

SUPERSEED CAPITAL LIMITED
(the “Company”)

INTERIM RESULTS FOR Q2 AND THE HALF-YEAR ENDING 30 JUNE 2024

SuperSeed Capital Limited, a company established as a venture capital fund of funds for early-stage AI/SaaS companies, announces results for Q2 2024 and the six-months ending 30 June 2024. 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 Q1 2024:

- NAV per share has held steady, with only a minor decrease of 2p during the quarter, now at £1.14 per share on a fully diluted basis, representing an overall increase of 3p in H1 2024.

Fund Portfolio and Investment Highlights:

- Fund Portfolio SAAS revenue growth continued in Q2 2024, growing at ~58% on an annualised basis.
- One new AI/SaaS company was added to the Fund portfolio in Q2 2024 (Tector).

Outlook for Q3 2024:

- Continued strong investment activity, with the Fund expecting to make one to three investments in the AI/SaaS space on a quarterly basis in 2024.

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

"The Fund has had a steady Q2 2024, landing a new investment in Tector and with solid progress across the wider portfolio. The investment climate continues to be positive for early stage B2B AI/SaaS companies."

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

A busy summer

It's been a super hectic July. Both on the political and the investing front. We are sometimes given flak for putting too much focus on the US, but – as the US goes, so goes the world. Especially in technology (which we will aim to rectify in the long term, but for now, we need to cover what matters).

A new face-off in the US election

At the start of the year, I wrote that it was likely that Trump would win the 2024 election. Trump was ahead in the swing states, and Biden had weak approval ratings. The biggest threat to Trump seemed not Biden, but the US courts. The US Supreme Court essentially refused to interfere in the election, and so by June, Trump was all but assured to win. The smart money started lining up behind Trump (including many people who previously denounced him).

Then came the June 27th debate between Biden and Trump, and it became clear to everyone that Biden would not be able to win anything (let alone govern for another four years). What followed was several weeks of painful soul-searching for the Democrats. By July 21st, Biden announced that he was stepping back from the race, endorsing Vice President Kamala Harris to be the new candidate in his place.

Some people on the Democratic side had hoped for a new primary to help the party find the strongest candidate. Some folks thought Ms Harris would be a weak candidate in her own right. Others pointed out that Democrats always lose after a "coronation" (Gore in 2000, Clinton in 2016).

But then the pundits got surprised again. Kamala Harris has raised \$200m in a week to fuel her campaign. Importantly, the Democratic ticket bounced back to the point where it is now neck-and-neck with Trump in the swing states.

At this point, Prediction markets give Kamala Harris a small edge. But the campaign is far from over yet, and we look forward to their first presidential debate in September.

US Economy - Still Powering Ahead?

US GDP grew 2.8% in Q2, well above market expectations.

At the same time, inflation continued to gradually ease, with core inflation numbers now down to 3.4% (3% for headline inflation). Markets now expect two-three rate cuts before the end of 2024. At the same time, it looks like US consumer spending is starting to slow down.

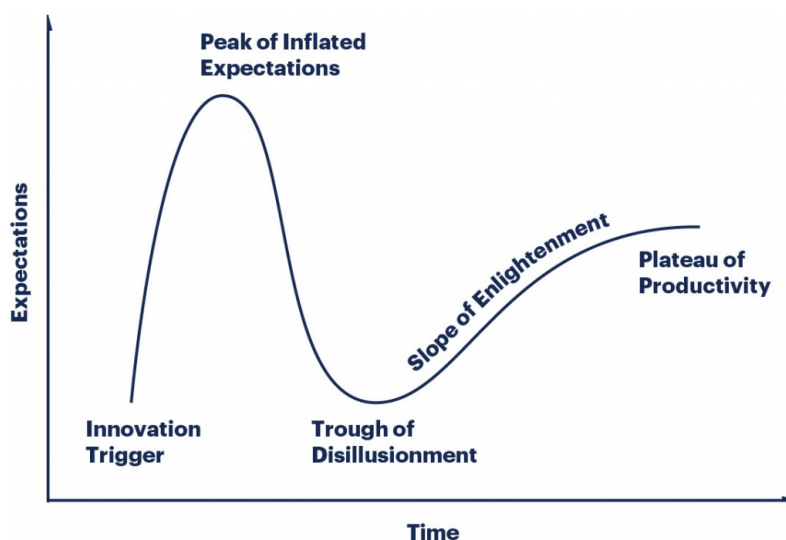
Many US corporates had relatively weak earnings announcements in July, and the outlook for H2 is that growth may have peaked. If growth slows just slightly and it enables the US to firmly get inflation under control, that's not a bad thing. This should pave the way for more interest rate cuts, and then we can start a new cycle without first going through a painful recession.

Then again, markets currently put 35% odds on a US recession before the end of 2024, so we are not out of the woods yet.

US Stock Markets Take a Breather

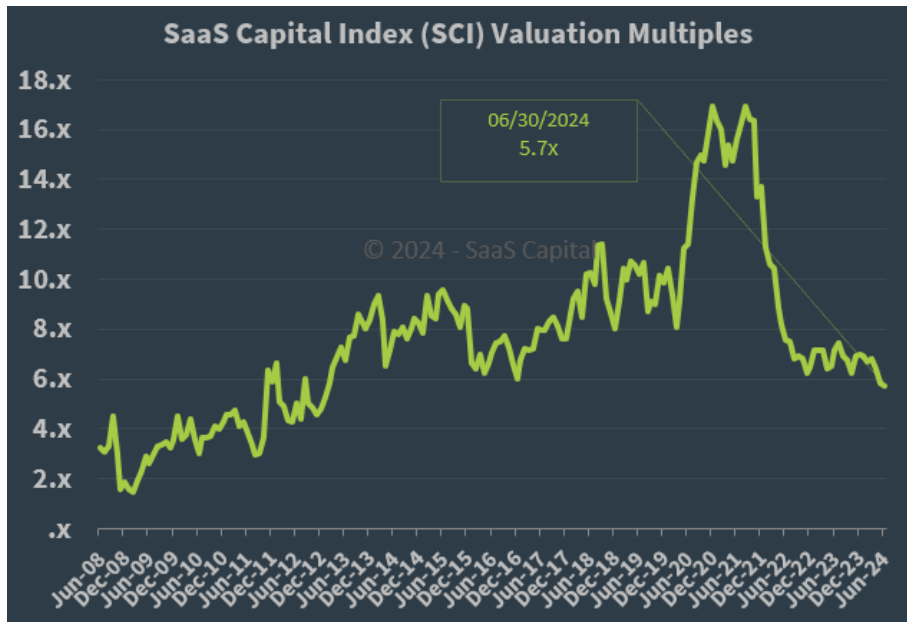
US stock markets peaked on July 10th, and they've since taken a breather, with Nvidia losing nearly \$1trn of market cap. In a short span of time, we've gone from "AI will change everything overnight" to "the technology isn't ready yet, and we'll never recover invested capital".

At moments such as these, it can be helpful to revisit the good old hype cycle. We have repeatedly said that "yes, there is an AI bubble" and "yes, AI will change the world", and the two can be true at the same time. In July, we probably came off the "Peak of Inflated Expectations", and it's likely that we have a bit of Disillusionment ahead. But we still see plenty of productivity ahead for the economy and stocks.



What's Happening with SaaS?

From 2014 to 2022, SaaS companies were highly favoured due to their reliable recurring revenues and substantial growth rates. However, by 2024, the median revenue growth of SaaS companies in the EMCLOUD index dropped below 20%. Revenue multiples are now below 6x, a stark contrast to companies like Nvidia trading at ~25x revenue.



Over the past 12-18 months, corporates have shifted all new tech spend towards AI. This has boosted revenue growth of companies like OpenAI, and slowed revenue growth of more traditional SaaS companies.

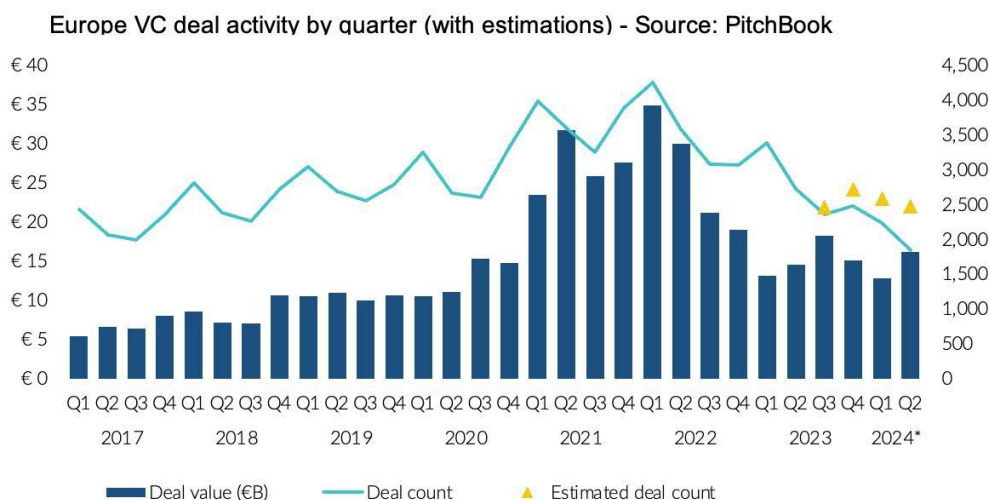
As we've seen in July, there is a sense that this "headlong rush" into the first wave of AI has started to come to a close. There isn't enough ROI in deploying generic models from OpenAI, and there is still a lot of customisation work required to make AI work at scale and in production in corporate settings.

The future of AI model enhancement lies in leveraging private, proprietary data within enterprises. This data can differentiate AI models and significantly enhance their capabilities in automating and optimising business operations. This also lends itself well to SaaS applications – often the core repositories of corporate data.

As both incumbent and challenger SaaS vendors start offering AI models based on proprietary data, enterprise customers will start seeing increased ROI from off-the-shelf SaaS platforms. The companies that manage to make this transition will benefit from attractive growth rates. Some of these are already public companies. Others are still being built from the ground up. Those are the start-ups we invest in.

What Happened in Venture Capital in Q2?

PitchBook recently issued an update on US and European venture capital activity in Q2. The numbers were up across the board. US deal value was up 46% from Q1 (to \$56bn) and European deal values up 27% to €16bn. Even when factoring in the \$6bn Elon raised for x.ai, it looks promising.



Look under the covers:

- **Big jump in round sizes:** The median European seed round increased 40% to €2m (\$2.15m). That's a huge jump, and one that's closely tied to AI, meaning that it will be volatile in future quarters.
- **European rounds are still smaller:** Although the jump is big, this is still behind the median US seed deal which was \$3.1m.
- **And Europe still trades at a discount:** Even bigger was the valuation gap. PitchBook estimates \$12.4m pre-money for the median round in the US, vs. \$5.5m for the median seed round in Europe. That's a 56% gap.
- **Bigger rounds and (slightly) fewer deals:** Pitchbook reported an 18% drop in deal count (so – fewer, larger rounds). However, it often takes a while before rounds are announced. PB estimates that a total of 2,478 rounds were done in Europe in Q2. That would only be a 4% decline on Q1. In other words, about the same number of much bigger rounds.

Overall, the trend is positive. We've covered the political and economic uncertainty above, but there is a sense that things are heading in the right direction for venture.

Fund progress in Q2 2024

New Investments:

SuperSeed II closed one new investment in early Q2, and is otherwise building pipeline for investments later in the year.

Tector (formerly Woodsense)

The global construction industry wastes billions annually due to moisture damage, with approximately half attributed to water ingress alone. This not only impacts the bottom line of construction projects, but also undermines the structural integrity and longevity of buildings. Tector's SaaS platform monitors and detects moisture ingress in buildings by leveraging IoT sensors and AI-driven anomaly detection algorithms. Woodsense's platform eliminates risk, reduces cost, and provides quality assurance which is valuable for various stakeholders participating in the industry (architects, contractors, financiers, and insurers). Although still a young company, the business has strong product/market fit, with more than 100 customers already using the platform to manage construction risk.

Portfolio Revenue:

Portfolio revenue grew 58% annualised growth mark in Q2. Portfolio companies are generally forecasting sales growth to continue at a similar pace.

Valuations

Duel is now close to completing the new investment round, as discussed last quarter (49% uplift over the last round), and Popp has also been offered terms for a new investment round (47% up from the last round). Other than that, there have been no changes to valuations in Q2.

Outlook for the remainder of 2024

With strong deal-flow and positive market sentiment, our strategy for the year remains unchanged: back the best founders that use (AI-powered) software to change how business is done. While the rate of investments in Q2 was below expectations, we expect to make up for that in the remainder of 2024 and thus complete another 4-6 investments on this strategy for the remainder of the year.

SuperSeed Capital Limited
Condensed Statement of Comprehensive Income
for the period 1 January 2024 to 30 June 2024

	1 April 2024 to 30 June 2024 £	1 January 2024 to 31 March 2024 £	1 January 2024 to 30 June 2024 £	1 January 2023 to 30 June 2023 £
Income				
Investment income	-	-	-	1,024
Realised gain on investments held at fair value through profit or loss	35,936	21,264	57,200	33,052
Unrealised (loss)/ gain on investments held at fair value through profit or loss	(33,843)	139,909	106,066	382,044
Other income	696	2,760	3,456	2
Total income	2,789	163,933	166,722	416,122
Expenses				
Administration fees	7,726	7,727	15,453	15,224
Audit fees	6,216	6,216	12,432	11,405
Directors' fees	5,000	5,000	10,000	9,000
Insurance	-	1,036	1,036	-
Legal & professional fees	11,536	12,018	23,554	28,325
Loan interest	4,681	699	5,380	134
Management fees	1,652	1,652	3,304	-
Regulatory fees	3,959	5,390	9,349	9,187
Sundry expenses	273	274	547	998
Total expenses	41,043	40,012	81,055	74,273
Total (loss)/gain and comprehensive income for the period	(38,254)	123,921	85,667	341,849
Basic earnings per share	(0.0161)	0.0523	0.0362	0.1463
Diluted earnings per share	(0.0161)	0.0523	0.0362	0.1403
Operating (loss)/profit excluding establishment costs for the period	(38,254)	123,921	85,667	341,849
Basic operating (loss)/profit excl. establishment costs per share	(0.0161)	0.0523	0.0362	0.1463
Diluted operating (loss)/profit excl. establishment costs per share	(0.0161)	0.0523	0.0362	0.1403

All the above items are derived from continuing operations.

SuperSeed Capital Limited
Condensed Statement of Financial Position
as at 30 June 2024

	30 June 2024	31 March 2024	31 December 2023
	£	£	£
Non-current assets			
Investments	2,748,549	2,947,871	2,433,012
Total non-current assets	2,748,549	2,947,871	2,433,012
Current assets			
Trade and other receivables	6,341	10,216	182,827
Cash and cash equivalents	37,762	48,261	99,185
Total current assets	44,103	58,477	282,012
Total assets	2,792,652	3,006,348	2,715,024
Current liabilities			
Trade and other payables	21,374	196,816	29,413
Total current liabilities	21,374	196,816	29,413
Total liabilities	21,374	196,816	29,413
Net assets	2,771,278	2,809,532	2,685,611
Equity			
Share capital	2,369,743	2,369,743	2,369,743
Retained earnings	401,535	439,789	315,868
Total equity	2,771,278	2,809,532	2,685,611
Net asset value per ordinary share	1.1694	1.1856	1.1333
Net asset value per ordinary share inclusive of notional management fee*	1.1450	1.1612	1.1129

**In accordance with Section 13.1.2 of the Alternative Investment Management Agreement between the Company and SuperSeed Ventures LLP (the "Manager") dated 21 January 2022, the Manager is entitled to receive from the Company a management fee of 20% of the aggregate net realised profits on investments, provided that no fee shall be payable in connection with any investment in respect of which the Manager already receives a fee. If all assets were to be realised at the current valuation, the Manager would be due management fees in the amount of £57,824.*

SuperSeed Capital Limited
Condensed Statement of Changes in Equity
for the period 1 January 2024 to 30 June 2024

	Share Capital	Retained Earnings	Total
	£	£	£
Balance as at 1 January 2024	2,369,743	315,868	2,685,611
Total comprehensive profit for the period	-	85,667	85,667
Balance as at 30 June 2024	<u>2,369,743</u>	<u>401,535</u>	<u>2,771,278</u>

SuperSeed Capital Limited
Condensed Statement of Cash Flows
for the period 1 January 2024 to 30 June 2024

	1 April 2024 to 30 June 2024 £	1 January 2024 to 30 June 2024 £	1 January 2023 to 30 June 2023 £
Cash flows used in operating activities			
Net cash flow used in operating activities	(40,855)	(82,438)	(86,750)
Cash flows used in investing activities			
Net cash flow used in investing activities	35,038	26,396	(127,659)
Cash flows used in financing activities			
Net cash flow used in financing activities	(4,682)	(5,381)	(134)
Net movement in cash and cash equivalents during the period	(10,499)	(61,423)	(214,543)
Cash and cash equivalents at the beginning of the period	48,261	99,185	235,089
Cash and cash equivalents at the end of the period	37,762	37,762	20,546

SuperSeed Capital Limited
Investment Analysis
for the period 1 January 2024 to 30 June 2024

	30 June 2024	31 December 2023
	£	£
Cost	2,084,529	1,875,058
Cumulative movement in value	664,020	557,954
Fair value	<u>2,748,549</u>	<u>2,433,012</u>

Investment fair value can be further analysed as follows:

	1 April 2024 to 30 June 2024	1 January 2024 to 30 June 2024	1 January 2023 to 31 December 2023
	£	£	£
Cost			
Cost at beginning of the period	2,250,008	1,875,058	1,539,035
Cost of investment - settled	-	494,924	939,321
Cost of investment - sold	(165,479)	(285,453)	(603,298)
Total cost of investment	<u>2,084,529</u>	<u>2,084,529</u>	<u>1,875,058</u>
Fair value movement			
Fair value adjustment at beginning of the period	697,863	557,954	260,581
Revaluation of underlying investments	(33,843)	106,066	297,373
	<u>664,020</u>	<u>664,020</u>	<u>557,954</u>
Fair value of investments	<u>2,748,549</u>	<u>2,748,549</u>	<u>2,433,012</u>