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25 September 2024

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

Debt Facility

Debt Facility

Subsequent to recent indications that it was considering options to enhance liquidity and so enable the Company's capital allocation policy ("CAP") to take effect at the earliest opportunity, including potential short-term gearing, the Company is pleased to announce that it has agreed a £70 million debt facility with Barclays Bank plc ("Barclays"). In addition to the committed £70 million, the facility also includes an uncommitted accordion of £15 million.

The Company will shortly inform Barclays of its intention to draw down the full £70 million commitment.

The agreement has a two-year tenor, which the Investment Adviser believes provides sufficient time for potential further realisations to occur, while falling within the three-year continuation period extension, which was approved by shareholders in March 2024. A market-rate margin plus the daily SONIA rate will be charged on borrowed amounts, with an arrangement fee also payable on the full commitment. The facility is repayable with no cost after one year.

The quantum of the facility is designed to cover the "buffer" element of the CAP (the "Buffer"), which the Board and Investment Adviser currently believe is appropriately set at approximately £50 million. The Buffer is designed to cover working capital and potential follow-on investments.

When the Buffer requirement is fulfilled by the facility, the Board will be in a position to consider the second pillar of the CAP, namely the return of up to £100 million to shareholders, likely through the commencement of share buybacks. The timing of any returns of capital will be dependent on receipt of funds from Barclays, amongst other relevant considerations, and a further announcement on this will be made in due course.

Given the above, both the Board and the Investment Adviser consider the benefits of the facility will outweigh the costs to the Company.

The maximum level of gearing in the Company, as measured against NAV and assuming the facility is fully drawn, is modest at approximately 8.1%, based on NAV as of 30 June 2024.

Liquidity

The Company's liquidity position as of 23 September 2024 was £47.2m, comprising cash of £45.3 million and a position in Wise worth £1.9 million. Once the £70 million drawdown on the facility is received, liquidity would increase to approximately £117.2 million, representing approximately 23% of its market capitalisation (as of 23 September 2024).

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

"As we have articulated to shareholders in recent months, we believe the addition of a modest amount of debt will allow the Company to accelerate returns to shareholders as realisations occur within the portfolio. With the shares currently trading on a circa 41% discount to NAV and with a strong portfolio, we believe share buybacks could offer a compelling way to accrete NAV per share to the benefit of long-term shareholders.

We continue to work to maximise the valuations of the portfolio companies and to explore ways to realise this value."

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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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