

SUPERSEED CAPITAL LIMITED
(the “Company”)

Q3 2023 AND NINE MONTHS ENDING 30 SEPTEMBER 2023 RESULTS

*Two successful exits in Q3 2023 delivered distributions of £486,301 – 23% of the fair value of investments.
These two exits delivered a combined IRR exceeding 78%.*

SuperSeed Capital Limited, a company established as a venture capital fund of funds for early-stage AI/SaaS companies, announces results for Q3 and the nine months ending 30 September 2023. The Company invests in technology-led innovation, primarily through funds managed by SuperSeed Ventures LLP (the “Investment Manager”). The Company’s principal investment to date is in SuperSeed II LP (the “Fund”).

Financial Highlights for Q3 2023:

- NAV per share is flat in Q3. YTD it has grown by 15% YTD to reach £1.12p.
- IRR on portfolio investments since IPO is at 30%.
- The Company received net cash of £435,238 from investments in Q3.

Portfolio and Investment Highlights:

- The Fund successfully sold its positions in Techsembly and Garvis, with both transactions closing in Q3. This led to distributions to the Company of £486,301 and combined IRR on the two investments exceeding 78%. The Company will utilise the majority of these proceeds to make a prepayment to the Fund in respect of future capital commitments, in order to benefit from a better rate of return on cash in the Fund than can be obtained by the Company.
- Portfolio SAAS revenue growth continued in Q3 2023, although at a slower pace than earlier in the year with revenue across the portfolio of the Fund up by 9% over the previous quarter. This was below expectations, and we expect quarter-on-quarter portfolio revenue growth to increase back above 20% for Q4.
- One new AI/SaaS companies added to the portfolio – Verisian, a next-generation data analysis platform for clinical drug data. One further investment was also agreed in Q3 and is expected to close in Q4.

Outlook for Q4 2023:

- Continued strong investment activity, with the Fund expecting to make between two and four further investments in the AI/SaaS space in Q4 2023.

Mads Jensen, Managing Partner of the Investment Manager, commented:

"The Fund's underlying portfolio has continued to perform strongly and is well-positioned for further growth in the remainder of 2023. Due to the high quality of our portfolio we continue to have strong M&A interest, recently evidenced by the exit of Techsembly and Garvis less than a year from our investment."

For more information, please contact:

SuperSeed Capital Limited

+44(0) 203 405 3060

Mads Jensen, Investment Manager

VSA Capital – AQSE Corporate Adviser and Broker

+44(0) 203 005 5000

Corporate Finance: Simon Barton / Alex Cabral

About SuperSeed Capital Limited

SuperSeed exists to back Europe's best B2B SaaS founders at the earliest stages, and to help them build great companies. In the short term, our portfolio companies enable their customers to drive revenue growth and efficiency savings using next-generation software and AI. In the long-term, they have an opportunity to create category defining global technology companies. SuperSeed focuses on the fundamentals by helping founders build good companies with strong unit economics and sensible distribution models.

Forward-looking statements

This announcement contains statements that are or may be forward-looking statements. All statements other than statements of historical facts included in this announcement may be forward-looking statements, including statements that relate to the Company's future prospects, developments and strategies. The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "targets", "expects", "aim", "anticipate", "projects", "would", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements in this announcement are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results to differ materially from those expressed or implied by such forward looking statements include, but are not limited to, those described in the Risk Management Framework section of the Company's most recent Annual Report. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Group and the environment in which it is and will operate in the future. All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. Each forward-looking statement speaks only as at the date of this announcement. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Investment Manager's Review

Q3 Investor Update:

Following a solid start to 2023, Q3 saw stock markets take a pause. S&P500 topped on July 31st, and the bellwether index has had a bumpy ride over the third quarter. After hitting a peak, it fell about 10% until it started rallying again at the end of October, bringing the index to within a few percentage points of the 2023 high on November 17th.

The US Fed Funds rate has been flat since the middle of July, as central bankers wait for the economy to digest rate rises. While everyone has been awaiting the upcoming US recession over the summer, signs are now that this recession might be averted. A consensus is starting to form that the Fed might just manage to hit the narrow landing strip between recession and renewed inflation. The S&P500 has responded with a 10% bump since the end of October.

The context is that the US economy has responded defiantly to calls for recession, clocking up an impressive 4.9% annualised growth in Q3. At the same time, US inflation is now down to 3.2%, down from a high of 9.1% in June of 2022. US real estate debt still looks a bit scary (especially on the commercial side), but there is a distinct possibility that the economy could avert recession and enjoy a soft landing. So far, so good.

At the same time, there is still plenty of geopolitical tension. Biden generally had a positive summit with Xi Jinping (perhaps marred by that last-minute "dictator" gaffe). But the US is still working to decouple from China, and we've seen massive US investments in manufacturing capacity for semiconductors, electric vehicles and batteries. On top

of that, the war in Ukraine remains unresolved. And as we entered Q4, Hamas' dreadful October 7th attacks on Israel have re-ignited a new vector for geopolitical instability.

There is still plenty of uncertainty to go around.

Advances in AI:

Geopolitics aside, the AI revolution keeps accelerating. The speed of improvement has been phenomenal, as has the impact we've already seen across numerous sectors. At this point, there is no doubt that we have a transformative new foundational technology on our hands. The only questions now are how best to apply this for good, while managing the potential bad. HM Government has tried to be on the front foot with the recent AI Summit. We still have some doubts as to whether the UK (or the US) government will be able to effectively regulate AI without taking a sledgehammer to innovation. Like everyone else, we are watching the rapidly developing situation closely.

SuperSeed progress in Q3

New Investments:

Verisian - SaaS / Data and Analytics for Drug Testing and approval

Developing and getting new drugs to market is a complicated process. The clinical trial phase itself can take years. And once results have been submitted for approval, it can take a further 6-10 months before the FDA gives the green light.

Due to the complexity of medical test data, pharma companies spend a lot of resources creating the statistical analysis that underpins the submission to the FDA. The analysis process is so complicated that it can delay the FDA submission by six months - even after all the clinical trials have been completed. And it doesn't help that the majority of this work is done with SAS - a statistics software package originating in the 1970s.

The business context is that the patent clock is ticking on new drugs while the statisticians perform their analysis and create their reports. Losing six months of a patent for a blockbuster drug can mean a loss of billions of dollars in revenue.

Verisian founders Tomas Sabat and Henning Kuich know this problem first-hand. Henning was previously a computational scientist at pharma giant Bayer, where he saw directly how inefficient the drug data analysis process is. And Thomas is a world leader in next-generation databases who was previously in the founding team at database company TypeDB.

Tomas and Henning have launched Verisian to create the next-generation data analysis platform for clinical drug data. We are excited for the impact they can have in helping pharma companies get life-saving drugs to market faster.

Exits:

In Q2, SuperSeed had an opportunity to conclude the sale of two of our positions by exiting Techsembly and Garvis.

Both companies had delivered solid commercial results over the past year, and this led to M&A interest from US corporate buyers. Following in-depth analysis and discussions at the board level, a decision was made to sell in both instances, allowing SuperSeed II to book a significant profit despite a short holding period.

We typically look to hold for 5-7 years when we invest. While these exits were slightly different to the default holding period, they are testaments to the quality of the companies in the portfolio. We wish both sets of founders the best possible success in the years ahead.

Portfolio revenue:

Portfolio revenue growth slowed in Q3. Annually recurring revenue was up 9% on the previous quarter (41% on an annualised basis), somewhat lower than the 20-odd per cent we had expected.

Some of this was down to macroeconomic factors and general market slowdown. However, the issues were also partly executional in nature, with deals slipping into Q4. As such, we expect a bounce-back in Q4, with revenue growth back in the 20-odd percentage range.

Outlook for the rest of 2023:

With a Q3 skewed towards exits (two companies sold and one new investment made), we have a brimming investment pipeline for Q4. We expect to make 2-4 new investments before the end of the year.

On a more general note, we keep being amazed by the incredible work done by our portfolio teams and the new founders we meet. AI is bringing so much opportunity to our industry. It is a great time to be investing in technology.

Change of Auditor

The Company further announces that following a formal tender process led by the Investment Manager, the Board has approved the appointment of PKF Littlejohn LLP (“PKF”) as the Company’s auditor for the financial year ending 31 December 2023 and thereafter.

Grant Thornton Limited (“Grant Thornton”) has ceased to be the Company’s auditor for the reason that the Board had decided, in conjunction with the Investment Manager to engage with PKF, who can complete audit processes for both the Company and the Fund, to avoid unnecessary duplication of audit works.

Grant Thornton was terminated as auditor with effect from 10 October 2023 and has confirmed to the Company that there are no matters connected with its ceasing to hold office that need to be brought to the attention of the members or creditors of the Company.

The Board would like to thank Grant Thornton for its professional and diligent service to the Company as auditor since the Company’s inception.

SuperSeed Capital Limited
Condensed Statement of Comprehensive Income
for the period 1 January 2023 to 30 September 2023

	1 July 2023 to 30 September 2023 £	1 April 2023 to 30 June 2023 £	1 January 2023 to 30 September 2023 £	1 January 2022 to 30 September 2022 £
Income				
Investment income	-	696	1,024	204
Realised gain on investments held at fair value through profit or loss	188,903	-	221,955	-
Unrealised gain/(loss) on investments held at fair value through profit or loss	(161,071)	201,489	220,973	180,401
Other income	1,692	1	1,694	2,206
Total income	29,524	202,186	445,646	182,811
Expenses				
Establishment costs	-	-	-	153,028
Administration fees	7,613	7,613	22,837	19,932
Audit fees	5,798	5,734	17,203	15,707
Directors' fees	4,500	4,500	13,500	13,500
Legal & professional fees	11,724	16,142	40,049	28,333
Loan interest	-	-	134	-
Regulatory fees	3,322	3,836	12,509	10,599
Sundry expenses	279	295	1,277	1,151
Total expenses	33,236	38,120	107,509	242,250
Total gain/(loss) and comprehensive income for the period	(3,712)	164,066	338,137	(59,439)
Basic earnings per share	(0.0016)	0.0692	0.1440	(0.0330)
Diluted earnings per share	(0.0015)	0.0628	0.1381	(0.0330)
Operating profit/(loss) excluding establishment costs for the period	(3,712)	164,066	338,137	93,589
Basic operating profit excl. establishment costs per share	(0.0016)	0.0692	0.1440	0.0520
Diluted operating profit excl. establishment costs per share	(0.0015)	0.0628	0.1381	0.0520

All the above items are derived from continuing operations.

SuperSeed Capital Limited
Condensed Statement of Financial Position
as at 30 September 2023

	30 September 2023	30 June 2023	31 December 2022
	£	£	£
Non-current assets			
Investments	2,144,932	2,542,337	1,799,616
Total non-current assets	2,144,932	2,542,337	1,799,616
Current assets			
Trade and other receivables	92,363	104,685	11,025
Cash and cash equivalents	432,261	20,546	235,089
Total current assets	524,624	125,231	246,114
Total assets	2,669,556	2,667,568	2,045,730
Current liabilities			
Trade and other payables	17,691	11,991	21,745
Total current liabilities	17,691	11,991	21,745
Total liabilities	17,691	11,991	21,745
Net assets	2,651,865	2,655,577	2,023,985
Equity			
Share capital	2,369,743	2,369,743	2,080,000
Retained earnings	282,122	285,834	(56,015)
Total equity	2,651,865	2,655,577	2,023,985
Net asset value per ordinary share	1.1191	1.1206	0.9731

SuperSeed Capital Limited
Condensed Statement of Changes in Equity
for the period 1 January 2023 to 30 September 2023

	Share Capital	Retained Earnings	Total
	£	£	£
Ordinary Shares issued on incorporation	1	-	1
Issue of Ordinary Shares	1,999,999	-	1,999,999
Total comprehensive loss for the period	-	(102,481)	(102,481)
Balance as at 30 September 2022	2,000,000	(102,481)	1,897,519
	Share Capital	Retained Earnings	Total
	£	£	£
Balance as at 1 January 2023	2,080,000	(56,015)	2,023,985
Issue of Ordinary Shares	289,743	-	289,743
Total comprehensive profit for the period	-	338,137	338,137
Balance as at 30 September 2023	2,369,743	282,122	2,651,865

SuperSeed Capital Limited
Condensed Statement of Cash Flows
for the period 1 January 2023 to 30 September 2023

	1 July 2023 to 30 September 2023 £	1 January 2023 to 30 September 2023 £	1 January 2022 to 30 September 2022 £
Cash flows used in operating activities			
Net cash flow used in operating activities	(23,523)	(110,274)	(272,130)
Cash flows used in investing activities			
Net cash flow used in investing activities	435,238	307,580	(1,399,042)
Cash flows from financing activities			
Net cash flow from financing activities	-	(134)	2,000,000
Net movement in cash and cash equivalents during the period	411,715	197,172	328,828
Cash and cash equivalents at the beginning of the period	20,546	235,089	-
Cash and cash equivalents at the end of the period	432,261	432,261	328,828

SuperSeed Capital Limited
Investment Analysis
for the period 1 January 2023 to 30 September 2023

	30 September 2023	31 December 2022
	£	£
Cost	1,663,379	1,539,035
Cumulative movement in value	481,554	260,581
Fair value	<u>2,144,932</u>	<u>1,799,616</u>

Investment fair value can be further analysed as follows:

	1 July 2023 to 30 September 2023	1 January 2023 to 30 September 2023	6 October 2021 to 31 December 2022
	£	£	£
Cost			
Cost at beginning of the period	1,899,714	1,539,035	-
Cost of investment - settled	61,063	727,643	1,539,035
Cost of investment - sold	(297,398)	(603,298)	-
Total cost of investment	<u>1,663,380</u>	<u>1,663,379</u>	<u>1,539,035</u>
Fair value movement			
Fair value adjustment at beginning of the period	642,624	260,581	-
Revaluation of underlying investments	(161,071)	220,973	260,581
	<u>481,553</u>	<u>481,554</u>	<u>260,581</u>
Fair value of investments	<u>2,144,932</u>	<u>2,144,932</u>	<u>1,799,616</u>