



Summary of Financial Performance (SOSV III & SOSV IV Q2 2021)

August 30, 2021

Dear Limited Partner:

This update provides a combined review of the SOSV core funds' performance for the second quarter of 2021. This includes SOSV III (investment period 2015-2018) and SOSV IV (investment period 2019-2022). A full portfolio report can be found in the investor portal which contains details on new investments made during the quarter for SOSV IV, a summary of fund performance by sector and a schedule of all investments in each fund.

Fund Performance Summary as of June 30, 2021

Fund	SOSV III		SOSV IV	
	2015-2018		2019-2022	
Investment period				
Reporting period	Q2 2021	Q1 2021	Q2 2021	Q1 2021
Total committed by LPs	\$150M	\$150M	\$277M	\$277M
Capital drawn down	\$136.5M	\$136.5M	\$148.2M	\$131.6M
Total value (including distributions)	\$359.2M	\$343.2M	\$183.3M	\$151.7M
DPI	0.34x	0.34x	0.0x	0.0x
MOIC ¹	2.63x	2.51x	1.24x	1.15x
Gross IRR	26.4%	26.5%	27.8%	23.9%
Net TVPI ²	2.31x	2.14x	1.24x	1.15x
Net IRR	22.2%	21.2%	17.8%	13.0%

SOSV III

SOSV III posted \$16 million in net gains during the second quarter. The largest gain was from [NotCo](#), a “future of food” company developing plant-based meat and dairy products. Other significant gains in the quarter included [Youibot](#), a Chinese company making autonomous robots for infrastructure inspection and disinfection, [Flow Neuroscience](#), a brain stimulation device and therapy app solution to treat depression, [Beeflow](#), an agtech company improving the health and pollinating efficiency of bees, and [Mesh++](#), a hardware company making solar-powered wi-fi routers.

After quarter-end, cryptocurrency derivatives trading platform BitMEX announced that it had reached a \$100 million settlement with the US Commodity Futures Trading Commission (CFTC) and the United States Treasury's Financial Crimes Enforcement Network (FinCEN) relating to inadequate know-your-customer (KYC) and anti-money laundering (AML) safeguards. The full statement from BitMEX regarding the settlement can be found [here](#). This settlement clears the company to continue to do business outside of the US and also establishes BitMEX as the largest crypto derivatives platform with a fully verified user base.

¹ MOIC (Multiple on Invested Capital) = Total Value (Including Distributions) / Capital Called

² TVPI (Net) = (Total Value (Including Distributions) – Carried Interest) / Capital Called

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SOSV IV

During the first quarter, SOSV IV deployed \$17.5 million into 83 companies. This was comprised of 21 new portfolio investments through our programs and 62 follow-on investments into existing SOSV portfolio companies.

From January 2019 to date, SOSV IV has invested \$145.1 million into 466 companies, which now have a current fair market value of \$188.4 million. In the second quarter alone, the Fund posted net valuation gains of \$16.3 million, which included \$19.6 million in gains, offset by write-offs and write-downs totaling \$3.3 million.

The largest contributors to the gains include [R-Zero](#), a hardware company developing UV-C disinfection technology, [NotCo](#), a future food company making plant-based dairy and meat alternative products, [RxAll](#), a hardware company with drug checking technology to combat counterfeit medicines, [Butlr](#), a sensor company that has developed a platform to detect room occupancy and movement, [Ignatica](#), a digital insurtech platform company, and [The Last Gameboard](#), a consumer hardware company making a digital tabletop gaming system.

Company Spotlight



[R-Zero](#) is a company building smart, automated biosafety systems to disrupt the \$20B+ global disinfection market and make indoor spaces safer. The company's first product is Arc, an IoT-enabled whole-room UV-C disinfection robot. R-Zero is also rolling out a sensor network, software suite and various hard-installed products to keep buildings safe at all times. The Salt Lake City-based startup, which was founded in early 2020 and participated in SOSV's HAX hardware program remotely during the pandemic, has seen explosive growth over the last 18 months. R-Zero currently has over 50 employees and 1,000 customers and recently [acquired Coworkr](#), a workplace intelligence platform,

to focus on sanitation and reduce the chance of infections in buildings. R-Zero closed a \$41.5 million Series B round led by World Innovation Lab, bringing its total raised in 18 months to \$58 million. SOSV IV invested in R-Zero via the HAX program and subsequent Series A and B rounds. SOSV III does not have a position in the company. [Read more here](#)

New Cohorts & Highlighted Financings in Q2 2021

Two programs held their demo days in the second quarter: Chinaccelerator 19 ([read the summary](#) and [recording here](#)) and IndieBio New York cohort 2 ([recording here](#)). IndieBio San Francisco held its cohort 11 demo day on July 15th ([recording here](#)).

Below are some portfolio highlights from SOSV III and SOSV IV portfolio companies:

Startups in SOSV III & IV



GELTOR



SOSV's cellular agriculture portfolio had a busy quarter with several key product developments in the food space:

- [Clara Foods](#) announced the first animal-free pepsin for use in food and pharmaceutical applications. Using fermentation technology, Clara's product eliminates use of pig stomachs for pepsin, solving a range of supply chain stability issues and animal welfare concerns. [Read more here](#)
- [Geltor](#) debuted its animal-free collagen, PrimaColl, which it plans to release widely this fall. The product is Geltor's first entry to the food & beverage market and can be used as an ingredient in a wide range of nutritional supplement and food and beverage formulations. [Read more here](#)
- [Finless Foods](#), which produces cell-based and plant-based alternatives to seafood, announced that it plans to release its plant-based tuna in 2022. [Read more here](#)

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- [UPSIDE Foods](#) is the rebranding for Memphis Meats. UPSIDE plans to release its first cell-based chicken product to the market as soon as the US Department of Agriculture and Food and Drug Administration release labeling standards and regulatory approvals. [Read more here](#)



[Intelligent Implants](#) has received Breakthrough Device Designation by the US Food and Drug Administration (US FDA) for its *Smartfuse* device. The implanted device can remotely stimulate, control and monitor bone growth for patients recovering from spinal fusion surgery. The company, a 2015 HAX graduate, has offices in Ireland, Sweden and the US. SOSV III and SOSV IV hold positions in the company.

[Read more here](#)



[Mendel](#) is a clinical software platform that uses AI to analyze unstructured natural language content in medical documents including patient records, doctors' notes, lab tests and medical literature. The company's technology enables better understanding of disease pathologies, suggesting matches for clinical trials and second opinions based on patient medical histories. The company closed an \$18 million Series A led by DCM to expand the platform. SOSV III invested in Mendel via its 2016 IndieBio program investment and Series Seed financing. SOSV IV participated in subsequent funding rounds.

[Read more here](#)



[Beeflow](#) is an agtech company that has developed solutions to reduce bee mortality and train bees to target specific crops for greater pollination efficiency. The technology has increased crop yields by 90% for farmers across Latin America and the West Coast of the US where the company currently operates. Beeflow closed an \$8.3 million Series A round led by Ospraie Ag Science and plans to expand its offering to Mexico and across the US. SOSV III participated in the company's IndieBio program and Series Seed investments, while SOSV IV participated in the Series A.

[Read more here](#)

Startups in SOSV IV Only



[Ignatica](#) is a Hong Kong-based insurtech company that enables insurance companies to easily build and launch new products through its digital platform. The company raised a \$7 million pre-Series A round in the second quarter led by Lingfeng Capital. The new capital will support Ignatica's expansion across Southeast Asia, China, Japan, Europe and North America. SOSV IV invested via Ignatica's 2020 Chinaccelerator program investment and subsequent funding rounds.

[Read more here](#)



[The Last Gameboard](#) is a consumer hardware company making an intelligent tabletop gaming system with 3D touch technology. The company closed a \$4 million Series Seed round in the second quarter led by TheVentureCity. The new capital will enable the HAX-affiliated hardware company to ship its first production units before the end of the year. SOSV IV invested via The Last Gameboard's 2020 HAX program and Series Seed financing rounds.

[Read more here](#)

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Upcoming Events & Recent Press

Due to COVID-19, most of the events below will be held online. Please let us know if you are interested in attending upcoming events or in receiving recordings of past events. For more events, please visit the [SOSV Events Page](#) on our website.

- August 30th Chinaccelerator cohort 20 launches
- October 20th-21st SOSV Climate Tech Summit (virtual - [register here](#))
- October (date TBC) IndieBio San Francisco cohort 12 launches

Recent articles:

- HAX Partner Garrett Winther discusses the [rapid hard-tech emergence](#), as technologies decarbonize, modernize infrastructure, secure supply chains and fully digitize traditional industries. This emergence is uniquely characterized by a combination of integrated hardware & software technologies, transformation of multitrillion-dollar industries, rising B2B sales, cost reductions for hard tech tooling and the growth of entrepreneurial PhD talent.
- Chinaccelerator's Superworld was featured in a [New York Times](#) piece discussing the rise of NFTs (non-fungible tokens) in art and real estate. [Superworld](#) is an augmented reality app that allows users to buy and sell virtual real estate.
- IndieBio New York graduate Beemunity's technology was featured on the cover of [Nature Food](#). The company's microsponge technology detoxifies pesticides in vivo, leading to improved beehive survival rates and bee health.

If you would like to receive the most up-to-date news from each of our programs, including Demo Days invitations, event updates and articles, we encourage you to subscribe to the specific SOSV program newsletters that interest you. You can sign up here: <https://sosv.com/subscribe/>

Fundraising

During the second quarter, SOSV held the final close for the SOSV Select Fund at the hard cap of \$100 million in commitments. Thank you to all the SOSV III and SOSV IV investors who committed to the fund. The press release can be found [here](#).

The SOSV IndieBio NY LP fund also held a close in the second quarter and currently has approximately \$44 million of commitments for its target raise of \$50 million. The final close is planned for later this year.

2021 Annual General Meeting

On June 9th and 10th, SOSV held its 2021 virtual Annual General Meeting. The slides from the meeting are available in your investor portal. If you would like to receive access to the event recording, please email ir@sosv.com.

Looking Forward

As we mentioned last quarter, the momentum behind our Climate Tech portfolio continues to grow. Building on SOSV's [Climate Tech 100 list](#) published in April, and the notable coverage in [TechCrunch](#), SOSV will be hosting its first [Climate Tech Summit](#) in October.

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The Summit will bring together top investors, founders and scientists to discuss climate tech as an emerging category for startups and venture investing. Our goal is to deepen venture, academic, corporate and media understanding of the accomplishments and potential of startups in climate tech. The event will be run virtually in an interactive online experience, and we invite you to join us. You can register for the event [here](#).

In case you missed it, our HAX and IndieBio teams discussed the current landscape of climate tech investing at our AGM in June. A recording of the panel can be found [here](#).

One of the companies featured on this Climate Tech 100 list is NotCo, the future food company that uses AI to make plant-based meat and dairy alternatives. Since the end of the quarter (so not reflected yet in quarterly performance), Notco [announced](#) a \$235M Series D investment at a \$1.5B post-money valuation, making them a 'unicorn' investment. We congratulate NotCo on this milestone and look forward to continuing to follow the company's progress. If you missed it, NotCo CEO Mathias Muchnick spoke with IndieBio Managing Director Po Bronson at our AGM in June. If you would like to watch the recording, email ir@sosv.com.

Thank you as always for your trust and your commitment to SOSV.

Best wishes,



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