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19 December 2024

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

Disposal and Portfolio Update

Featurespace

Further to the announcement made on 26 September 2024, the Company can confirm that the transaction to sell its entire holding in Featurespace to Visa has now completed and all closing conditions have been satisfied.

Chrysalis will shortly receive initial cash proceeds from the sale of approximately £79 million. Further proceeds, amounting to approximately £11 million have been deferred in escrow, as is typical of this type of transaction. The total consideration paid by Visa for Featurespace remains confidential.

As noted in the announcement of 26 September 2024, the Company's total investment in Featurespace was £29.5 million; as such, the proceeds received at completion represent a money multiple return of 2.7 times, and if the amount held in escrow is paid in full, this will increase to 3.0 times.

Featurespace will become part of Visa's Risk and Identity Solutions business, which will enhance the provision of fraud protection services to Visa's customers and consumers.

Liquidity and buyback

As of 18 December 2024, the Company had liquidity of approximately £70 million (which includes the drawdown of the £70 million loan facility from Barclays Bank plc, as well as certain post year-end follow-on investments), comprising a position in Wise of approximately £3 million, with cash and equivalents making up the balance. Receipt of initial proceeds from Featurespace will see this rise to approximately £149 million.

The Company has been undertaking a share buyback - with an initial target of £40 million - funded by the proceeds from the sale of Graphcore earlier in the year. As of 18 December 2024, approximately 25 million shares had been bought back into Treasury at a cost of approximately £23 million, implying £17 million of this initial tranche remains.

With the initial proceeds from Featurespace now received, and given that sufficient capital is now in place to fund it, the Company intends to continue its capital return programme up to £100 million, as soon as reasonably practicable (at this moment, the Company is currently in "closed period" for its Annual Report & Accounts and is unable to vary instructions to its brokers regarding buy-back quantum, beyond the £40 million currently authorised). An increase in the capital return to up to £100 million is as set out in the second element of the Company's Capital Allocation Policy ("CAP"), which formed part of the continuation vote approved on 15 March 2024.

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

"Over the last sixteen years, Featurespace has built a suite of machine and deep-learning products to combat payments fraud and other financial crimes. From small beginnings, the company now protects 500 million consumers and 100,000 businesses globally and processes over 100 billion transactions per annum. This success is testament to Featurespace's relentless innovation, ably guided by Martina King (CEO) and David Excell (Founder).

This exit, at up to 3x invested capital, represents a strong return for our shareholders, and we wish the whole Featurespace team well as they start a new leg of their journey as part of Visa.

Following the receipt of proceeds, we are delighted that the second element of the CAP is now fully funded, and that the Company will be able to continue to return capital to shareholders in advance of what we anticipate to be a successful Klarna IPO in the not-too-distant 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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