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12 July 2024

**Chrysalis Investments Limited ("Chrysalis" or the "Company")**

**Disposal and Liquidity Update**

**Graphcore**

The Company can confirm that the "likely disposal" announced on 5 December 2023 relates to Graphcore, which has today announced its acquisition by SoftBank Group Corp ("SoftBank").

Chrysalis expects to receive cash proceeds of approximately \$56.0 million (gross of modest deferred payments, typical of this type of transaction; initial consideration is expected to be \$54.8 million); the Company's position in the capital structure of this investment led to a significantly better outcome than otherwise might have been the case.

The expected pounds sterling proceeds of £43.8 million (assuming the gross proceeds are applied for valuation purposes) represent a 25% premium (equating to circa 1.46 pence per share) to the Company's current carrying value of Graphcore of £35.1 million, as of 31 March 2024.

The Investment Adviser has been clear that this was one of the riskier positions in the portfolio: one that offered a play on the rise of the, at the time, nascent AI market, but where the downside protection of the Company's position in the capital structure offered a way of defraying that risk.

**Liquidity**

As of 10 July 2024, the Company had total liquidity of approximately £13.8 million (comprised of approximately £11.6 million of cash and a position in Wise worth approximately £2.2 million). The decrease in liquidity from March 2024 mainly reflects further investment made into wefox totalling approximately €10.5 million, as well as the decrease in the share price of Wise, following the release of its preliminary results to March 2024.

Following the sale of Graphcore, and net of a further expected investment into wefox, the Company expects to have total liquidity of approximately £50 million. As such, the "cash reserve" detailed under the Company's Capital Allocation Policy ("CAP") will have been met.

***Nick Williamson and Richard Watts (Managing Partners of the Investment Adviser) comment:***

*"With the sale of Graphcore, the Company will have met the cash reserve required to fulfil the first part of the CAP; any further realisations should trigger the second part of the CAP, namely the return of £100 million to shareholders.*

*As mentioned in the interim report, the Company continues to be involved in other processes, at different stages of maturity and certainty, that could lead to further cash realisations and we are still exploring the merits of combining these with a debt facility.*

*While the Graphcore investment thesis did not play out as originally envisaged, the knowledge the company built in this space was valuable and this has been recognised by SoftBank. As such, we congratulate Nigel Toon and his team on effecting this exit and wish them well for the future."*

-ENDS-

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A copy of this announcement will be available on the Company's website at <https://www.chrysalisinvestments.co.uk>

The information contained in this announcement regarding the Company's investments has been provided by the relevant underlying portfolio company and has not been independently verified by the Company. The information contained herein is unaudited.

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The Company is an alternative investment fund ("AIF") for the purposes of the AIFM Directive and as such is required to have an investment manager who is duly authorised to undertake the role of an alternative investment fund manager ("AIFM"). The AIFM appointed is G10 Capital Limited (part of the IQEQ Group).

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