

SSSS Earnings Call Transcript

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Quarter: 3

Operator: Welcome to the SuRo Capital's Third Quarter 2025 Earnings Call. My name is Alan, and I will be your coordinator for today's event. Please note, this call is being recorded. [Operator Instructions] I will now hand you over to your host, Ben Miller, to begin today's conference. Thank you.

Ben Miller: Thank you for joining us on today's call. I'm joined today by the Chairman and Chief Executive Officer of SuRo Capital, Mark Klein; and Chief Financial Officer, Allison Green. Please note that a slide presentation corresponding to today's prepared remarks by management is available on our website at www.surocap.com under Investor Relations, Events and Presentations. Today's call is being recorded and broadcast live on our website, www.surocap.com. Replay information is included in our press release issued today. This call is the property of SuRo Capital and the unauthorized reproduction of this call in any form is strictly prohibited. I would also like to call your attention to customary disclosures in today's earnings press release regarding forward-looking information. Statements made in today's conference call and webcast may constitute forward-looking statements, which relate to future events or our future performance or financial condition. These statements are not guarantees of our future performance or financial -- or future financial condition or results and involve a number of risks, estimates and uncertainties, including the impact of any market volatility that may be detrimental to our business, our portfolio companies, our industry and the global economy that would cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including, but not limited to, those described from time to time in the company's filings with the SEC. Management does not undertake to update such looking forward statements unless required to do so by law. To obtain copies of SuRo Capital's SEC filings, please visit our website at www.surocap.com or the SEC's website at sec.gov. Now I'd like to turn the call over to Mark Klein.

Mark Klein: Thank you, Ben. The third quarter was another strong period for SuRo Capital, extending the rapid acceleration we have seen across public and private technology markets, particularly in artificial intelligence and digital infrastructure. Despite intermittent market volatility and ongoing geopolitical uncertainty, investor conviction in the AI build-out remained exceptionally strong. As outlined in our recent white paper, AI infrastructure, the great mobilization of our time. We view this as a generational shift where capital deployment in AI infrastructure is larger in scale than many historic national mobilizations, such as the New Deal and the Apollo Space program. As of September 30, 2025, our net asset value was \$9.23 per share compared to \$9.18 per share on June 30 or \$8.93 on a dividend-adjusted basis and \$6.73 per share at the end of the third quarter of '24 or \$6.48 on a dividend-adjusted basis. About 18 months ago, we made a deliberate decision to focus on AI infrastructure, the compute, networking and data layers that make modern AI possible. That decision guided our strategy and led to cornerstone investments that have since proven transformative. Our initial position began with CoreWeave, followed by OpenAI and soon after VAST Data. Each reflected our belief that as AI scaled, the demand for compute, storage and power would accelerate faster than most anticipated. At the time, relatively few investors were focused on these areas. We saw opportunity where others hesitated. We acted early, built conviction and invested behind teams we believe would define the next wave of computing. Many saw CoreWeave as too specialized with a complicated capital

structure or VAST Data as another storage play, but we saw companies at the bedrock of a new wave of innovation with incredible tech teams growing customer traction and the beginning of a generational computing cycle. That early conviction has since been validated as these companies have emerged as core enablers of the AI economy. That conviction has translated directly into results across our key holdings. CoreWeave has gone from a relative unknown to one of the fastest-growing infrastructure providers in the world, now trading at approximately 3x its IPO price. We have prudently taken some profits, but still own over 40% of our position in CoreWeave. OpenAI, the engine behind such -- so much of today's AI innovation is reportedly contemplating a \$1 trillion IPO, over 6x our initial entry valuation and more than 3x the value at which we marked the position at the end of the third quarter. VAST Data, once quietly building in the background, is now at the center of AI's data infrastructure conversation and reportedly in discussions for a raise at a valuation more than 3x our entry point. Our portfolio reflects a conviction-driven approach anchored in high-impact themes like AI infrastructure and innovation, giving investors unique access to category-defining companies driving this transformation. These results stem from a disciplined process, research-driven, conviction-led and patient. We leaned in when others hesitated, stayed confident when the market was uncertain and believe the opportunity ahead remains even greater. With that backdrop, let me turn to how this strategy is playing out across our portfolio, beginning with our exposure to AI infrastructure and foundational models. Please turn to Slide 4. In October, OpenAI completed a major restructuring forming OpenAI Group PBC, a public benefit corporation. This simplified its prior cap profit model and complex share structure, enhancing transparency, governance and flexibility for future capital formation. This restructuring also positions OpenAI for broader participation in public markets and long-term scalability. Following the restructuring, Reuters and Bloomberg have reported that OpenAI is preparing for a potential initial public offering that could value the company at up to \$1 trillion, one of the largest in history. If completed, the offering could raise more than \$60 billion according to those reports or over twice the \$26 billion raised in the Saudi Aramco public offering in 2019. At the potential \$1 trillion valuation referenced in recent media reports, our exposure to OpenAI could represent roughly 1/3 of the net assets on a pro forma basis, assuming no material changes in other holdings. For clarity, our current third quarter -- in our third quarter reporting, SuRo Capital's Q3 valuation and NAV are reflective of the previously announced \$300 billion money round as confirmations of the higher \$500 billion valuation occurred after the close of the quarter. We view OpenAI as one of the defining companies of this era, an organization that continues to set the pace of innovation while reshaping global infrastructure demand. Today, it stands as the world's largest private company, expanding rapidly as AI becomes embedded in daily life and redefines workflows. The company's scale, reach and capital intensity exemplify the structural shifts now underway across AI, and we believe that through our significant exposure as well as our other AI-relating holdings, SuRo offers one of the most direct ways for public market investors to participate in and benefit from this era of transformational growth. We expect continued investor interest in SuRo Capital's portfolio as a differentiated way to gain exposure to OpenAI and the broader AI infrastructure powering this generational shift. Turning to infrastructure and compute. CoreWeave remains a defining position within our portfolio and the largest single investment cost in SuRo Capital's history. As of quarter end, it remains our largest position at fair value and one of the primary beneficiaries of accelerating demand for AI infrastructure. During the quarter, we monetized approximately 16.6% of our position in CW Opportunity 2, generating \$7.2 million in net proceeds, including \$4.7 million in realized gains. Subsequent to quarter end, we realized additional net proceeds of \$7 million and realized gains of \$5.3 million while maintaining a meaningful stake in the position. We expect continued monetizations from investment following the distribution subject to quarter end, we hold over 40% of our original position in CoreWeave. CoreWeave has emerged as one of the fastest-growing infrastructure providers in the world, driven by record GPU demand and partnerships with OpenAI, Microsoft and Google, including long-term supply agreements for NVIDIA's Blackwell GPUs and contracts totaling roughly \$22 billion with OpenAI alone. The market continues to validate our early conviction that AI workload growth would rapidly outpace traditional cloud capacity, creating sustained demand for specialized infrastructure providers, with reports from McKinsey & Company and the U.S. Department of Energy projecting continued growth in AI-related data center power moving forward. CoreWeave remains central to what we called the great mobilization of compute. Beyond compute infrastructure,

we are also seeing innovation across emerging digital and financial systems, including a new investment we made during the quarter and during the quarter. Please turn to Slide 5. Consistent with our commitment to invest early in category-defining infrastructure. In September, we made a \$5 million investment in HL Digital Assets, Inc., which holds a position in HYPE, the digital token of Hyperliquid, a decentralized exchange designed for transparent, high-speed derivative and spot trading on chain. Hyperliquid has quickly become one of the fastest-growing decentralized exchanges by trading and user adoption, offering low latency execution and advanced liquidity infrastructure. In recent weeks, HYPE has seen increased attention following its listing on Robinhood's crypto platform, which expanded access and drove a notable uptick in token trading volume and liquidity. Reports have also indicated that Hyperliquid Strategies, a newly listed company, is targeting a raise of approximately \$1 billion to support its treasury holdings and token accumulation strategy, further underscoring growing institutional interest in the platform. These developments have contributed to a stronger market momentum for HYPE and reinforce our view of Hyperliquid's growing importance within the decentralized financial infrastructure landscape. Hyperliquid represents the next generation of decentralized financial infrastructure, bringing institutional-grade performance to on-chain markets. We view this as a natural extension of our broader investment strategy, reflecting our focus on foundational systems that enable digital markets to scale efficiently. Shifting from our infrastructure layer holdings, our consumer and fintech portfolio companies continue to represent an important component of our overall investment mix and include several that are advancing towards larger scale. Starting with WHOOP, which continues to strengthen its position at the intersection of health, performance and technology. In October of 2025, WHOOP announced Advanced Labs, a new offering that combines clinician-reviewed blood testing with continuous wearable data, expanding its platform into diagnostics and precision health. This evolution reflects a broader industry trend toward integrating biometric data with AI-driven analysis to help transform health information into actionable insights. As technology companies continue to advance, these integrated systems moving from reactive tracking toward more proactive, personalized and valuable health insights. It underscores WHOOP's ability to connect hardware data and health science in ways that deepen engagement and expand its addressable market. Moving to Canva. The company remains one of the most recognizable private software platforms globally, with approximately \$3.3 billion in annual recurring revenue and more than 240 million monthly active subscribers. Our initial investment gave us early access to a company redefining design collaboration for teams and enterprises worldwide. The company continues to deliver strong financial performance and recently completed an employer tender valuing it at about \$42 billion. Following the success of Figma's IPO, Canva's scale, growth and profitability highlights its potential to be one of the next major public design platforms. Canva remains a standout performer within our portfolio and a company we are closely tracking as it relates to potential monetization opportunities. Lastly, I would like to highlight Liquid Death, an existing portfolio company where we made a \$0.25 million follow-on investment in July through a convertible note. Liquid Death continues to scale its unconventional brand in premium beverages and recently announced its Sparkling Energy line, scheduled for a January '26 launch, expanding its portfolio beyond water and tea. We remain excited about the company's growth trajectory as it continues to expand into new growth and strengthen its position in the premium beverage market. With the overall of -- with that overview of key portfolio developments, I will now turn to financial and portfolio updates. Consistent with our commitment to enhance shareholder value, our Board of Directors took several steps this quarter to strengthen our capital structure and support long-term returns. First, our Board declared a \$0.25 per share cash dividend paid to shareholders of record as of November 21, with a payment date of December 5. This underscores our confidence in both the strength of our portfolio and our liquidity position. Based on the size and timing of anticipated near-term future monetizations, we expect to declare and pay additional dividends in either the fourth quarter or early in the first quarter of 2026. Based on -- building on these actions, our Board approved an extension of our existing share repurchase authorization, providing ongoing flexibility to buy back shares opportunistically. In addition, our Board authorized an additional repurchase of our 6% notes due December 30, 2026, allowing us to buy back the remaining outstanding notes. These measures reflect our ongoing focus on optimizing our capital structure and delivering shareholder value. As exciting as these results are, the story is far from over. The AI

revolution, which we have called the great mobilization is still in its early innings and the opportunities ahead are among the largest and most transformative we have seen. Every layer of the computing stack, from chips and networks to data and applications, is being redefined. Our approach remains the same: identify the foundational layers of change early, back the best teams building in those spaces, and hold with conviction as values compound over time. We are not just celebrating success. We are positioning for what is next because while it has been an extraordinary run so far, the most exciting part is still -- is that we are still just getting started. Thank you for your continued support. I will now turn the call over to Allison Green to review our financials.

Allison Green: Thank you, Mark. I would like to follow Mark's update with a review of our investment activity and portfolio company realizations during and subsequent to Q3, a high-level review of our investment portfolio as of quarter end, including the investment theme breakdown of our portfolio, and a more detailed review of our third quarter financial results, including our current liquidity as of September 30. I'll also touch on notable items during the third quarter and subsequent to quarter end, including our recent dividend and the declaration of an additional dividend, capital raised, and shares issued via the at-the-market offering, or ATM program and recent Board-approved updates to the note repurchase program and the share repurchase program. Please turn to Slide 6. As Mark mentioned, on September 18, we made an approximately \$5 million investment in the preferred shares of HL Digital Assets, Inc. HL Digital Assets, Inc.'s primary purpose is to invest in HYPE, the digital token of Hyperliquid. The \$5 million does not include prepaid expenses paid at the time of the investment or other capitalized costs of the transaction. During the quarter, we also made a \$250,000 follow-on investment in Liquid Death's recent 4.12% Series S convertible notes due June 2028. This follow-on investment brings our aggregate investment in Liquid Death to approximately \$10.3 million to date. During the third quarter, we received distributions from CW Opportunity 2 LP following the lifting of sales restrictions on the publicly traded CoreWeave stock held by the fund on August 15. CW Opportunity 2 LP is an SPV for which the Class A membership interest is solely invested in the Class A common shares of CoreWeave, Inc. SuRo Capital is invested in the Class A common shares of CoreWeave, Inc. through its investment in the Class A membership interest of CW Opportunity 2 LP. The 2 third quarter distributions totaled approximately \$7.2 million and were categorized in aggregate as approximately \$2.5 million return of capital and \$4.7 million gain. The aggregate third quarter distribution represented approximately 16.6% of our \$15 million investment in CW Opportunity 2 LP. As of quarter end, we continue to have an exposure to CoreWeave through our remaining 83.4% of our initial investment in CW Opportunity 2 LP. During the third quarter, following the successful merger of GrabAGun Digital Holdings, Inc. and Colombier Sponsor II LLC in mid-July, we sold 395,512 public warrants of GrabAGun Digital Holdings for net proceeds of approximately \$660,000, resulting in a realized gain of approximately \$537,000. GrabAGun public shares are anticipated to be unrestricted in January 2026. As of quarter end, we hold 1,204,488 remaining public warrants and 1,000,040 public common shares, or approximately 75% of our original position. Subsequent to quarter end to date, SuRo Capital has received 2 additional distributions from CW Opportunity 2 LP, totaling approximately \$7 million. In aggregate, the distributions were categorized as approximately \$1.7 million return of capital and \$5.3 million gain. The aggregate-to-date distributions totaled \$14.2 million and represent approximately 28.2% of our \$15 million investment in CW Opportunity 2 LP. Currently, SuRo Capital retains approximately 71.8% of our investment in CW Opportunity 2 LP. Additionally, subsequent to quarter end on October 16, Rebric Inc. doing business under the name Compliant, approved a plan to dissolve the company. As a result, SuRo Capital realized a loss of approximately \$1 million on the position. Finally, subsequent to quarter end, we received a distribution from True Global Ventures 4 Plus Venture Capital Fund for approximately \$137,000. I would now like to turn to our portfolio as of quarter end. Please turn to Slide 7. Our top 5 positions as of September 30 were CW Opportunity 2 LP, WHOOP, OpenAI, Blink Health and Learneo. These positions accounted for approximately 52% of the investment portfolio at fair value. Additionally, as of September 30, our top 10 positions accounted for approximately 75% of the investment portfolio. Please turn to Slide 8. Segmented by 7 general investment themes, the top allocation of our investment portfolio at September 30 was to artificial intelligence, infrastructure and applications, representing approximately 30% of the investment portfolio at fair value. Consumer goods and services and Software-as-a-Service were the next 2 largest

categories with approximately 20% and 19% of our portfolio, respectively. 11% of our portfolio was invested in financial technology and services, and education technology companies accounted for approximately 10% of the fair value of our portfolio. The logistics and supply chain category accounted for approximately 8% of the fair value of our portfolio and SuRo Capital Sports accounted for approximately 2% as of September 30. Please turn to Slide 9. We ended the third quarter 2025 with a net asset value of approximately \$231.8 million or \$9.23 per share, which is consistent with our financial reporting. This compares to a dividend adjusted NAV of \$8.93 per share as of June 30. The increase was driven primarily by valuation appreciation in several of our top positions. More specifically, the increase in NAV per share from \$9.18 at the end of the second quarter was primarily attributable to a \$0.23 per share increase driven by the net unrealized appreciation of our investment portfolio during the third quarter, a \$0.21 per share increase due to net realized gain on the sale of investments and a \$0.03 per share increase from the impact of stock-based compensation during the third quarter. These increases were offset by a \$0.25 per share decrease due to the cash dividend declared and paid during Q3, a \$0.14 per share decrease due to net investment loss and a \$0.03 per share decrease from the impact of the issuance of common stock during the quarter. During Q3, we sold 1,230,984 shares under the ATM program at a weighted average price of \$8.78 per share for gross proceeds of approximately \$10.8 million and net proceeds of approximately \$10.6 million after deducting commissions to the agents on shares sold. As of quarter end, up to approximately \$88 million in aggregate amount of the shares remain available for sale under the ATM program. At September 30, 2025, and currently, there are 25,119,091 shares of the company's common stock outstanding. Regarding our liquidity as of quarter end. We had approximately \$58.3 million of liquid assets, including approximately \$54.6 million in cash and approximately \$3.7 million in unrestricted public securities. Not included in our unrestricted public securities are approximately \$41.9 million of public securities subject to lockup or other sales restrictions as of quarter end. This represents our investment in CoreWeave via our Class A interest of CW Opportunity 2 and our currently restricted public common shares of GrabAGun. Next, I'd like to provide more detail on the recent Board-approved updates to the note repurchase program and the share repurchase program. On October 29, SuRo Capital's Board of Directors approved an extension of the discretionary note repurchase program, which allows us to repurchase up to an additional \$40 million, or the remaining aggregate principal amount of our 6% notes due 2026 through open market purchases, including block purchases, in such a manner as will comply with the provisions of the Investment Company Act of 1940, as amended, and the Securities Exchange Act of 1934, as amended. As Mark mentioned earlier, SuRo Capital is committed to initiatives that enhance shareholder value. As such, on October 29, our Board of Directors authorized an extension of the company's discretionary share repurchase program until the earlier of October 31, 2026, or the repurchase of \$64.3 million in aggregate amount of the company's common stock. The dollar value of shares that may yet be purchased by the company under the share repurchase program is approximately \$25 million. Since the inception of the share repurchase program in August 2017, we have repurchased a total of 6 million shares of our common stock for a total deployment of approximately \$39.3 million of the \$64.3 million authorized by the Board. Approximately \$25 million remain authorized under the share repurchase program now set to expire on October 31, 2026. Finally, I'd like to conclude with additional commentary on our recent dividend declaration. On July 3, SuRo Capital's Board of Directors declared a cash dividend of \$0.25 per share paid on July 31 to the company's common stockholders of record as of the close of business on July 21. This dividend was generally attributable to the successful monetization of public securities and other promising developments in our investment portfolio. Subsequent to quarter end, on November 3, SuRo Capital's Board of Directors declared a cash dividend of \$0.25 per share payable on December 5 to the company's common stockholders of record as of the close of business on November 21. The date of declaration and amount of any dividends or distributions, including any future distributions are subject to the sole discretion of SuRo Capital's Board of Directors. The aggregate amount of distributions declared and paid by SuRo Capital will be fully taxable to stockholders. The tax character of SuRo Capital's distributions cannot be finally determined until the close of SuRo Capital's taxable year, which is December 31. SuRo Capital will not report the actual tax characteristics of each year's distributions annually to stockholders. Will report the characteristics of each year's distributions annually to

stockholders and the IRS on Form 1099-DIV subsequent to year-end. As a result of the \$0.25 per share cash dividend paid on July 31 to stockholders of record as of the close of business on July 21, effective as of July 21, the conversion rate applicable to the 6.5% convertible notes due 2029 was adjusted to \$7.53 per share or 132.7530 shares of the company's common stock for \$1,000 principal amount of the 6.5% convertible notes due 2029, from the initial conversion price of \$7.75 per share or 129.0323 shares of the company's common stock for \$1,000 principal amount of the 6.5% convertible notes due 2029, which had been effective since issuance. The adjustment to the conversion rate of the 6.5% convertible notes due 2029 was made pursuant to the note purchase agreement governing the 6.5% convertible notes. The conversion rate will again be adjusted for the most recently declared dividend pursuant to the note purchase agreement and effective as determined by the note purchase agreement. That concludes my comments. We would like to thank you for your interest and support of SuRo Capital. Now I will turn the call over to the operator to start the Q&A; session. Operator?

Operator: [Operator Instructions] We will take our first question from Brian McKenna, Citizens.

Brian McKenna: So just a few questions on a couple of your largest investments. So on CoreWeave, it looks like you sold another \$7 million thus far in the fourth quarter. What's the remaining fair value on that investment as it stands today? And then is there a way to think about the time line around monetizing the rest of CoreWeave? And then just on WHOOP, it's great to see this got marked up again. Fair value is approaching \$30 million. You've probably made 2.5x plus on your investment. So what's been driving the strong outperformance here in the markups? And then is there any way to think about a potential IPO of that company?

Mark Klein: Great questions, Brian. Thank you. Let me -- WHOOP is -- we'll do first. WHOOP continues to perform quite well in all metrics. WHOOP also trades fairly actively in secondary markets. So it's their increased positive performance in their financial performance as well as some of the other trading in the company, have led to valuation changes. As far as an IPO in WHOOP, I don't know when they would IPO or when they would raise another round of capital. As you may note, one of its competitors, Oura raised money at an \$11-plus billion valuation, which is considerably higher than what we're looking at as valuation for WHOOP. In respect to CoreWeave, the fair value of our investments as of 9/30 is about \$37 million. And this has been monetized over time by the manager of the CW Opportunity Fund, and their monetizations can be tracked by their Form 4 filings. Thank you. And thank you for your support, Brian.

Operator: We will take our next question from Marvin Fong, BTIG.

Marvin Fong: Maybe just a couple on, I guess, under the topic of portfolio management here. But as you -- as the CoreWeave position gets sold down, what's sort of the way you'd like to manage the portfolio in terms of your AI exposure? I mean now that WHOOP could potentially be like -- well, it wouldn't be given where OpenAI is prospectively going to be marked at. But just aggregating all of your AI compute and data and infrastructure investments, is there a thinking that you'd like to keep that as the majority of the portfolio or anything like that? Just curious how we should kind of think about deploying additional capital into the AI space.

Mark Klein: Thanks, Marvin. And again, thanks for your ongoing interest and support. You're correct. Our ongoing monetization of side of CoreWeave outside of the equation, obviously, the increased value of OpenAI and what that could look like at \$500 billion or now the talked about \$1 trillion would make the size of that investment way disproportionate in our portfolio. We continue to spend a lot of time in AI infrastructure space, in the application area, in the AI overlay over -- in existing software companies, and we will continue to do so. I think some of the other areas that we are spending time are in the cybersecurity area, where we find that there's a lot of interesting companies that have increased in value, but probably not at the rate of some of the AI companies. So hopefully, that answers your question.

Operator: There are no questions on the line. I will hand over back to your host for the closing remarks.

Mark Klein: Well, thank all of you for spending time with us this afternoon. Obviously, the markets have been a bit volatile today. I appreciate your thoughts, your ongoing support. As always, I'm available to chat with any of you. Feel free to give me a call or send an e-mail through our IR portal. We are extremely excited about our portfolio. Hopefully, that came through in our call today. It's been a great year, and we do actually anticipate this success not only to continue but accelerate as we look into

2026. Again, thank you all very much.

Operator: Thank you for joining today's call. You may now disconnect.