrying valuation has been written down.

The Investment Adviser continues to work closely with management to determine the best approach to maximising shareholder value.

15th August 2019
Date of initial investment

sorted.com

Environmental, Social and Corporate Governance Report

"The portfolio has continued to strengthen its corporate governance, building capacity at management and board level."

Chrysalis predominantly provides primary capital to unlisted businesses that offer the technology to transform the way we live and work. While no new investments were made during the period, the Company continued to implement the ESG policy established by the Board and enhance the systematic integration of ESG analysis across the portfolio.

The portfolio

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.

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. Chrysalis also has investments in other consumer-facing companies which are taking tangible steps to enhance the sustainability profile of their operations.

Strengthening governance

The Investment Adviser firmly believes that in order to grow successfully, companies and their founders 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.

During the period Chrysalis' portfolio companies continued to strengthen their corporate governance, building capacity at management and board level. For example, and as mentioned in the company update section of this report, in April 2023, Featurespace announced the appointment of John Shipsey as CFO. John was previously CFO at Smiths Group from 2017-2022 and prior to that was CFO of Dyson. This is viewed as very positive and indicative of the attractiveness of Featurespace to someone who has been in several high-profile roles and substantially larger companies in the past.

In September 2022 Deep Instinct announced the appointment of Lane Bess, former CEO of Palo Alto Networks, as CEO. Deep Instinct also announced that eSentire Board Member Amit Mital will join its board of directors. Amit has over 30 years of industry experience and spent most of that time as a corporate vice president at Microsoft. wefox continued to build capacity across the executive management team, recruiting Nicholas Walker as Chief HR Officer. Walker is a seasoned HR professional with more than 25 years' global experience that spans technology, fintech and payment industries, and most recently was at Paysafe.

Delivering sustainable outcomes

The Investment Adviser expects all companies to minimise any direct and indirect negative impact on the environment and broader society. During the period portfolio companies continued to develop their own sustainability initiatives.

Smart Pension is the first UK pension provider to offer customers a range of lifestyle strategies that are all fully sustainable, including the Smart Pension default fund. In January 2023, the company announced the launch of three new fully sustainable lifestyle strategies with different growth fund options. All three growth funds fully invest in funds that positively contribute to the planet and society, including investing in areas such as renewable energy projects, clean water and healthcare. The Smart Pension Master Trust was also approved as a signatory to the UK Stewardship Code in March 2023.

In February 2023, Smart Pension announced that it has halved the emissions of its default growth fund. This is over two years ahead of the 50% reduction target it announced in June 2022 and represents considerable progress towards the company's pledge to make its default growth fund net zero by 2040. This is also well ahead of the goals of the Paris Agreement, which called for emissions to be reduced by 45% by 2030 and to reach net zero by 2050.

Starling's latest gender pay gap figures (2022), show that the median gender pay gap has decreased from 10.34% to 9.24%, while the mean has narrowed from 16.05% to 12.34%. Both its mean and median gender pay gaps remain substantially lower than those of competitors. The continued improvement reflects the range of diversity, equity and inclusion initiatives Starling has enacted since becoming a signatory to the Women in Finance Charter in 2017.

Post-period end, Klarna provided an update on the progress of its Give One initiative, launched in April 2021, which pledges 1% of all future funding rounds to support change-makers on the frontlines of environmental challenges. Klarna has contributed $11 million to the initiative since launch in April 2021, funds which have enabled the planting of 3.4 million trees worldwide. Give One supports 56 environmental initiatives which include over 70 organisations throughout North America, South America, Africa, Europe, and Asia.

Our stewardship approach

Stewardship is an important responsibility and a core aspect of the Company's investor approach. There is a continuous process of dialogue with the leadership teams of the investee companies. Where the Investment Adviser has a board seat or board observer status, the Investment Team attend board meetings and provide input where it can advise companies on how to meet their strategic objectives. This includes regular dialogue on ESG related topics, and the Investment Adviser seeks to influence companies where it believes the management of material ESG factors can be improved.

The Investment Adviser has developed an internal dashboard of metrics to assess the ESG performance of portfolio companies. This data is collected directly from private investee companies or sourced from the sustainability disclosures of listed holdings. The Investment Adviser uses the resulting metrics to assess each company's ESG performance relative to its level of corporate development and maturity and incorporates insights gained into dialogue with company leadership teams, in order to assist their continued development. Chrysalis will continue to report using the metrics in the 2023 Annual Report.

Where the Investment Adviser identifies potential material ESG risks or areas of group governance which require further development, it will communicate these conclusions to management and seek to work collaboratively with them to improve this aspect of the company. This may take the form of longer-term objectives, such as IPO readiness, or short term remedial actions. Areas identified in action plans undertaken during the period relate to areas such as cyber security, financial controls and carbon emissions reporting. Company action plans and any material ESG incidents are reported to the Risk Committee and monitored over time to assess progress.

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.

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.

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 and the Cayman Stock Exchange). Further, 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 is not expected to take majority shareholder positions in portfolio companies but shall not be restricted from doing so. Further, 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 fund 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 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

Board Members

The Board comprises six independent non-executive Directors (of whom one third are female) and meets at least quarterly, 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. All Directors are considered independent of the Investment Adviser for the purposes of the Association of Investment Companies Code of Corporate Governance (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. 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 Administrator.

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 overleaf.

Director Biographies

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. 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, a Guernsey resident, brings board experience from both private equity investing and portfolio company operations roles at Terra Firma Capital Partners and then Candover Investments. Since 2015, Simon has been an independent director to listed alternative investment companies, private equity funds and trading company boards including pro-bono roles to the States of Guernsey overseeing infrastructure critical to the Island, including the airport, harbours and two maritime fuel supply vessels.

Simon is a Chartered Director (CDir) accredited by the UK Institute of Directors, graduated from the University of Cambridge with an MEng and MA in Manufacturing Engineering and is an active member of UK and Guernsey fund management interest groups.

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. She 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 directorship roles in investment companies and a private wealth banking and trust company group in the Channel Islands and in London.

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 building value in technology companies and overseeing regulatory risk mitigation strategies across the US, Asia, Africa, and Europe as an operator, corporate executive, and investor. She currently Chairs the Launch Africa Venture Fund, the Investment Committee of Five35 Ventures and the Management Engagement Committee of Chrysalis Investments Limited. Margaret is an active member of the Private Equity Women Investor Network (PEWIN.org).

Prior to this, Margaret was a Silicon Valley VC-funded Marketing Tech entrepreneur and a founding member of the MasterCard Asia Pacific management team in Singapore and the MasterCard Global New Technology Communications group in New York. Margaret earned her BA from Rutgers University and studied International Relations at Princeton University before moving to Seoul, Korea in 1987 to work for the Korean Ministry of Finance.

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, the Board established an independent Valuation Committee which comprises of the following members:

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 the International Private Equity and Venture Capital Guidelines Board for 9 years.

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.

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

Interim Management Report

For the 6 month period ended 31 March 2023

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, which helps position the Company to ensure compliance with the Association of Investment Companies Code of Corporate Governance (the "AIC Code").

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 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; 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 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.

Going Concern

The Directors have adopted the going concern basis in preparing the Unaudited Condensed Interim Financial Statements.

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 period end, the Company has liquidity including a current cash position of £43,305,000, a net current asset position of £40,763,000 and liquid listed investments amounting to £11,970,000.

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 sources and uses of liquidity.

Interim Management Report

For the 6 month period ended 31 March 2023
(continued)

In accordance with the Company's Articles of Incorporation the Board are committed to propose an ordinary resolution that the Company continues its business as a closed-ended investment company at the first annual general meeting of the Company following the fifth anniversary of IPO (being 6 November 2023). The annual general meeting will be no later than April 2024.

As detailed in the Chairman's Statement, it is the Board's intention that a circular will be sent to shareholders in the first quarter of 2024 with a proposal for the ongoing management of the Company beyond April 2024. It is anticipated that shareholders will have an option at that AGM to determine if the Company should continue investing proceeds from realisations, and if so, how much and over what period of time, or whether shareholders would prefer to see a return of all investment proceeds (and therefore no reinvestment) over a managed exit programme.

As the continuation vote falls within 12 months of signing the Interim Report and Unaudited Condensed Interim Financial Statements the Board have considered the likely outcome of the vote, however it cannot be predicted with certainty. Consequently, a material uncertainty exists which may cast doubt over the Company's ability to continue as a going concern. Despite this, the Board consider that the Company has sufficient resources to continue operating for at least the next 12 months following the signing of the Interim Report and Unaudited Condensed Interim Financial Statements, and so the going concern basis of accounting has been adopted. It should be noted that as investments are included in these statements at fair value, the Board is of the view that there would be little or no change to the Net Asset Value of the Company if the going concern assumption was not adopted.

Important events and financial performance

Highlights from financial year to date are as follows:

Highlights	Ordinary Shares 31 March 2023
Net Asset Value per share	130.02p
Share Price	58.70p
% of capital deployed	95%

The table below provides bi-annual performance information:

Date	NAV per share	% change in NAV per share
30.09.20	160.97	17.3% increase on 30 June 2020 NAV
31.03.21	206.15	28.1%
30.09.21	251.96	22.2%
31.03.22	211.76	(16.0)%
30.09.22	147.79	(30.2)%
31.03.23	130.02	(12.0)%

The net loss for the six month period ended 31 March 2023 amounted to £105,766,000.

Further details of the Company's performance for the period are included in the Investment Adviser's Report on pages 6 to 27, which includes a review of investment activity.

Discount

As at 31 May 2023, the share price was trading at a discount to the last published NAV per share at that point of 31 March 2023.

Related party transactions

Details of related party transactions are given in note 14 to the Unaudited Condensed Interim Financial Statements.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- the interim management report (which includes the Chairman's Statement, Interim Management Report and the Investment Adviser's Report) includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal or emerging risks and uncertainties for the remaining six months of the financial year; and
  (a) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or the performance of the entity during that period and any changes in the related party transactions described in the last annual report that could do so.

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

Stephen Coe
Director
26 June 2023

Independent Review Report

Independent Review Report

Conclusion

We have been engaged by Chrysalis Investments Limited (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2023 of the Company, which comprises the unaudited condensed statement of financial position, the unaudited condensed statement of comprehensive income, the unaudited condensed statement of changes in equity, the unaudited condensed statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Material uncertainty relating to going concern

We draw attention to note 2(b) to the condensed set of financial statements which indicates that, in line with the Company's Articles of Incorporation, at the forthcoming Annual General Meeting of the Company to be held in 2024 a continuation vote will be put to the shareholders of the Company. If the Continuation vote is not passed, the Directors are required to put forward proposals for the reconstruction, reorganisation or winding up of the Company to the Shareholders for their approval. These events and conditions, along with the other matters explained in note 2(b), constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern after the continuation vote. Our conclusion is not modified in this respect.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued by the Financial Reporting Council for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

The directors have prepared the condensed set of financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our review procedures, which are less extensive than those performed in an audit as described in the Scope of review section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However future events or conditions may cause the Company to cease to continue as a going concern, and the above conclusions are not a guarantee that the Company will continue in operation.

Independent Review Report
(continued)

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

In preparing the half-yearly financial report, the directors are responsible for 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.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the scope of review paragraph of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Barry Ryan
for and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey

26 June 2023

Unaudited Condensed Interim Financial Statements

Unaudited Condensed Statement of Comprehensive Income

For the 6 month period ended 31 March 2023

		Period from 1 October 2022 to 31 March 2023 (unaudited)			Period from 1 October 2021 to 31 March 2022 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investments							
Net losses on investments held at fair value through profit or loss	9	–	(102,926)	(102,926)	–	(233,515)	(233,515)
(Losses) / gains on currency movements		–	(22)	(22)	–	5	5
Net investment losses		**–**	**(102,948)**	**(102,948)**	**–**	**(233,510)**	**(233,510)**
Interest income		154	457	611	60	–	60
Gain on settlement of financial liability	5	–	–	–	–	17,907	17,907
Total income		**154**	**457**	**611**	**60**	**17,907**	**17,967**
Investment management fees	5	(1,995)	–	(1,995)	(3,304)	–	(3,304)
Performance fees	5	–	–	–	–	–	–
Other expenses	6	(1,434)	–	(1,434)	(1,726)	–	(1,726)
Losses before finance costs and taxation		**(3,275)**	**(102,491)**	**(105,766)**	**(4,970)**	**(215,603)**	**(220,573)**
Finance costs		–	–	–	(12)	–	(12)
Losses before taxation		**(3,275)**	**(102,491)**	**(105,766)**	**(4,982)**	**(215,603)**	**(220,585)**
Tax expense		–	–	–	–	–	–
Total losses and comprehensive loss for the period		**(3,275)**	**(102,491)**	**(105,766)**	**(4,982)**	**(215,603)**	**(220,585)**
Losses per Ordinary Share (pence)	7	**(0.55)**	**(17.22)**	**(17.77)**	**(0.87)**	**(37.85)**	**(38.72)**

The total column of this statement represents the Unaudited Condensed Statement of Comprehensive Income of the Company prepared under IAS 34.

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 46 to 62 form an integral part of these Unaudited Condensed Interim Financial Statements.

Unaudited Condensed Statement of Financial Position

As at 31 March 2023

	Notes	31 March 2023 (unaudited) £'000	30 September 2022 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	9	**733,063**	**822,363**
Current assets			
Cash and cash equivalents		43,305	58,712
Other receivables		120	69
Unsettled trades		–	3,791
		43,425	**62,572**
Total assets		**776,488**	**884,935**
Current liabilities			
Management fee payable	5	(1,984)	(4,306)
Other payables		(688)	(1,047)
Total liabilities		**(2,672)**	**(5,353)**
Net assets		**773,816**	**879,582**
Equity			
Share Capital	10	860,890	860,890
Capital reserve		(61,129)	41,362
Revenue reserve		(25,945)	(22,670)
Total equity		**773,816**	**879,582**
Net Asset Value per Ordinary Share (pence)	11	**130.02**	**147.79**
Number of Ordinary Shares in issue	10	**595,150,414**	**595,150,414**

Approved by the Board of Directors and authorised for issue on 26 June 2023 and signed on their behalf:

Stephen Coe
Director

The notes on pages 46 to 62 form an integral part of these Unaudited Condensed Interim Financial Statements.

Unaudited Condensed Statement of Changes in Equity

For the 6 month period ended 31 March 2023

	Share Capital	Revenue Reserve	Capital Reserve	Total
	£'000	£'000	£'000	£'000
For the period 1 October 2022 to 31 March 2023 (unaudited)				
At 1 October 2022	860,890	(22,670)	41,362	879,582
Total losses and comprehensive loss for the period	–	(3,275)	(102,491)	(105,766)
At 31 March 2023	**860,890**	**(25,945)**	**(61,129)**	**773,816**
For the period 1 October 2021 to 31 March 2022 (unaudited)				
At 1 October 2021	758,950	(13,436)	633,420	1,378,934
Share issue	102,614	–	–	102,614
Share issue costs	(674)	–	–	(674)
Total losses and comprehensive loss for the period	–	(4,982)	(215,603)	(220,585)
At 31 March 2022	**860,890**	**(18,418)**	**417,817**	**1,260,289**

The notes on pages 46 to 62 form an integral part of these Unaudited Condensed Interim Financial Statements.

Unaudited Condensed Statement of Cash Flows

For the 6 month period ended 31 March 2023

	Notes	Period from 1 October 2022 to 31 March 2023 (unaudited) £'000	Period from 1 October 2021 to 31 March 2022 (unaudited) £'000
Cash flows from operating activities			
Interest paid		–	(12)
Other cash flows from operating activities	12	(6,161)	(54,520)
Interest income		611	60
Purchase of investments	9	(24,889)	(42,817)
Sale of investments	9	15,054	75,668
Net cash outflow from operating activities		**(15,385)**	**(21,621)**
Cash flows from financing activities			
Issue of Ordinary Shares	10	–	59,999
Share issue costs	10	–	(674)
Repayment of loan payable		–	(15,000)
Net cash inflow from financing activities		**–**	**44,325**
Net increase in cash and cash equivalents		**(15,385)**	**22,704**
Cash and cash equivalents at beginning of period		58,712	49,794
Net gains on cash currency movements		(22)	5
Cash and cash equivalents at end of period		**43,305**	**72,503**
Cash and cash equivalents comprise of the following:			
– Cash at bank		43,305	72,503
		43,305	**72,503**

The notes on pages 46 to 62 form an integral part of these Unaudited Condensed Interim Financial Statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2023

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 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL.

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 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. The Unaudited Condensed Interim Financial Statements of the Company are presented for the 6 month period ended 31 March 2023. The Company invests in a diversified portfolio consisting primarily of equity and equity-related securities issued by unquoted companies.

The Company received discretionary portfolio management services directly from Jupiter Investment Management Limited ("JIML") during the 6 month period ended 31 March 2023. The administration of the Company is delegated to Maitland Administration (Guernsey) Limited ("MAGL") (the "Administrator").

2. Significant Accounting Policies

(a) Basis of Accounting

The Unaudited Condensed Interim Financial Statements have been prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and applicable Guernsey law. These Unaudited Condensed Interim Financial Statements do not comprise statutory Financial Statements within the meaning of the Companies (Guernsey) Law, 2008, they do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at 30 September 2022, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). The accounting policies adopted in these Unaudited Condensed Interim Financial Statements are consistent with those of the previous financial period and the corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

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 July 2022 is consistent with the requirements of IFRS, the Directors have sought to prepare the Unaudited Condensed Interim Financial Statements on a basis compliant with the recommendations of the SORP.

(b) Going Concern

The Directors have adopted the going concern basis in preparing the Unaudited Condensed Interim Financial Statements.

In assessing the going concern basis of accounting, the Directors have reviewed the guidance issued by the Financial Reporting Council and considered the Company's own financial position, market volatility, inflation, increases in interest rates, recent bank failures and other uncertainties impacting on the Company's investments, their financial position and liquidity requirements.

At period end, the Company has liquidity including a current cash position of £43,305,000, a net current asset position of £40,753,000 and liquid listed investments amounting to £11,970,000.

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 sources and uses of liquidity.

In accordance with the Company's Articles of Incorporation the Board are committed to propose an ordinary resolution that the Company continues its business as a closed-ended investment company at the first annual general meeting of the Company following the fifth anniversary of IPO (being 6 November 2023). The annual general meeting will be no later than April 2024.

As detailed in the Chairman's Statement, it is the Board's intention that a circular will be sent to shareholders in the first quarter of 2024 with a proposal for the ongoing management of the Company beyond April 2024. It is anticipated that shareholders will have an option at that AGM to determine if the Company should continue investing proceeds from realisations, and if so, how much and over what period of time, or whether shareholders would prefer to see a return of all investment proceeds (and therefore no reinvestment) over a managed exit programme.

As the continuation vote falls within 12 months of signing the Interim Report and Unaudited Condensed Interim Financial Statements the Board have considered the likely outcome of the vote, however it cannot be predicted with certainty. Consequently, a material uncertainty exists which may cast doubt over the Company's ability to continue as a going concern. Despite this, the Board consider that the Company has sufficient resources to continue operating for at least the next 12 months following the signing of the Interim Report and Unaudited Condensed Interim Financial Statements, and so the going concern basis of accounting has been adopted. It should be noted that as investments are included in these statements at fair value, the Board is of the view that there would be little or no change to the Net Asset Value of the Company if the going concern assumption was not adopted.

(c) 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 Unaudited Condensed Interim Financial Statements.

(d) 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 period. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,200.

3. Use of Estimates and Critical Judgements

The preparation of Unaudited Condensed Interim 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 Unaudited Condensed Interim Financial Statements and the reported amounts of income and expenses during the period. 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 period, except for the use of estimates in the valuation of the unquoted investments detailed in note 13.

4. New and Revised Standards

The following accounting standards and their amendments were in issue at the period end but will not be in effect until after this financial period end. The Directors have considered their impact and have concluded that they will not have a significant impact on the Unaudited Condensed Interim Financial Statements.

Amendments to following standards

- 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

5. Investment Management Fees

	1 October 2022 to 31 March 2023	1 October 2021 to 31 March 2022
	£'000	£'000
Investment management fee	1,995	3,304
Total investment management fees	**1,995**	**3,304**

The Company procures portfolio management services directly from JIML, under the Portfolio Management Agreement dated 1 July 2022. Until 30 June 2022, portfolio management services were sub delegated to JIML by Jupiter Unit Trust Managers Limited ("JUTM"), a member of the same group.

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 advisory 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 31 March 2023, amounts outstanding in respect of management fees were £nil (30 September 2022: £3,128,000) to JUTM and £1,984,000 (30 September 2022: £1,178,000) to JIML.

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, was recognised within gains on settlement of financial liability within the Statement of Comprehensive Income in the period ended 31 March 2022.

For the year ended 31 September 2023, a performance fee may be payable, 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 2022 and ending on 30 September 2023 (the "Calculation Period").

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); and

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

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2023

(continued)

5. Investment Management Fees (continued)

"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 JUTM 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 31 March 2023, the Company had not exceeded the High Water Mark and Performance Hurdle therefore an accrual of £nil (30 September 2022: £nil) for performance fees has been reflected within these Unaudited Condensed Interim Financial Statements.

6. Other Expenses

	1 October 2022 to 31 March 2023	1 October 2021 to 31 March 2022
	£'000	**£'000**
Directors' fees	234	164
Directors' expenses	14	3
Administration fee	105	141
AIFM fee	–	298
Auditor's remuneration for:		
– audit fees	73	64
– non-audit fees	21	23
Committee fees	78	–
Secretarial fees	23	19
Printing fees	15	11
Registrars' fees	17	21
Listing fees	20	22
FCA fees	20	10
Legal fee and professional fees:		
– ongoing operations	575	610
– purchases	100	204
Depositary fees	30	50
Directors' liability insurance	34	33
Sundry	75	53
	1,434	**1,726**

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2023
(continued)

7. Losses per Ordinary Share

	31 March 2023		31 March 2022	
	Net return £'000	Per share pence	Net return £'000	Per share pence
Revenue return	(3,275)	(0.55)	(4,982)	(0.87)
Capital return	(102,491)	(17.22)	(215,603)	(37.85)
At 31 March	**(105,766)**	**(17.77)**	**(220,585)**	**(38.72)**
Weighted average number of Ordinary Shares		595,150,414		569,677,684

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

8. Dividends

The Board has not declared an interim dividend (6 months ended 31 March 2022: £nil).

9. Investments Held at Fair Value through Profit or Loss

	31 March 2023	30 September 2022
	£'000	£'000
Opening book cost	731,095	758,013
Opening investment holding unrealised gains	91,268	702,185
Opening valuation	**822,363**	**1,460,198**
Movements in the period / year		
Purchases at cost	24,889	93,663
Sales – proceeds	(11,263)	(121,318)
Net losses on investments held at fair value through profit or loss	(102,926)	(610,180)
Closing valuation	**733,063**	**822,363**
Closing book cost	712,148	731,095
Closing investment holding unrealised gains	20,915	91,268
Closing valuation	**733,063**	**822,363**

	1 October 2022 to 31 March 2023	1 October 2021 to 30 September 2022	1 October 2021 to 31 March 2022
	£'000	£'000	£'000
Movement in unrealised gains during the period / year	50,062	130,434	105,232
Movement in unrealised losses during the period / year	(120,415)	(741,351)	(393,327)
Realised loss on sale of investments	(36,558)	(55,742)	–
Realised gain on sale of investments	3,985	56,479	54,580
Net losses on investments held at fair value through profit or loss	**(102,926)**	**(610,180)**	**(233,515)**

The Company holds all its investments at fair value through profit or loss. Investments held by the Company on 31 March 2023 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%
Sorted Holdings Limited	United Kingdom	Trading company	20–30%
Tactus Holdings Limited	United Kingdom	Trading company	20–30%

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2023

(continued)

10. Share Capital

	No of shares	£'000
Ordinary Shares at no par value		
Opening balance as at 1 October 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**
Opening balance as at 1 October 2022	595,150,414	860,890
At 31 March 2023	**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.

11. Net Asset Value per Ordinary Share

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

	31 March 2023		30 September 2022	
	NAV per share pence	NAV attributable £'000	NAV per share pence	NAV attributable £'000
Ordinary Shares: basic and diluted	130.02	773,816	147.79	879,582

The Net Asset Value per Ordinary Share is based on 595,150,414 (2022: 595,150,414) Ordinary Shares, being the number of Ordinary Shares in issue at the period end.

12. Other cash flows from operating activities

	31 March 2023	31 March 2022
	£'000	£'000
Total losses for the period	(105,766)	(220,585)
Net losses on investments held at fair value through profit or loss	102,926	233,515
Gain on settlement of financial liability	–	(17,907)
Interest income	(611)	(60)
Finance costs	–	12
Net losses / (gains) on currency movements	22	(5)
Movement in working capital		
(Increase) / decrease in other receivables	(51)	292
Decrease in payables	(2,681)	(49,782)
Other cash flows from operating activities	**(6,161)**	**(54,520)**

13. 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.

The Unaudited Condensed Interim Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's Audited Financial Statements as at 30 September 2022.

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.

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2023

(continued)

13. Financial Instruments and Capital Disclosures (continued)

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 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	11,970	–	–	11,970
Unquoted equity	–	–	721,093	721,093
	11,970	**–**	**721,093**	**733,063**

At 30 September 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	20,317	–	–	20,317
Unquoted equity / Convertible debt	–	–	802,046	802,046
	20,317	**–**	**802,046**	**822,363**

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 2023

Fair Value as at 31 March 2023 (£000s)	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
508,562	Market approach using comparable trading multiples	EV/LTM Revenue multiples EV/2022 Revenue multiples EV/2023E Revenue multiples	0.22x – 21.94x	25%	If multiples changed by +/- 25%, the value of the companies in this group would change by + £96,515,019 / - £95,126,596
194,821	Recent Transaction Price	N/A	N/A	N/A	N/A
16,321	Scenario Analysis	Probability	17-100%	25%	If probability changed by +/- 25%, the value of the companies in this group would change by - £16,321,205 / + £19,126,412
1,325	Expected Proceeds	N/A	N/A	N/A	N/A
63	Wind Down	N/A	N/A	N/A	N/A

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2023

(continued)

13. 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 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

The Company has an established control framework with respect to the measurement of fair values. The Company's Investment Adviser provides discretionary portfolio management services, while the Company assumes direct responsibility for the valuation process.

The Company's 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:

	March 2023	September 2022	March 2023	September 2022
	Level 1 £'000	Level 1 £'000	Level 3 £'000	Level 3 £'000
Opening balance	20,317	236,756	802,046	1,223,442
Transferred to Level 1	–	(4,961)	–	4,961
Purchases at cost	–	15,219	24,889	78,444
Sales at cost	(5,894)	(49,478)	(5,369)	(71,840)
Total gains / (losses) included in net gains on investments in the Statement of Comprehensive Income				
– on assets sold	3,985	(42,763)	(36,558)	43,500
– on assets held at period/year end	(6,438)	(134,456)	(63,915)	(476,461)
	11,970	**20,317**	**721,093**	**802,046**

The change in unrealised gains or losses (net gain) for the period included in the Unaudited Condensed Statement of Comprehensive Income relating to those Level 3 assets held at the reporting date amounted to £105,692,000 (30 September 2022: £427,998,000).

Investments are transferred between levels at the point of the trigger event. There were no transfers between the levels of the fair value hierarchy during the period ended 31 March 2023.

There have been no significant changes in the management of risk or in any risk management policies since the last Statement of Financial Position date.

14. Related parties and other significant transactions

JIML provides portfolio management services to the Company.

	1 October 2022 to 31 March 2023	1 October 2021 to 30 September 2022	1 October 2021 to 31 March 2022
	£'000	£'000	£'000
Management fee charged by JUTM:			
Total management fee charged	–	4,915	3,304
Management fee outstanding	–	3,128	5,085
AIFM fee charged by JUTM:			
Total AIFM fee charged	–	433	298
AIFM fee outstanding	–	287	506
Management fee charged by JIML:			
Total management fee charged	1,995	1,178	–
Management fee outstanding	1,984	1,178	–
Directors' fees			
Total Directors' fees charged	234	345	164
Directors' fees outstanding	–	18	–

As at 31 March 2023 the following Directors had holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares issue as at 31 March 2023
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)	11,530	0.0019

As at 30 September 2022 the following Directors had holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares 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

On 8 March 2023, the Company purchased shares in Starling Bank Limited for a total value of £20 million. The shares were purchased from funds managed by Jupiter.

The following funds, which are also managed by Jupiter, hold an investment in the Company.

	Total holdings at 30 September 2022	Shares purchased during the year	Shares sold during the year	Total holdings at 31 March 2023	Value of holdings at 31 March 2023
					£'000
Fund name					
Jupiter UK Smaller Companies Focus Fund	4,390,111	–	(612,578)	3,777,533	2,217
Jupiter UK Specialist Equity Fund	4,166,225	–	(687,747)	3,478,478	2,042
Jupiter UK Mid-Cap Fund	84,063,528	–	(6,946,776)	77,116,752	45,268
Jupiter UK Smaller Companies Fund	15,958,557	–	(265,476)	15,693,081	9,212
Jupiter Merlin Real Return Portfolio	1,259,639	–	(1,259,639)	–	-
Jupiter Fund of Investment Trusts	2,000,000	–	–	2,000,000	1,174
Jupiter UK Smaller Companies Equity Fund	2,250,000	–	–	2,250,000	1,321
Total	**114,088,060**	**–**	**(9,772,216)**	**104,315,844**	**61,234**

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2023

(continued)

14. Related parties and other significant transactions (continued)

	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
Fund name					
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**

15. Post Balance Sheet Events

On 20 April 2023, the Company entered into a convertible loan agreement with Sorted Holdings Limited for a consideration of £315,750.

On 21 April 2023, the Company invested a further £12.5 million into Smart Pension as a part of the Series E funding round led by Aquiline Capital Partners.

During May 2023, the Company purchased three UK treasury bills maturing on 26 June 2023, 24 July 2023, and 14 August 2023 respectively for a consideration of £19,829,391.

During June 2023, the Company sold shares in Wise for a total consideration of £3,108,559, averaging 620p per share.

There has not been any other matter or circumstance occurring subsequent to the end of the interim financial period 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 future financial period.

Corporate Information

Directors

Andrew Haining, Chairman
Anne Ewing
Simon Holden
Stephen Coe (Senior Independent Director)
Tim Cruttenden
Margaret O'Connor

Registered office

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Investment Adviser

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Financial Adviser and Corporate Broker

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London, EC2Y 9LY

Numis Securities Limited
45 Gresham Street
London, EC2V 7BF

Administrator and Company Secretary

Maitland Administration (Guernsey) Limited,
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St Peter Port
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Registrar

Computershare Investor Services (Guernsey) Limited
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English Legal Adviser to the Company

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Guernsey Legal Adviser to the Company

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Independent Auditor

KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
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Guernsey, GY1 1WR

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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