

SURO CAPITAL

Q2 2020 Earnings Call
August 5, 2020



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Overview and Impact of COVID-19 Outbreak

1 SuRo Capital's Net Asset Value per share is \$11.84 as of June 30, 2020, SuRo Capital's highest dividend-adjusted NAV in 5 years





- Increase from \$10.22 per share at March 31, 2020
- Net Asset Value totaled approximately \$192.7 million at quarter-end
- We continue to be optimistic about the future of our portfolio and believe our portfolio companies' strong operating fundamentals and market opportunities will drive Net Asset Value growth as the economy recovers from the COVID-19 outbreak

2 On July 29, 2020, SuRo Capital declared a \$0.15 per share dividend to be paid on August 25, 2020

3 The COVID-19 outbreak has had a severe negative impact on many families and on the financial markets, but our portfolio continues to be well positioned to manage the effects of the economic dislocation caused by COVID-19

Top 5 Positions = 68% of Total Investment Portfolio at Fair Value





Based on Total Investment Portfolio Fair Value of \$199.0 million

		Cost Basis (\$ in millions)	Fair Value (\$ in millions)	% of Investment Portfolio
1	 Coursera	\$14.5	\$49.9	25.1%
2	 Course Hero	\$5.0	\$33.2	16.7%
3	 Palantir	\$16.2	\$30.5	15.3%
4	 OZY	\$10.9	\$11.3	5.7%
5	 Nextdoor	\$10.0	\$10.5	5.3%
			\$135.5	68.1%

- SuRo Capital's Top 5 positions account for approximately **68%** of the investment portfolio at fair value, excluding treasuries, as of 6/30/20

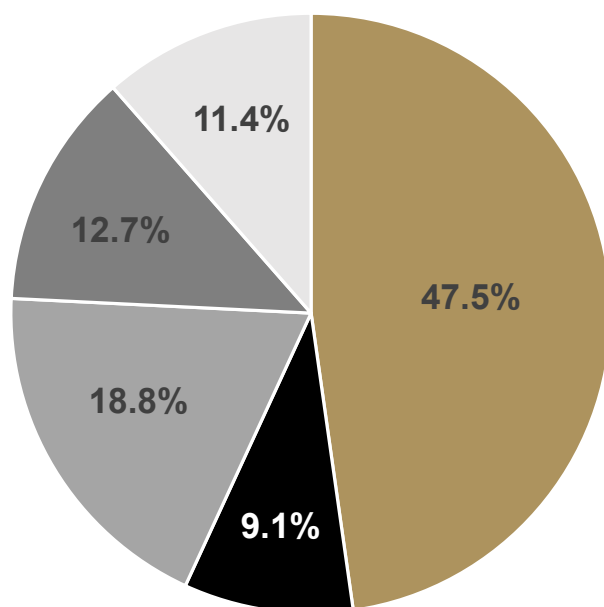
Note: Total may not sum due to rounding.

Notable Portfolio Company Developments

Portfolio Company	Ongoing Process	Commentary
 Palantir	Potential IPO	<ul style="list-style-type: none"> In July 2020, several media outlets (including <i>Reuters</i> and <i>Business Insider</i>) reported Palantir filed its S-1 ahead of an expected IPO in late Summer or early Fall 2020, which represents an acceleration of the IPO timeline previously expected in the next 1.5 - 2.5 years Reports by <i>TechCrunch</i> and others in early July revealed that Palantir has secured \$550 million financing from Sompo Holdings and Fujitsu as part of a \$961 million total raise described in a recent Form D filing by the company
 SHARESPOST	Pending Merger	<ul style="list-style-type: none"> SharesPost executed a merger agreement with Forge, who together have serviced over 10,000 client transactions worth more than \$6 billion
 Coursera	Series F Financing	<ul style="list-style-type: none"> On July 17th, Coursera announced it has raised \$130 million in Series F financing led by NEA According to <i>The Information</i>, an online publication, this round values Coursera at approximately \$2.5 billion
 Course Hero	Series B Financing	<ul style="list-style-type: none"> As reported by <i>EdSurge</i> in February 2020, Course Hero executed a transaction involving \$10 million of Series B funding at a \$1.1 billion pre-money valuation led by NewView Capital, who also contributed \$30 million to the company's employee tender program In July 2020, Course Hero announced the launch of an educator exchange, where college faculty can earn income by uploading and sharing unique teaching, learning, and study materials with peers and students In response to COVID-19, Course Hero offered educators free access to its document library of more than 40 million teaching and learning resources

Key Investment Themes

As a Percentage of Total Investment Portfolio at Fair Value as of 6/30/2020



Note: Sustainability investment theme accounted for 0.5% of Total Investment Portfolio in the second quarter.

(\$ in millions)

Legend	Industry Theme ⁽¹⁾	Fair Value	% of Portfolio
	Education Technology	\$94.6	47.5%
	Big Data & Cloud	\$37.4	18.8%
	Financial Technology	\$25.3	12.7%
	Marketplaces	\$18.1	9.1%
	Social & Mobile	\$22.7	11.4%
	Total⁽²⁾	\$199.0	100.0%

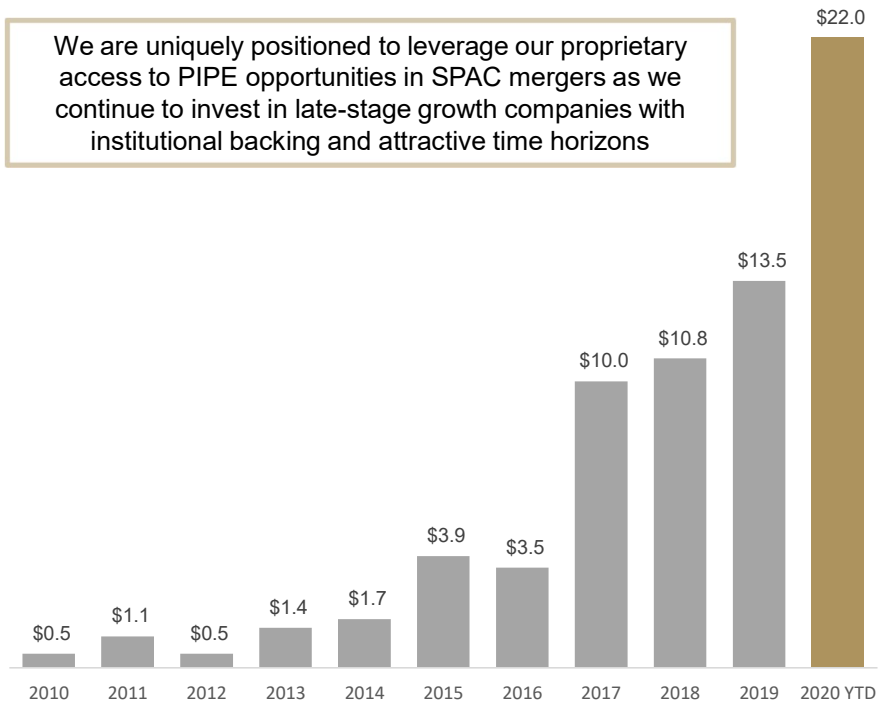
(1) Sustainability investment theme accounted for 0.5%, or \$0.9 million, of Total Investment Portfolio in the second quarter.

(2) Total may not sum due to rounding.

PIPE Opportunities via SPAC Mergers

SuRo Capital remains well positioned to participate in private placements alongside SPACs

Total SPAC Issuance (\$ in billions)

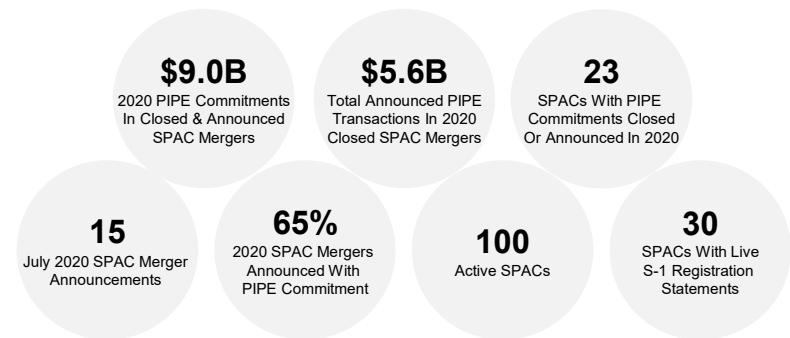


We are uniquely positioned to leverage our proprietary access to PIPE opportunities in SPAC mergers as we continue to invest in late-stage growth companies with institutional backing and attractive time horizons

Notable 2020 SPAC Mergers With PIPE Opportunities

Target	PIPE (\$M)	Industry	SPAC Size (\$M)	Share Price Since Closing
NIKOLA MOTOR COMPANY	\$525	Automotive	\$200	↑ 275%
DRAFT KINGS	\$380	Gaming	\$403	↑ 177%
OpenLending	\$250	FinTech	\$275	↑ 34%
SHIFT	\$185	Marketplace	\$131	NA ⁽¹⁾
RUSH STREET INTERACTIVE	\$160	Gaming	\$200	NA ⁽¹⁾

Key Facts



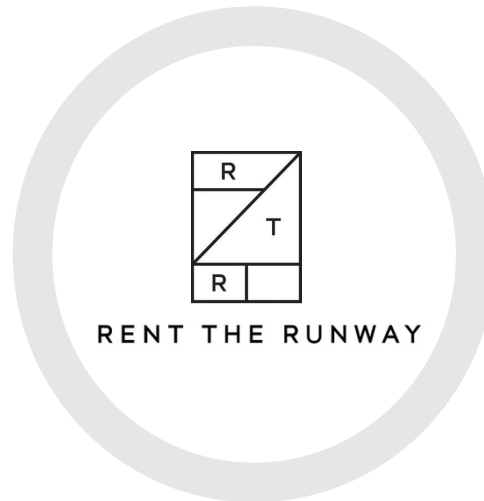
Investment Activity – Rent the Runway

Description

- Founded in 2009 and headquartered in New York City, Rent the Runway operates an online platform, mobile app, and physical stores for the rental of designer apparel and accessories

Opportunity

- As market leader, Rent the Runway has accumulated a strong data set and robust logistics infrastructure that has allowed it to run large-scale operations effectively across the US.
- Rent the Runway is well-positioned to capitalize on the challenging retail environment and benefit from a rebound in demand for sustainable & affordable clothing options post-lockdown



SuRo Capital Investment Activity

- SuRo Capital invested \$5 million in preferred stock of Rent the Runway
- Given the attractive valuation at which SuRo Capital is making this investment, SuRo Capital believes there is strong upside potential as the economy continues to recover from COVID-19

Select Investors



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INVESTMENTS



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Investment Activity – Palantir Lending Trust

Description

- As part of our previously announced private credit initiatives, during Q2, SuRo Capital structured a collateralized loan to Palantir Lending Trust, a trust owned by an ex-Palantir employee

Opportunity

- The collateralized loan funded the exercise of, and payment of associated taxes for, 2.26 million Class B common shares of Palantir Technologies, Inc.
- SuRo Capital also participates in additional equity upside of underlying shares in a future liquidity event



Collateralized Loan Terms

- Term: 24 months (pre-payable if the Palantir shares are sold in an approved private or public transaction)
- Interest Rate: 15%
- Equity Upside: SuRo Capital participates in equity upside above \$5.29 per share. The total participation varies based on the liquidation date of shares as well as the price per share at the time of liquidation

Palantir Company Update

- In July 2020, several media outlets reported that Palantir confidentially filed its S-1 ahead of an expected public listing in Summer or Fall 2020
- The potential public listing comes as Palantir reportedly expects to generate \$1 billion in revenue this year and break even for the first time in its 16-year history

Investment Activity - Neutron Holdings, Inc. (d/b/a Lime)

Description

- Founded in 2017 and headquartered in San Francisco, Lime operates a scooter-sharing platform designed to create an efficient micro-mobility infrastructure in over 100 countries

Opportunity

- COVID-19 is affecting transportation utilization as people worldwide limit travel, and governments enforce or encourage shelter in place measures.
- However, SuRo Capital believes that Lime, particularly with new investment from Uber, is well-positioned to benefit from the re-opening of cities having recently won a permit to operate scooters in Paris



SuRo Capital Investment Activity

- Lime raised \$170 million in a transaction led by Uber, and SuRo Capital invested its pro rata of \$506,339 to pull forward a portion of its existing investment.
- SuRo Capital believes the attractive valuation of this follow-on investment creates asymmetric upside opportunities as Lime continues to benefit from city re-openings

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Investment Activity – Coursera

Subsequent to Quarter End

Description

- Coursera provides universal access to the world's best education, partnering with top universities and organizations to offer courses online.
- SuRo Capital initially invested in Coursera's June 2013 Series B financing

Opportunity

- The impact of COVID-19 has accelerated demand for Coursera's offerings, particularly for Coursera's Coursera for Campus product, which has allowed schools to adapt to an online-only environment by providing Coursera-made online content for their students



SuRo Capital Investment Activity

- SuRo Capital invested its pro rata of \$2.8 million in Coursera's \$130 million Series F equity financing.
- According to *The Information*, this financing values Coursera at \$2.5 billion

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Financial Highlights

For the Quarter Ended June 30, 2020

	Second Quarter 2020	
	Dollars (\$ in millions)	Per Share ⁽¹⁾
Net Assets at Beginning of Period	\$172.5	\$10.22
Net Investment Loss ⁽²⁾	(\$4.7)	(\$0.29)
Net Realized Loss on Investments	(\$0.0)	(\$0.00)
Net Change in Unrealized Appreciation of Investments	\$26.5	\$1.62
Repurchase of Common Stock ⁽³⁾	(\$3.6)	\$0.17
Stock-Based Compensation ⁽²⁾	\$2.0	\$0.12
Net Assets at June 30, 2020	\$192.7	\$11.84

(1) Based on 16,279,679 total shares outstanding at June 30, 2020

(2) For the quarter ended June 30, 2020, this balance includes \$2.0 million of accelerated recognition of compensation cost related to the cancellation of all vested and unvested options on April 28, 2020.

(3) During the quarter ended June 30, 2020, the Company repurchased 594,637 shares of SuRo Capital common stock, for approximately \$3.6 million in cash under its Share Repurchase Program. The use of cash in connection with the repurchases decreased net asset value as of period end; however, the reduction in shares outstanding as of period end resulted in an increase in the net asset value per share.



Share Repurchase Program

Period	Shares Repurchased	(\$ in millions)	(\$ in millions)
		Cash Used	Allocation Remaining
2017 Total Repurchases	934,658	\$4.9	\$5.1
2018 Total Repurchases	1,483,698	\$10.3	\$4.8
2019 Total Repurchases	749,128	\$4.8	\$5.0
Q1 2020	689,928	\$3.7	\$6.3
Q2 2020	594,637	\$3.6	\$2.7 ⁽¹⁾
Total To Date	4,452,049	\$27.3	\$2.7 ⁽¹⁾

Since commencement of the Share Repurchase Program in August 2017, SuRo Capital has repurchased approximately 20% of its then-outstanding shares⁽²⁾

⁽¹⁾ The remaining allocation includes the authorization of an additional \$5.0 million to the Share Repurchase Program on March 9, 2020, bringing Share Repurchase Program total to \$30.0 million.

⁽²⁾ This calculation does not include shares repurchased through SuRo Capital's Modified Dutch Auction Tender Offer, announced on October 21, 2019 and expired on November 22, 2019. The Tender Offer resulted in the repurchase of 1,449,275 shares for approximately \$10.0 million.