



SQN VENTURE INCOME FUND III, LP

ANNUAL REPORT 2024

SQN VIF III Annual Update

ANNUALIZED NET
IRR¹

18.6%

DISTRIBUTED TO PAID-
IN CAPITAL (DPI)¹

0.04x

TOTAL VALUE TO PAID-IN
CAPITAL (TVPI)¹

1.19x

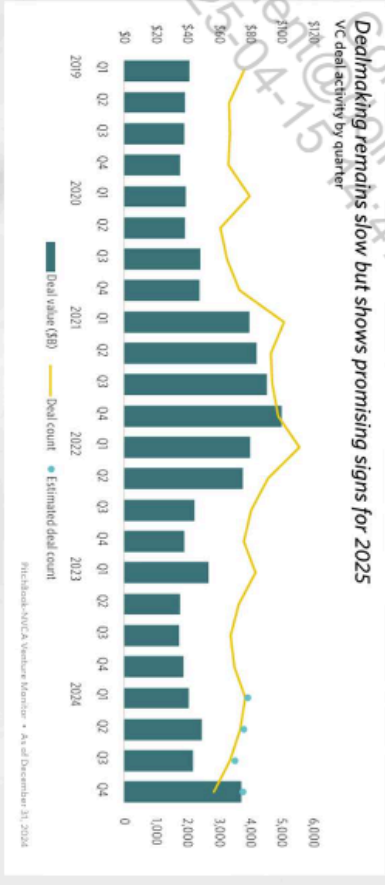
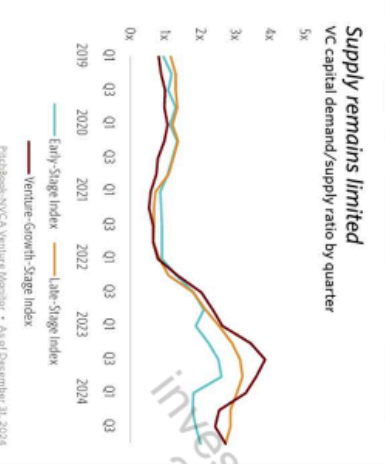
SQN Venture Partners, LLC (“SQN”) was founded in 2015 with a dual mandate of providing limited partners access to the domestic venture capital ecosystem and providing debt financing to rapidly growing emerging technology companies who have received venture capital backing.

¹ SQN VIF III, LP Tracking Investor: Tracking Investor SQN VIF III, LP is an investor that is part of the earliest Class E admit into the fund, has no fee breaks and has participated in all fees and expenses. The Tracking Investor for SQN VIP III, LP invested on 12/28/23, was not privy to any anchor terms, and made no withdrawals or additional capital contributions during the periods. Past performance is not indicative of future results.

Summary of Venture Activity:

The venture capital (VC) market in 2024 demonstrated resilience despite ongoing liquidity challenges. Exit activity remained a major bottleneck for the industry, with large exits at their lowest levels since 2017. While overall exit counts improved from the previous year, total exit value continued to lag significantly behind pre-pandemic levels. Despite these headwinds, VC dealmaking showed promising signs, particularly in the artificial intelligence (AI) sector, which captured nearly half of the year's total deal value.

VC capital supply remains limited, impacting overall deal activity. Investor sentiment, both in public and private markets, remains cautious, further contributing to this constraint. As a result, we believe the current environment favors investors, allowing them to negotiate stronger terms compared to more typical venture market conditions. This supply limitation is partially driven by a pullback from non-traditional investors, who tend to retreat during periods of uncertainty and return when the market becomes more exuberant.



There is no complete and reliable data set for private investments. The information is extremely limited, and most data is compiled from funds that elect to self-report and tend to be biased toward higher performing funds. Losses are underreported. Funds included in these measures may lack commonality. Over time, components of the data may change. Funds may begin or cease to be represented based on these factors, thereby creating a "survivorship bias" that may additionally impact the data reported.

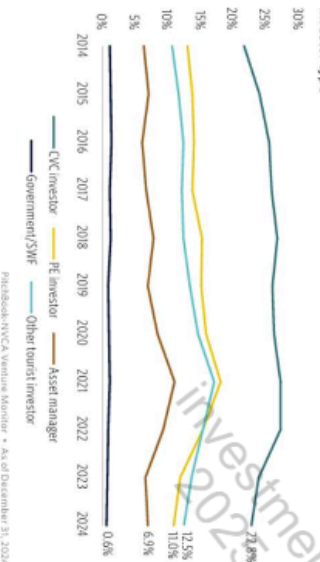
Summary of Venture Activity (continued):

Venture debt had a standout year in 2024, reaching a record \$53.3 billion in total deal value despite broader liquidity constraints in the venture capital market. The debt market mirrored trends in equity financing, with artificial intelligence companies receiving a significant portion of loans. Over 36% of new venture debt issuance was directed toward AI projects, primarily funding chip and infrastructure investments for high-compute models. However, the overall deal size of loans appeared lower, as a few large AI deals skewed the average, masking a more cautious lending environment for non-AI sectors.

Lending activity also shifted toward later-stage startups as equity capital remained scarce. Loans to venture-growth-stage companies surpassed all other stages for the first time, reflecting lenders' cautious approach toward earlier-stage investments. The collapse of Silicon Valley Bank (SVB) in 2023 continued to impact the market, particularly for early-stage companies, where lending has not fully rebounded. With anticipated Federal Reserve rate cuts in 2025, we believe that venture lending will continue to remain robust.

Nontraditional investment has continued to pull back from VC

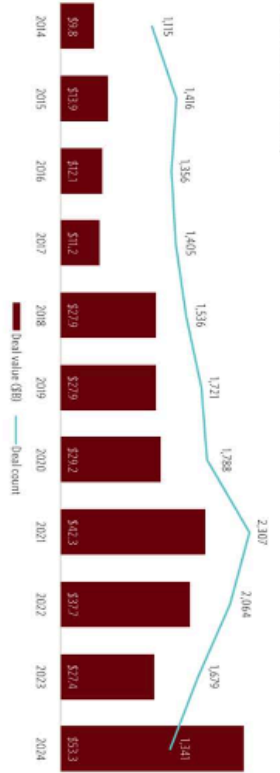
VC deals with nontraditional investor participation as a share of all VC deal count by investor type



Venture debt

Debt value has blowout year

Venture debt deal activity



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SQL VIF III, LP: 2024 Highlights

Annual Update

Throughout the year, SQLVP continued backing high-growth, mission-driven businesses across deep tech, sustainability, and infrastructure. In industrial innovation, CarbiCrete, a Canadian company developing carbon-negative concrete, received funding to support equipment purchases as it advances toward commercial scale.

GrayMatter Robotics, which builds smart robotic systems for manufacturing, secured capital to expand its presence in industries like aerospace and defense. Similarly, Cornelis Networks, focused on high-performance interconnect solutions for AI and HPC, advanced development of its next-gen CNS000 platform with SQLVP's support.

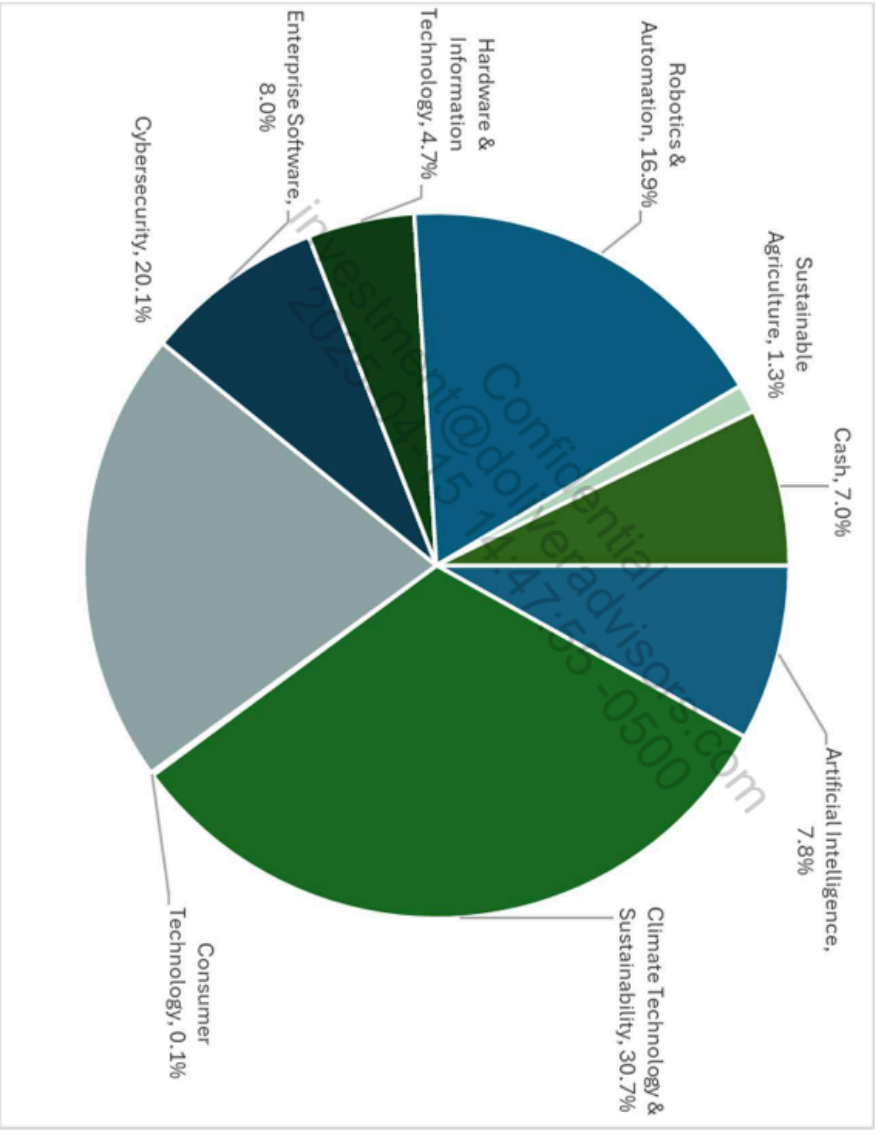
In biotech and life sciences, Tessera Therapeutics—a pioneer in gene writing—received funding to advance lab capabilities. The company is backed by top-tier investors and continues to lead in genomic medicine. Meanwhile, Believer Meats, an Israeli company producing cultivated meat, is building a large U.S. facility to scale production, with funds going toward equipment investments.

Within infrastructure and AI, Denver Dataworks continued scaling its GPU cloud services platform, with additional capital going toward NVIDIA hardware. Lambda Labs, another leader in deep learning infrastructure, used funds to expand GPU and server capabilities. Both companies support the fast-growing AI development ecosystem across research and enterprise use cases.

SQLVP also backed companies addressing sustainability and digital transformation. For Days, a circular fashion brand, expanded its textile and electronics recycling programs. Nimble, a maker of eco-friendly consumer electronics accessories, grew its retail footprint with placement in Apple Stores and other major channels. In the insurtech space, Pathpoint continued scaling its platform for E&S insurance distribution, while Bricz, a supply chain consulting firm, strengthened its offerings for logistics and retail clients.

SQN VIF III, LP: 2024 Highlights

Industry Breakdown



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SQN VII F III, LP Company Descriptions:

BELIEVER MEATS

Believer Meats focuses on the production of cultivated meat within the food technology sector. It offers real, non-GMO meat grown from animal cells, providing a cruelty-free, antibiotic-free, and environmentally friendly alternative to conventionally farmed meat. The company primarily serves consumers looking for healthier and sustainable meat options. Believer Meats was formerly known as Future Meat Technologies. It was founded in 2018 and is based in Rehovot, Israel

CORNELIS NETWORKS, INC.

Cornelis Networks was founded in September 2020 after being spun out of Intel Corporation. The Company provides purpose build interconnect products for high performance computing (HPC) environments.

GRAYMATTER ROBOTICS

GrayMatter Robotics specializes in advanced robotics and artificial intelligence (AI) technologies for the manufacturing sector. The company provides smart robotic cells that assist with surface treatment and finishing tasks, designed to enhance productivity and quality in manufacturing environments. GrayMatter Robotics primarily serves industries such as aerospace and defense, marine and boat building, specialty vehicles, general manufacturing, and recreation and consumer products. It was founded in 2020 and is based in Gardena, California.

NIMBLE FOR GOOD

Nimble For Good is a company in the consumer electronics industry that provides technology accessories. They offer products such as portable chargers, wireless chargers, wall chargers, adapters, charging cables, screen protectors, and cases for iPhones and AirPods. The company serves consumers who prioritize lower environmental impact in their purchases. It was founded in 2018 and is based in Costa Mesa, California

CARBICRETE, INC.

Carbicrete, Inc. was founded in 2016 and is headquartered in Lachine, Quebec. The Company is the developer of patented technology that enables the production of low-cost cement-free, carbon-negative concrete.

JUSTPAID

JustPaid focuses on artificial intelligence (AI)-powered billing and revenue management in the financial technology sector. The company offers services such as managing accounts payable and receivable, generating invoices, processing payments, and conducting custom collection efforts. It primarily serves businesses in need of efficient revenue management and billing systems. It was founded in 2022 and is based in Mountain View, California.

SQN VENTURE INCOME FUND III, LP: 2024 PERFORMANCE

AS OF DECEMBER 31, 2024

PORTFOLIO COMPANY NAME	SQN VIF III INVESTMENT	NET DEBT REALIZED	NET DEBT UNREALIZED	TOTAL		NET EQUITY REALIZED	NET EQUITY UNREALIZED	TOTAL		TTD REALIZED	TTD UNREALIZED	TOTAL		NET IRR	NET MOIC
				RETURN ON DEBT INVESTMENT	DEBT			RETURN OF EQUITY INVESTED	EQUITY			REALIZED + UNREALIZED RETURNS			
Carb/Crete	403,381.24	38,181.90	464,661.52	502,843.42	-	26,390.14	26,390.14	118,858.70	38,181.90	491,051.66	529,233.56	26%	1.31x		
Cornella Networks	1,500,000.00	46,066.68	1,863,665.10	1,909,731.78	-	118,858.70	118,858.70	232,446.58	46,066.68	1,982,523.80	2,028,590.48	21%	1.35x		
GrayMatter Robotics	1,124,996.22	233,520.64	1,211,417.94	1,444,938.58	-	232,446.58	232,446.58	233,520.64	1,443,864.52	1,677,385.16	29%	1.49x			
Denur Dataworks Corp.	730,114.83	133,089.16	780,434.04	913,523.20	-	-	-	133,089.16	780,434.04	913,523.20	913,523.20	16%	1.25x		
Pandion (Logistics)	5,157,236.03	1,630,968.37	4,898,833.34	6,529,801.71	-	561,305.78	561,305.78	1,630,968.37	5,660,139.12	7,091,107.49	15%	1.37x			
Silvercity	5,000,000.00	757,801.96	6,075,217.72	6,833,019.68	-	1,598,394.19	1,598,394.19	757,801.96	7,673,611.91	8,431,413.87	22%	1.69x			
Welcome Homes	2,000,000.00	2,354,319.68	2,354,319.68	2,354,319.68	-	276,011.30	276,011.30	2,354,319.68	276,011.30	2,630,330.98	2,630,330.98	22%	1.32x		
Aqua Membranes	7,460,172.96	2,466,790.78	6,695,789.96	9,162,580.74	-	180,644.30	180,644.30	2,466,790.78	6,876,434.26	9,343,225.04	16%	1.25x			
Tessera Therapeutics	1,484,284.85	447,847.85	1,511,206.60	1,959,054.45	-	-	-	447,847.85	1,511,206.60	1,959,054.45	12%	1.32x			
Loopfour, Inc (DBA JustPaid.io)	50,000.00	-	-	-	-	-	-	-	-	-	-	0%	0.00x		
For Days	2,000,000.00	158,000.00	2,421,049.98	2,579,049.98	-	169,257.60	169,257.60	158,000.00	2,590,307.58	2,748,307.58	16%	1.37x			
Lambda Labs	2,569,397.60	644,205.93	2,541,684.66	3,185,890.59	-	-	-	644,205.93	2,541,684.66	3,185,890.59	12%	1.24x			
Pathpoint, Inc.	1,000,000.00	60,749.98	1,208,872.32	1,269,622.30	-	110,455.20	110,455.20	60,749.98	1,319,327.52	1,380,077.50	19%	1.38x			
Bricz	1,250,000.00	31,651.08	1,631,919.41	1,663,570.49	-	27,546.40	27,546.40	31,651.08	1,659,465.81	1,691,116.89	14%	1.35x			
Nimble	2,000,000.00	184,154.03	2,493,201.83	2,677,355.86	-	157,611.66	157,611.66	184,154.03	2,650,813.49	2,834,967.52	17%	1.42x			
Believer Meats	531,763.87	7,976.46	766,829.21	774,805.67	-	-	-	7,976.46	766,829.21	774,805.67	16%	1.46x			
Total	34,261,347.60	9,195,324.50	34,564,783.63	43,760,108.13	-	3,458,921.85	3,458,921.85	9,195,324.50	38,023,705.48	47,219,029.98	17.32%	1.38x			

SQN VIF III, LP Investment is the originally deployed principal on loans and leases
Net IRR is inclusive of all deal and fund level expenses including carried interest, mgt fees, and G&A expenses, historical cash flows and current residual value
Net MOIC is inclusive of all deal and fund level expenses including carried interest, mgt fees, and G&A expenses, historical cash flows and current residual value
Past performance is not indicative of future results

Institutional and Limited Partner Use Only

SQN VENTURE PARTNERS

SON VENTURE INCOME FUND III, LP:

SON VIF III, LP Tracking Investor ¹ (Net IRR)			
1 Year Net IRR ²	12/31/23 through 12/31/24	18.60%	
2 Year Net IRR ²	N/A	N/A	
5 Year Net IRR ²	N/A	N/A	
Life to Date Net IRR ⁷	12/28/23 through 12/31/24	18.60%	
Life to Date DPI ³	As of 12/31/24	0.04x	
TVPI ⁶	As of 12/31/24	1.19x	

1. Tracking Investor for SON VIF III, LP is an investor that is part of the earliest Class E admit into the fund, has no fee breaks and has participated in all fees and expenses. The Tracking Investor for SON VIF II, LP invested on 12/28/23, was not privy to any anchor terms, and made no withdrawals or additional capital contributions during the periods shown.
2. Distributions are the cash accrued for distribution during each calendar year.
3. Distributions to paid in capital (DPI) is the sum of all distributions to limited partners expressed as multiple or percentage of total limited partner capital called.
- 6 Total value to paid in capital (TVPI) is the sum of distributions to limited partners and remaining net asset value expressed as multiple or percentage of total limited partner capital called.
- 7 The Net IRRs shown above are for illustrative, informational purposes only. They reflect the Net IRRs for a Limited Partner or "Tracking Investor" who invested on 12/28/23, was not privy to any anchor terms, and made no withdrawals or additional capital contributions during the period shown. Net IRRs reflect the gross IRR applicable to the Tracking Investor, net of management fees and certain fund expenses. They include remaining, unrealized net asset value, and distributions received to date. Net IRRs include any accrued provisions of carried interest. Net IRRs experienced by individual LPs will differ for various reasons, including date of investment and the amount of management fees the investor pays. The variance in performance may be material. LPs should refer to their individual account statements for actual capital account balances and returns. The Net IRRs shown were prepared by the Manager and have not been compiled, reviewed, or audited by an independent accountant. The presented results are based on the Fund's internal books and records and are subject to adjustment following the year-end audit. Past Performance is not indicative of future results.

IMPORTANT DISCLOSURES

DISCLOSURE

No representation is made with respect to the completeness or timeliness of information provided in the Internal Rate of Return ("IRR") Report. The information is not intended to be, nor shall it be construed as, investment advice or a recommendation of any kind. Past performance is not a guarantee of future results. This IRR Report is for informational purposes only and does not constitute an investment management agreement or offering of securities. This material is neither an offer to sell nor a solicitation of an offer to buy any security described herein. Such an offer can only be made by the Private Placement Memorandum ("PPM"), which contains complete information regarding risks. There can be no assurance that the investment product described in this IRR Report will achieve the reported rate of return, distribution, volatility or other specified parameters and there is no guarantee against loss resulting from investment. Investment in the markets carries risk of loss of capital. Investors should review the terms of any Offering Documents with due care and appropriate professional advice. Return and volatility or objectives are used for measurement or comparison purposes and only as a guideline for prospective investors to evaluate the investment strategy and the accompanying risk/reward ratio. Returns and volatility are subjective determinations by the investment manager based on a variety of factors, including, among others, investment strategy, prior performance or similar products, volatility measures, risk tolerance and market conditions. Performance may fluctuate, especially over short periods. Returns and volatility should be evaluated over the time period indicated and not over shorter periods. Returns and volatility should not be relied upon as an indication of future performance. No representation or assurance is made that the fund or a managed account will or is likely to achieve the objectives or reported returns or volatility. The information contained herein is not complete, may change, and is subject to, and is qualified in its entirety by, the more complete disclosures, risk factors, and other information contained in the relevant Offering Documents.

Past performance is no guarantee of future results.

FUND RISKS

Any such offer or solicitation may only be made pursuant to the Fund's final confidential related subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with this offering. Interest in the Fund have not been and are not intended to be registered under the United States Investment Company Act of 1940, as amended, the United States Securities Act of 1933, as amended or the securities laws of any state of the United States. Investment in the Fund is highly speculative and involves a high degree of risk. There can be no assurance that the Fund will achieve its investment objective. There is no market for interests in this Fund and none is expected to develop. There are restrictions on sale and transfer of interests. Limited partners may incur substantial losses on their investments in the Fund or may lose all their investment. An investment in the Fund is suitable only for sophisticated investors who have no need for current liquidity. Potential investors should consider the Partnership's fees and expenses, which may offset earnings. General risks that may affect an investment in this security include but are not limited to general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting a portfolio's operations that could cause actual results to differ materially from projected results. Please consider discussing an investment with your tax advisor and counsel.

Interests in the Fund are speculative investments and are not intended as a complete investment program. Investment in the Fund is designed only for sophisticated persons who are able to bear the entire loss of their investments in the Fund. An investment will involve significant risks due to the nature of the fund's investments. Investors must have the financial ability and willingness to accept the risks and lack of liquidity characteristics the investment. Interests are subject to substantial restrictions on transferability and resale and may not be transferred. There is no public or other market for the interests and no such market will develop.

An investment in the Fund should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment.

There can be no assurance that the Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any Limited Partner will receive any distribution from the Fund. The Fund's investment portfolio will consist primarily of debt and related equity securities issued by privately held venture-backed companies, many of which are expected to be at a relatively early stage of development without significant current cash flow. Operating results of such companies in a specified period are difficult to predict and depend on many factors outside the control of the General Partner. Such investments involve a high degree of business and financial risk (including the risk of failure or substantial declines in value of such companies at any stage) that can result in substantial losses for the Fund and the Limited Partners. The Fund expects to participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single investment. The General Partner expects to cause the Fund to incur permanent, fund-level leverage, potentially including through bridge, subscription, asset-backed facilities, financing transactions from prime brokers or custodians, short-sales and/or related to the Fund's hedging activities. Borrowings by the Fund will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. Such debt exposes the Fund to refinancing, recourse and other risks. As a general matter, the presence of leverage can accelerate losses.

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