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6 July 2021

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

Portfolio Update

The Company is pleased to announce an investment of \$67 million in the US based, cybersecurity company Deep Instinct Limited. This investment represents a second close to Deep Instinct's recently announced Series D funding round of \$100 million which was led by Blackrock, with participation from Untitled Investments, The Tudor Group, Millennium, Unbound and Coatue Management.

The investment consists of both an issuance of new equity from Deep Instinct and an acquisition of shares from existing shareholders. The additional investment of new equity means that Deep Instinct has raised approximately \$240m to date and will enable it to significantly expand its go-to-market capabilities, while at the same time increasing its best-in-class deep learning research and product development groups.

Richard Watts (co-portfolio manager) comments:

"We have spent considerable time analysing the cybersecurity landscape and believe that Deep Instinct has developed best-in-class technologies. Deep Instinct's cybersecurity platform utilises end-to-end deep learning to specialise in threat prevention, making it the most efficient and effective cybersecurity framework in the market. This technology, focused on prediction and prevention, is likely to be hugely disruptive, given its advantages over more prevalent Endpoint Detection and Response (EDR) solutions.

"With cyberattacks continuing to be a significant risk for enterprises, including the recent spate of ransomware, we believe Deep Instinct's technology could prove to be game changing in the industry. We are delighted to be making this investment and look forward to working with Guy Caspi (CEO) and the management team as they execute their aggressive growth plans for 2021 and beyond."

Portfolio Statement (including cash position)

Following significant portfolio activity over recent weeks, the Investment Advisor would like to update investors as to the structure of the investment portfolio. As of 6 July 2021, the portfolio composition was as follows:

Portfolio Company	% of investment portfolio
Klarna	27%
Starling Bank	11%
wefox	8%
THG	8%
Wise	8%
Smart Pensions	6%
Embark	5%
Graphcore	5%

Deep Instinct	4%
You & Mr Jones	4%
Featurespace	3%
Secret Escapes	2%
Sorted	1%
Growth Street	0%
Cash	8%

Source: Jupiter Asset Management. Holdings sizes as of 6th July, are calculated using 31 March 2021 valuations, adjusted for FX as of 5 July 2021 and capturing transactions concluded post the NAV calculation period (at cost), and thus the cash as of 5 July 2021. The holding value of THG is based on the closing share price of 623.5p, as at the March period end. The holding value of Klarna reflects the recently announced funding round which values the business at a valuation of \$46 billion. Due to rounding, the figures may not add up to 100%.

Nick Williamson (co-portfolio manager) comments:

“Chrysalis has now completed two new transactions since its own recent fund raise, as well as two substantial follow-ons in wefox and Starling Bank, thus demonstrating the team’s ability to access strong deal flow and deploy capital in a timely manner.

Our investment pipeline remains strong, and we continue to source a wide variety of interesting investment opportunities across a range of geographies and themes.

The liquidity position of the Company remains robust. We note the Intention to Float issued by Wise. We believe it is extremely exciting for the UK market that Wise has chosen to list here; a successful listing would further bolster the Company’s liquidity by adding another listed asset to the portfolio.”

About Deep Instinct

Deep Instinct is the first company applying end-to-end deep learning to cybersecurity. Deep learning is inspired by the brain’s ability to learn. Once a brain learns to identify an object, its identification becomes second nature. Similarly, as Deep Instinct’s artificial deep neural network brain learns to prevent any type of cyber threat, its prediction capabilities become instinctive. Its zero-time cybersecurity solution stands on top of the only deep learning framework purpose-built for cybersecurity, allowing Deep Instinct to process file-based threats faster than other endpoint solutions. More specifically, its unmatched deep learning approach offers:

Accuracy – Deep Instinct reduces false positives to 0.1% or less, compared to an industry average of 26%. A June 2021 survey revealed that 62% of SecOps professionals feel that threats in their company could get missed due to the overwhelming volume of false positives, while 86% believe the tools driven by data science (AI/Machine Learning/Deep Learning) will make a significant impact in preventing unknown threats and reducing false positives*.

In addition, as the model is trained to look and detect like a human, it prevents >99% unknown threats, such as first-seen malware, zero-days, ransomware, and APT (advanced persistent threat), as well as known threats. To the best of the company’s knowledge, no Deep Instinct customer has suffered a successful ransomware attack since the start of the pandemic.

Speed – the low (<1% CPU) computational impact of the technology makes it the most efficient and effective cybersecurity solution in the market, with a sub 20 millisecond response time. Platform-

agnostic, Deep Instinct can be quickly deployed across an organisation to deliver multi-layered protection with negligible latency.

Model longevity – unlike many other providers that need to update their platform monthly, Deep Instinct’s “brain” requires only 1-2 updates per year, and remains highly effective after many months, ensuring offline scanning remains effective.

Impact – A study by leading analyst, Forrester Consulting, showed an ROI of 446% over a 3 year period, with payback to the business visible in less than 3 months.

Deep Instinct prides itself on being able to predict and prevent threats, rather than an EDR solution that is more focused on response, which in many cases is too little too late. Deep Instinct prevents malicious files from ever entering an enterprise, thus substantially reducing the time and cost required to track, trace, and rectify any infections.

The company’s confidence in its technology is reflected in its provision of both the industry’s first false positive warranty, and the industry’s largest ransomware warranty, backed by Munich Re Group.

* “Voice of SecOps Report 2021”, by Hayhurst Consulting, commissioned by Deep Instinct, June 2021

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A copy of this announcement will be available on the Company's website at

<https://www.chrysalisinvestments.co.uk/>

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