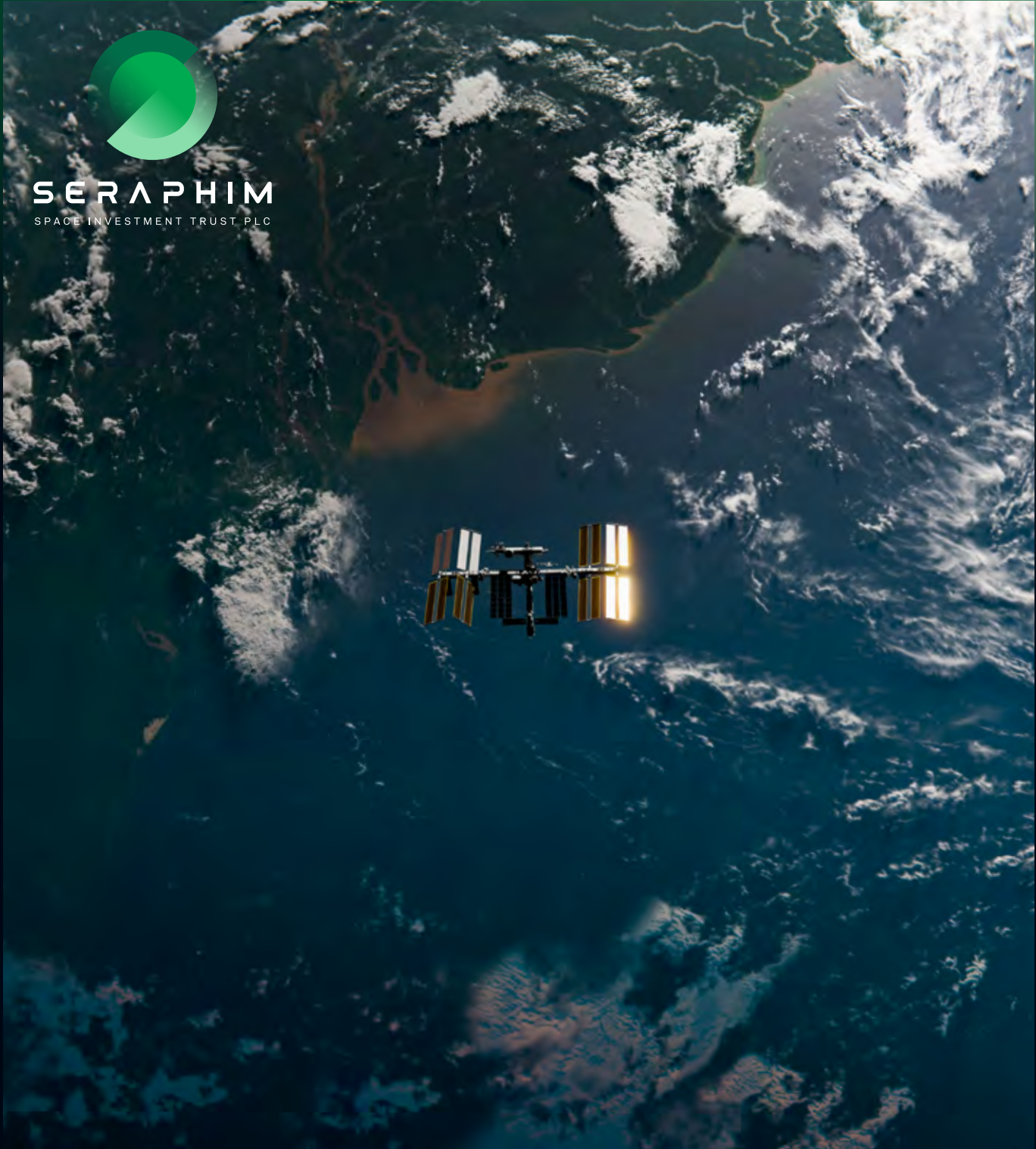




SERAPHIM
SPACE INVESTMENT TRUST PLC



ANNUAL REPORT

FOR THE PERIOD
ENDED 30 JUNE

2022

ABOUT THE COMPANY

Seraphim Space Investment Trust PLC (the “Company” or “SSIT”) is the world’s first listed SpaceTech fund. It is an externally managed closed-ended investment company that was launched in July 2021. SSIT seeks to generate capital growth over the long term through investment in a diversified, international portfolio of predominantly early and growth stage privately financed SpaceTech businesses that have the potential to dominate globally and are category leaders with first mover advantages in areas such as global security, food security, climate change and sustainability. The Company’s shares are traded on the London Stock Exchange’s main market.

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Find us online: investors.seraphim.vc

INVESTMENT MANAGER

The Company is managed by Seraphim Space Manager LLP (the “Investment Manager” or “Seraphim Space”), the world’s leading SpaceTech investment group. The Investment Manager’s team consists of seasoned venture capitalists and some of the Space sector’s most successful entrepreneurs who scaled their businesses to multi-billion-Dollar outcomes.

The Investment Manager has supported more than 80 SpaceTech companies across its fund management and accelerator activities since 2016 and has a proven track record of delivering value.

Positioned at the heart of the global SpaceTech ecosystem, the Investment Manager has a unique model, using information asymmetry generated from its global deal flow, partnerships with leading industry players and primary research to back the most notable emerging SpaceTech companies shaping a new industrial revolution.

The Investment Manager is a signatory to the UN Principles for Responsible Investment (“UN PRI”). Its first UN PRI report is due in 2024.

Please note that the Glossary on pages 154 to 155 provides definitions for defined terms used through the report.

STRATEGIC REPORT

KEY HIGHLIGHTS

As at 30 June 2022

KEY PERFORMANCE INDICATORS

For the Period from 14 July 2021⁽¹⁾ to 30 June 2022

NAV PER SHARE MOVEMENT ⁽²⁾

+1.9%

SHARE PRICE MOVEMENT ⁽²⁾

-47.0%

DISCOUNT (AS AT 30 JUNE 2022) ⁽²⁾

-47.0%

ONGOING CHARGES ⁽²⁾

1.72%

FAIR VALUE VS. INITIAL COST (AS AT 30 JUNE 2022) ⁽²⁾

104.3%

FINANCIAL SUMMARY

	30 JUNE 2022	14 JULY 2021 ⁽¹⁾	% CHANGE
NAV	£239.3m	£175.1m	36.7%
NAV per share	99.97p	98.15p	1.9%
Portfolio valuation	£186.1m		
Market capitalisation	£126.9m	£178.4m	-28.9%
Share price	53.0p	100.0p	-47.0%
-Discount/+premium ⁽¹⁾	-47.0%	+2.0%	
Ongoing charges ⁽¹⁾	1.72%	n/a	
Number of shares in issue	239,384,928	178,414,516	34.2%
Liquid resources	£57.7m	£146.8m	

⁽¹⁾ 14 July 2021 – the date the Company’s ordinary shares were admitted to trading on the London Stock Exchange’s main market following completion of its IPO.

⁽²⁾ Alternative performance measure – see Alternative Performance Measures on pages 152-153.

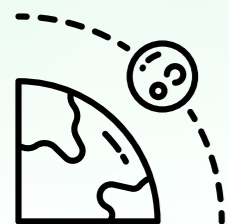


**WHY
INVEST**

WHY INVEST IN SPACETECH?

"Radical advances in the already significant \$366bn Space industry mean a data and connectivity tsunami is about to transform the world as we know it, unlocking trillions of dollars of value."

James Bruegger
CIO, Seraphim Space

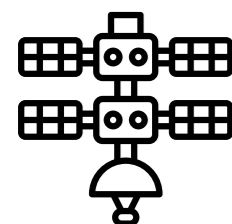
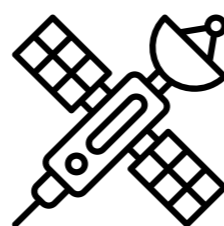


100X REDUCTION IN COSTS OF REACHING ORBIT

Thanks to innovations such as reusable rockets and miniaturised satellites made out of smartphone components, low-cost access to Space is now a reality.

WE HAVE LIFT-OFF! INFLECTION POINT REACHED

In the next few years, hundreds of companies are planning on launching 10x as many satellites than in the entire history of the Space Age combined.

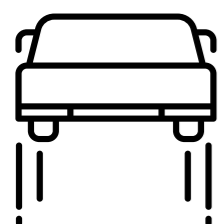


SPACE 2.0; NEW PLANETARY SCALE DIGITAL INFRASTRUCTURE

New large-scale constellations of small satellites are enabling real time, high-resolution, low-cost data in abundance. These capabilities are set to have a transformative impact on many industry verticals, helping to unlock trillions of Dollars in value in areas such as global security, food security, climate and sustainability, connectivity, mobility, internet of things and smart cities.

RESHAPING OUR WORLD FOR THE BETTER

Harnessing the infinite possibilities of Space, our companies are at the frontier of tomorrow helping to solve the Earth's most pressing problems. SpaceTech has a unique and critical role to play in helping to deliver a safer, more just and more sustainable future.



SCIENCE FICTION TURNING INTO SCIENCE FACT

Space is at the nexus of mega-trends that will help define societal change over the forthcoming decades. The era of driverless cars, flying taxis and robots will be powered by SpaceTech. The shift to orbit of everything from tourism, energy production, manufacturing, data centres and mineral extraction has already begun.

WHY INVEST IN SPACETECH

(continued)

SPACETECH IN NUMBERS

SIZE OF SPACE MARKET IN 2019

366BN^{USD}

ESTIMATED SIZE OF SPACE MARKET BY 2045

2.7TR^{USD}

LAUNCH COST PER KG TO LOW EARTH ORBIT IN 2006

10,000^{USD}

LAUNCH COST PER KG TO LOW EARTH ORBIT IN 2020

<1,000^{USD}

SATELLITES LAUNCHED SINCE DAWN OF SPACE AGE IN 1957

13,000

PLANNED SATELLITES BY >200 COMPANIES IN 2021

100,000

NUMBER OF SATELLITES LAUNCHED IN YEAR ENDED 30 JUNE 2022

1,744

RECORD LEVELS OF VENTURE CAPITAL FUNDING IN YEAR ENDED 30 JUNE 2022

12BN^{USD}

Source: Satellite Industry Association; Bank of America; Crunchbase; company websites; press releases; United Nations Office for Outer Space Affairs; Union of Concerned Scientists - Satellite Database (2021); Gunter's Space Page; BryceTech; Futuretimeline.net; Space Launch Now; Seraphim Space analysis

RESILIENT AND GROWING MARKET



RESILIENT AND GROWING MARKET

SECTOR HIGHLIGHTS

The year ended 30 June 2022 was one of the most significant in decades for the Space sector. It was a year of record investment and IPOs and one which witnessed Space tourism become a reality. It was also a period that reinforced the unique role SpaceTech has in reshaping our world for the better, be that helping to address the climate crisis or combat Russian aggression in Ukraine.



Jul-21

Start of the era of Space tourism with both Richard Branson (Virgin Galactic) and Jeff Bezos (Blue Origin) reaching low Earth orbit.



Sep-21

SpaceX completes world's first privately crewed spaceflight.



Nov-21

Importance of SpaceTech in combating climate change showcased at COP26 in Glasgow.



Dec-21

Record-breaking year for SpaceTech investment with more than \$12bn of venture capital investment and 12 SpaceTech businesses going public.

RESILIENT AND GROWING MARKET

(continued)



Jan-22

The James Webb Telescope - the most powerful ever - is successfully launched to help unlock the secrets of the Cosmos.



Feb-22

UK Government unveils new Space strategy with plans for rocket launches from the UK by the end of 2022.



Mar-22

Commercial satellite imaging companies play a key role in documenting Russia's destruction in Ukraine.



Apr-22

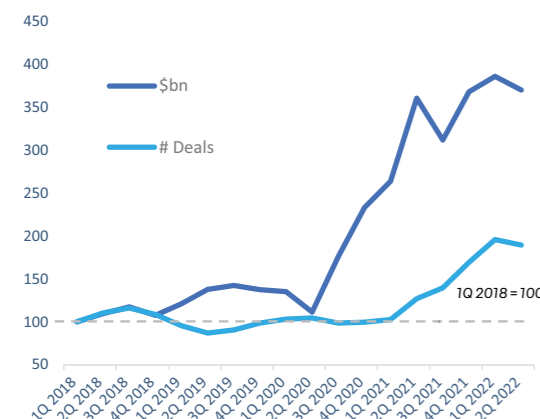
Axiom completes first privately funded, operated and crewed mission to the International Space Station.

RESILIENT AND GROWING MARKET

(continued)

Seraphim Space tracks global venture capital activity within the SpaceTech market. Collating information drawn from both public and private sources on individual transactions, Seraphim Space publishes a quarterly SpaceTech venture capital index (the “Seraphim Space Index”)⁽¹⁾ that provides insights into the latest trends in the SpaceTech investment market. The charts below are drawn from this index.

Trailing 12-month SpaceTech investment activity index



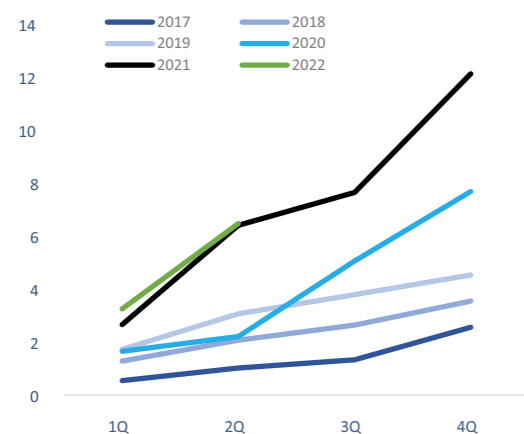
Source: Seraphim Space Index

The Seraphim Space Index is a barometer of the investment activity within the Space sector, showing the global volume and value of venture capital deals within the Space sector on a 12-month trailing basis, normalised against Q1 2018.

Over the last two years, there has been **a substantial increase in both the amount of capital invested and number of companies financed.**

In particular, the amount of growth capital provided to later stage companies has grown very significantly during this time, principally as the result of very sizeable transactions for ‘mega constellations’ from the likes of SpaceX and OneWeb.

SpaceTech annual investment tracker (\$bn invested)



Source: Seraphim Space Index

Over the past five years, the amount of private capital invested in the Space sector has grown. This has seen each year surpassing the previous year’s investment record.

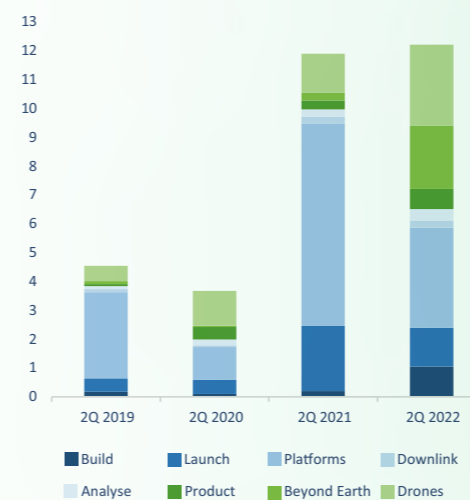
2021 saw a total of \$12.1bn invested across 376 transactions, representing a 58% increase on the previous record set in 2020.

Notwithstanding current macro-economic headwinds, investment activity during the first half of 2022 has remained strong, with overall investment levels matching those of the equivalent period last year. With 217 companies having already closed funding rounds so far this year, **2022 looks set to break the record once again for the number of SpaceTech companies receiving investment.**

RESILIENT AND GROWING MARKET

(continued)

Rolling 12-month SpaceTech investment by sub-sector (\$bn)

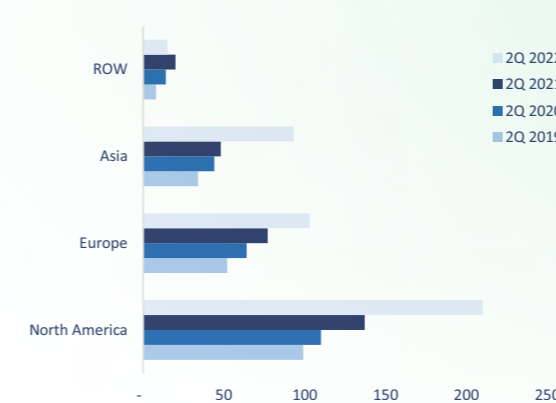


Source: Seraphim Space Index

The sub sectors relating to Space’s new infrastructure – namely Launch (principally rockets) and Platforms (i.e. satellite constellations) – have typically accounted for the vast majority of capital invested. This is to be expected given the more capital-intensive nature of these businesses.

During the 12 months ended 30 June 2022, this has changed, with less capital committed to rocketry and satellite businesses, offset by sizeable increases in the amount of capital being deployed into both drone-related companies and those in the Beyond Earth category. Beyond Earth relates to businesses operating in the in-orbit economy such as satellite servicing, orbital debris removal and commercial Space stations.

Number of SpaceTech deals by region (last 12 months)



Source: Seraphim Space Index

North America has consistently accounted for c.50% of all transactions completed in recent years. Europe, led by the UK, has typically represented c.25% of deals, and Asia, led by China, c.20%.

All three of these regions have seen sustained growth in the number of transactions completed.

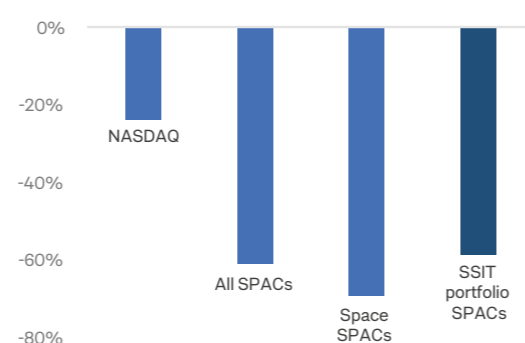
The year ended 30 June 2022 saw North American deal volumes increase by 53%, Europe by 34% and Asia by 94%.

PUBLIC MARKET TURBULENCE

A record 16 SpaceTech businesses went public in the year ended 30 June 2022, collectively raising over \$7bn in capital. Like most companies that have recently gone public via mergers with special purpose acquisition companies (“SPACs”), these SpaceTech businesses (including three of the Company’s portfolio companies) have seen their share prices hit badly in the wake of worsening macro-economic conditions.

Given the relatively unique characteristic of SPACs, to date, **the poor performance of SpaceTech SPACs has not manifested itself in the private finance market in terms of investment activity and the poor share price performance of the SpaceTech SPACs in SSIT’s portfolio companies is not a reflection of their commercial performance, which has been robust relative to forecasts.**

Performance year ended 30 June 2022



Source: Factset; Seraphim Space analysis

⁽¹⁾ Source: Crunchbase; company websites; press releases; Seraphim Space analysis



CHAIR'S STATEMENT

CHAIR'S STATEMENT

"Despite the global economic headwinds, the Board is pleased with the progress made to date and remains very positive about the scale of opportunity for the Company. In particular, a combination of the climate crisis and the war on Ukraine highlighting the continued focus on global security has resulted in significant increases in government budgets for the acquisition of SpaceTech-related capabilities. The Company is well positioned to benefit from these secular trends, with material proportions of the portfolio companies' revenue relating to defence and/or climate and sustainability."

Will Whitehorn
Chair

I am pleased to present the first Annual Report of Seraphim Space Investment Trust PLC, covering the period from incorporation on 14 May 2021 to 30 June 2022 (the "Period").

I would like to thank all those investors who subscribed in the IPO on 14 July 2021 as well as the investors in Seraphim Space LP (the "LP Fund") for their support. I would also like to thank the Company's Investment Manager, advisers and other service providers and my fellow Directors for all their efforts that contributed to a successful launch and to the operation of the Company since then.

PROGRESS SINCE IPO

At IPO, the Company raised £150.0m from a broad range of investors alongside the acquisition of a portfolio of investments in 15 SpaceTech companies from the LP Fund for £28.4m, which was substantially used to subscribe for 28.4m ordinary shares in the Company at the IPO issue price. Per the terms of the agreement, four additional assets were subsequently acquired from the LP Fund prior to 31 December 2021. The investors in the LP Fund consequently subscribed for 61.0m additional ordinary shares (at the IPO issue price). The aggregate value of all additional share issuances following the IPO was £89.4m.

CHAIR'S STATEMENT

(continued)

SSIT invested £87.1m of the IPO funds in seven new portfolio companies and nine existing portfolio companies during the Period. Highlights include leading investment rounds in six companies and investing in category-leading companies in the UK, US, EU, Middle East and Asia, with 38% of the portfolio being sourced through accelerator programmes managed by an affiliate of the Investment Manager.

At 30 June 2022, the Company had investments in 26 SpaceTech companies with an aggregate value of £186.1m and cash reserves of £57.7m. Since then, the Company has invested a further £8.9m.

As we indicated in the IPO prospectus, we anticipated that the proceeds from the IPO would be largely committed within a six-to-12-month period. The war on Ukraine and the global macro-environment have had a significant impact on global markets. As a consequence, the Company has deliberately slowed its pace of deployment in order to reserve cash to follow its rights in existing portfolio companies whilst continuing to actively seek new target companies to add to the portfolio, albeit investing smaller units of investment. As outlined in the Investment Manager's Report, overall, the portfolio is well-capitalised.

NAV

Given the macro-economic backdrop I am pleased to report that the NAV per share increased by 1.9% since the IPO, from 98.15p (after IPO costs) to 99.97p at 30 June 2022.

Despite the challenging macro-economic environment, the private companies in the portfolio (which account for 88% by number and 90% by fair value of the portfolio) largely performed well over the Period, with fair value reaching 122.5% of cost (117.1% excluding FX impact), principally driven by the mark-ups of ALL.SPACE (formerly Isotropic Systems), D-Orbit, Altitude Angel, PlanetWatchers and Satellite Vu. The Investment Manager's Report includes a more detailed review of the performance of portfolio companies.

Contrastingly, the listed element of the portfolio (£23.1m decrease in fair value vs. cost) mirrored the negative share price performance of technology and growth stocks on public markets worldwide, precipitated by rising interest rates,

global energy prices, high inflation and the war on Ukraine. These portfolio companies all listed as part of SPAC mergers in 2021, and their performance has suffered in line with the overall SPAC market, as explained in the Resilient and Growing Market section on page 10.

With 21 of the Company's 26 holdings denominated in currencies other than Sterling, foreign exchange variations (+£16.8m) contributed positively to NAV, principally as a result of Sterling weakening against the Dollar during the period.

SHARE PRICE

The Company's share price fell over the period since IPO and, at 30 June 2022, was 53.0p, a decrease of 47% based on the IPO issue price of 100.0p.

The shares traded at a premium to net asset value until 19 January 2022. Inevitably, the Company's share price has not been immune to the significant volatility being experienced by global stock markets in 2022 and, in particular, the heavy falls suffered by growth and technology stocks. Since the Period end, the share price suffered further reductions to a low of 48.0p on 13 July 2022 but has since improved to 53.1p (at 14 October 2022), a discount of 46.9%.

Given the discrepancy of performance between NAV and share price over the period, the Board has considered buying back shares as part of share rating management. However, we concluded that it was in the best interests of shareholders to reserve the Company's cash to support the portfolio and make selective new investments.

EARNINGS AND DIVIDEND

The Company made a revenue loss after tax of £4.3m for the Period, equal to (1.94)p per share.

The Company is focused on achieving capital growth over the long term. Given the nature of the Company's investments, we do not anticipate recommending to pay a dividend in the foreseeable future.



CHAIR'S STATEMENT

(continued)

RESPONSIBLE INVESTMENT

During the period, the Investment Manager engaged with a sustainability consultancy to develop a comprehensive Responsible Investment Policy and proprietary due diligence tool in order to assess sustainability opportunities and ESG risks associated with each potential investment and facilitate post-investment oversight and risk management of ESG matters. The Investment Manager's Responsible Investment Policy and associated procedures will continue to evolve as best practice is progressively being established.

The Board is keen to demonstrate the Company's commitment to responsible investing through objective reporting metrics for ESG factors. However, ESG language and terminology is in a complex phase of evolution with respect to the standardisation of measuring or scoring ESG factors. The Board will continue to work closely with the Investment Manager on understanding and reporting ESG factors. More detail, including ESG case studies, on the Investment Manager's Responsible Investment Policy starts on page 52.

REDUCTION OF SHARE PREMIUM ACCOUNT

As stated in the IPO prospectus, the Company resolved that the amount standing to the credit of its share premium account immediately following the IPO be cancelled and credited to other reserves. The share premium account was cancelled by a court order dated 14 December 2021. Following court approval, £173.2m previously held in the share premium account was cancelled and credited to other reserves. We do not intend to use these reserves to fund dividend payments.

BOARD

Angela Lane was appointed as a non-executive Director of the Company with effect from 1 January 2022, completing the recruitment process for a fourth Director that commenced prior to the IPO. Angela is an FCA and has decades of experience working with private equity owned companies and investment companies and as chair of audit and remuneration committees.

With effect from the conclusion of this year's Annual General Meeting, Angela will succeed Christina McComb as Chair of the Audit Committee and Christina will succeed me as Chair of the Management Engagement Committee.

AVAILABILITY OF ANNUAL REPORTS

In the interests of the environment and for ease of access, the Annual Reports to shareholders will be available on the Company's website and can be viewed and downloaded at <https://investors.seraphim.vc/>. Copies of the Annual Reports will only be available on request.

ANNUAL GENERAL MEETING

The AGM of the Company will be held at 11.00 a.m. on 17 November 2022 at Seraphim Space's offices, 1 Fleet Place, London, EC4M 7WS (GPS postcode EC4M 7RA). The AGM will include a presentation from the Investment Manager (a video of the presentation will be added to the website as soon as practicable after the AGM). Details of the resolutions to be proposed at the AGM, together with explanations, will be included in the notice of meeting to be distributed to shareholders on 19 October 2022. As a matter of good practice, all resolutions will be conducted on a poll and the results will be announced to the market as soon as possible after the AGM.

All of the Directors and representatives of the Investment Manager will be available at the AGM to answer shareholder questions. We do recognise that some shareholders may be unable to come to the AGM and, if you have any questions about the Annual Report, the investment portfolio or any other matter relevant to the Company, please write to us via email at seraphimteam@ocorian.com or by post to The Company Secretary, Seraphim Space Investment Trust PLC, 5th Floor, 20 Fenchurch Street, London, EC3M 3BY. If you are unable to attend the AGM, I urge you to submit your proxy votes in good time for the meeting, following the instructions enclosed with the proxy form. If you vote against any of the resolutions, we would be interested to hear from you so that we can understand the reasons behind any objections.

CHAIR'S STATEMENT

(continued)

EVENTS AFTER THE PERIOD END

Since 30 June 2022, seven further investments (three new investments and four follow-on investments) have been concluded for an aggregate cost of £8.9m, and terms agreed on one further potential addition to the portfolio.

Sterling has experienced continued weakness, reaching a low against the Dollar on 27 September 2022. Using exchange rates at the close of business on 27 September and 14 October 2022, with all other variables held constant, the NAV per share as at 30 June 2022 would have been 108.45p and 105.72p, respectively.

Portfolio company D-Orbit requires specific mention due to the potential NAV materiality of a transaction that was underway at the end of the period. As outlined in more detail in the Investment Manager's Report, during January 2022 D-Orbit announced its proposed business combination with the NASDAQ-listed SPAC, Breeze Holdings Acquisition Corp. (NASDAQ: BREZ). Given the trading volatility of the wider SPAC market, this transaction was mutually terminated on 12 August 2022. Notwithstanding this, we are excited about the future of D-Orbit and its quest to create sustainable Space logistics infrastructure. D-Orbit is now raising funding in the private markets. As discussed in the Investment Manager's Report, this business is performing robustly.

OUTLOOK

The fundamentals driving the change in the SpaceTech sector remain robust. In addition, as governments are significant customers to many portfolio companies, we expect this to provide some protection against potential reduced demand within the commercial sector in the face of rising inflation and interest rates. We remain confident that, despite the volatility which continues to impact markets globally, the Company is well placed to achieve its investment objective of generating capital growth over the long term.

Our Investment Manager is actively pursuing an extensive pipeline of investment opportunities, taking a discerning approach to progressing those opportunities that offer the best risk-adjusted returns for our shareholders, with quality of the investment thesis paramount. It is taking a prudent approach to the allocation of cash between supporting existing portfolio companies through follow-on investments, making new investments and managing the Company's working capital requirements until such time as market sentiment improves and the Company is able to raise additional capital.

As I said at the beginning of my Statement, despite the challenging macro-economic environment and global stock market volatility, we remain confident that the Company is well placed to achieve its investment objective of generating capital growth over the long term.

WILL WHITEHORN

Chair

15 October 2022





**INVESTMENT
MANAGER'S
REPORT**

INVESTMENT MANAGER'S REPORT

"We are delighted to report that the NAV of the Company's portfolio has increased since the time of the IPO in July 2021, despite the macro-economic backdrop. During this time, we have further validated Seraphim Space's model and strengthened our status as the leading specialist SpaceTech investor globally. Our position at the epicentre of the New Space ecosystem continues to generate large volumes of high-quality investment opportunities from seed stage through to pre-IPO funding rounds. We expect this to be further enhanced during the year ahead through the expansion into the US market of our affiliated accelerator activities and our new US subsidiary, Generation Space LLC.

We believe that the Company's portfolio is well placed to weather whatever macro-economic challenges lie ahead with our portfolio companies remaining well capitalised."

Mark Boggett
CEO

OVERVIEW

Having raised £150m gross proceeds through an IPO in July 2021 to take advantage of the rapidly growing SpaceTech market, we are pleased with the rate of capital deployment. In the Period, we acquired investments in 19 companies from the LP Fund and made seven investments into new companies and nine follow-on investments.

In line with the Company's strategy, we have continued to focus on investing in the development of a digital infrastructure in Space, which leading investment banks forecast has the potential to become a \$trillion market opportunity. This Space infrastructure will catalyse a broad range of megatrends including global security, food security, climate change and sustainability. Other broad areas addressed include mobility, communications, smart cities and IoT.

The businesses backed by the Company are at the forefront of the application of innovative Space-related technologies and datasets that are disrupting a wide array of sectors here on Earth that include insurance, agriculture, communications, property, natural resources, transport, maritime and global security.

Our investment activity has seen us delivering on many of the strategic objectives we set at the time of the Company's IPO. The portfolio has been enhanced by the addition of some of the SpaceTech sector's highest profile, category-leading growth companies. We have also increased investment in high conviction companies in the portfolio and continued to build out our roster of high potential, early stage companies, where our affiliated accelerator activities provide a unique

pipeline of high-quality investment opportunities. Indeed, 10 of the companies that the Company has invested in were participants in the Seraphim Space Accelerator and/or the Amazon AWS Space Accelerator, both affiliated to Seraphim Space.

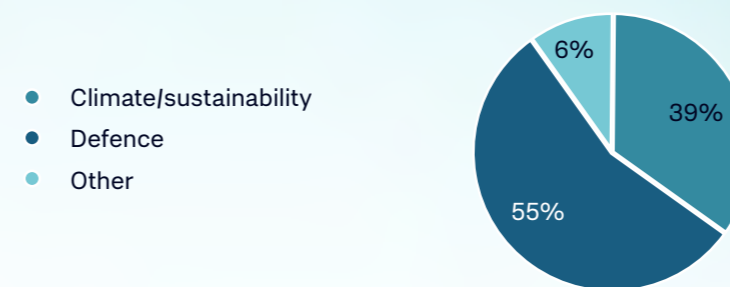
Of particular importance, we have continued to broaden our portfolio of climate- and sustainability-related investments in areas such as climate monitoring, food security and Space sustainability. In line with our Responsible Investment Policy (further details of which can be found on pages 52 to 54), each of our investments is aligned with at least one of the United Nations' Sustainable Development Goals ("SDGs"). We expect the importance of SpaceTech in helping to achieve many SDGs and combat climate change will continue to grow over the course of the next several years.

Notwithstanding the broader macro-economic headwinds, the prospects for both our portfolio and the wider SpaceTech ecosystem remain robust. Global security, food security and humanitarian support remain key drivers underpinning growth in the Space domain, followed by climate and sustainability themes. The Company's portfolio is well positioned to benefit from these secular trends, with material proportions of the portfolio companies' revenues relating to defence and/or climate and sustainability. Based on portfolio company estimates, 94% of the 1H 2022 aggregate revenue of all nine private companies in the top 10 holdings representing 79% of fair value (62% of NAV) is either climate/sustainability- or defence-related.

INVESTMENT MANAGER'S REPORT

(continued)

Proportion of aggregate revenue of the portfolio related to climate/sustainability or defence (1H 2022)⁽¹⁾



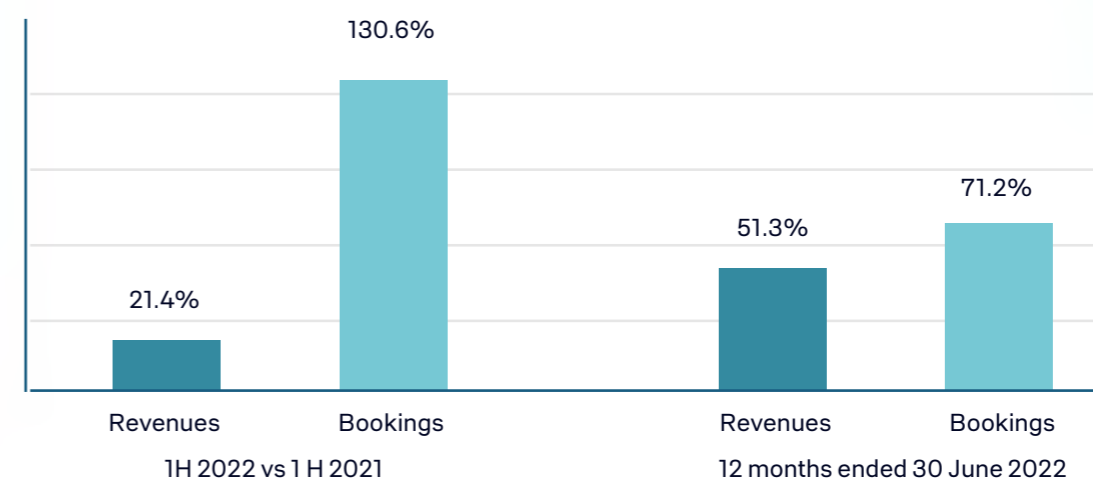
Source: Portfolio company information; Seraphim Space analysis

⁽¹⁾ Represents all nine private companies in the top 10 holdings, representing 79% of fair value (62% of NAV) as at 30 June 2022

As highlighted in the Resilient and Growing Market section on page 10, SpaceTech investment grew in 2021 to \$12.1bn. Investor appetite is reflected within the Company's portfolio, where a total of \$703m of capital was raised by private portfolio companies in the year ended 30 June 2022, in addition to the \$380m of capital raised by the two portfolio companies which completed SPAC mergers. As a consequence, all of our material holdings (the 12 portfolio companies whose fair value represents 1.5% or more of NAV) are believed to have sufficient cash to operate through until at least 30 June 2023 (10 holdings) or are currently fundraising (two holdings) and are expected to successfully extend their cash runway.

Overall, the underlying financial performance of the portfolio over the last year has been good. Fair value-weighted average revenues of the nine private companies in the top 10 holdings, representing 79% of fair value (62% of NAV) as at 30 June 2022, grew by 51.3% in the year ended 30 June 2022, with fair value-weighted average bookings (contracted future revenues) growing by 71.2% over the same period. We are particularly pleased with the solid growth rates of bookings which reflect the strong underlying performance of the businesses as they develop their commercial operations.

Fair value-weighted growth of portfolio revenue and bookings⁽¹⁾



Source: Portfolio company information; Seraphim Space analysis

⁽¹⁾ Represents private companies in the top 10 holdings, representing 79% of fair value (62% of NAV) as at 30 June 2022

Most of the portfolio is in the early stages of making an impact on their sizeable addressable markets and, in light of the key trends underpinning the growth of the Company's portfolio detailed above, we expect these companies to scale up significantly.

With the Company's London Stock Exchange listing having reinforced Seraphim Space's position as the leading specialist SpaceTech investor globally, we remain optimistic about both the overall trajectory of the portfolio and our ongoing ability to continue to build out our roster of investments into some of the sector's highest potential companies and most talented entrepreneurial teams. We continue to be disciplined regarding our investment selection and diligence processes.

(continued)

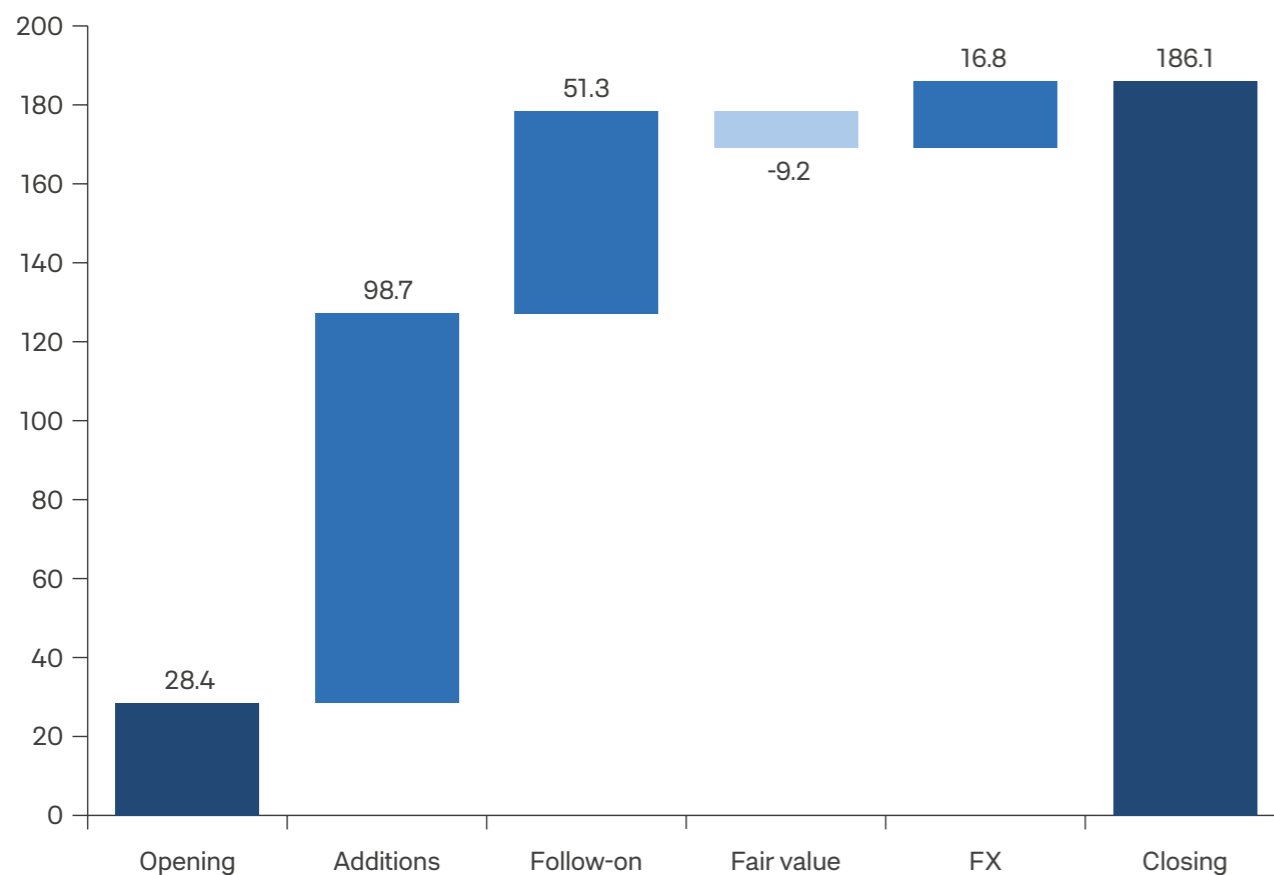
PERFORMANCE OF THE COMPANY

In the period ended 30 June 2022

Portfolio Attribution

- £28.4m aggregate cost of Initial Portfolio acquired at IPO.
- £150.0m aggregate cost of additional investments, including Retained Assets, completed during Period (excluding the Initial Portfolio acquisition).
- £186.1m fair value of portfolio at end of Period.
- +4.3% increase in closing portfolio fair value vs. portfolio cost, including FX movements.

Attribution analysis of movements in the fair value of investments (£m)

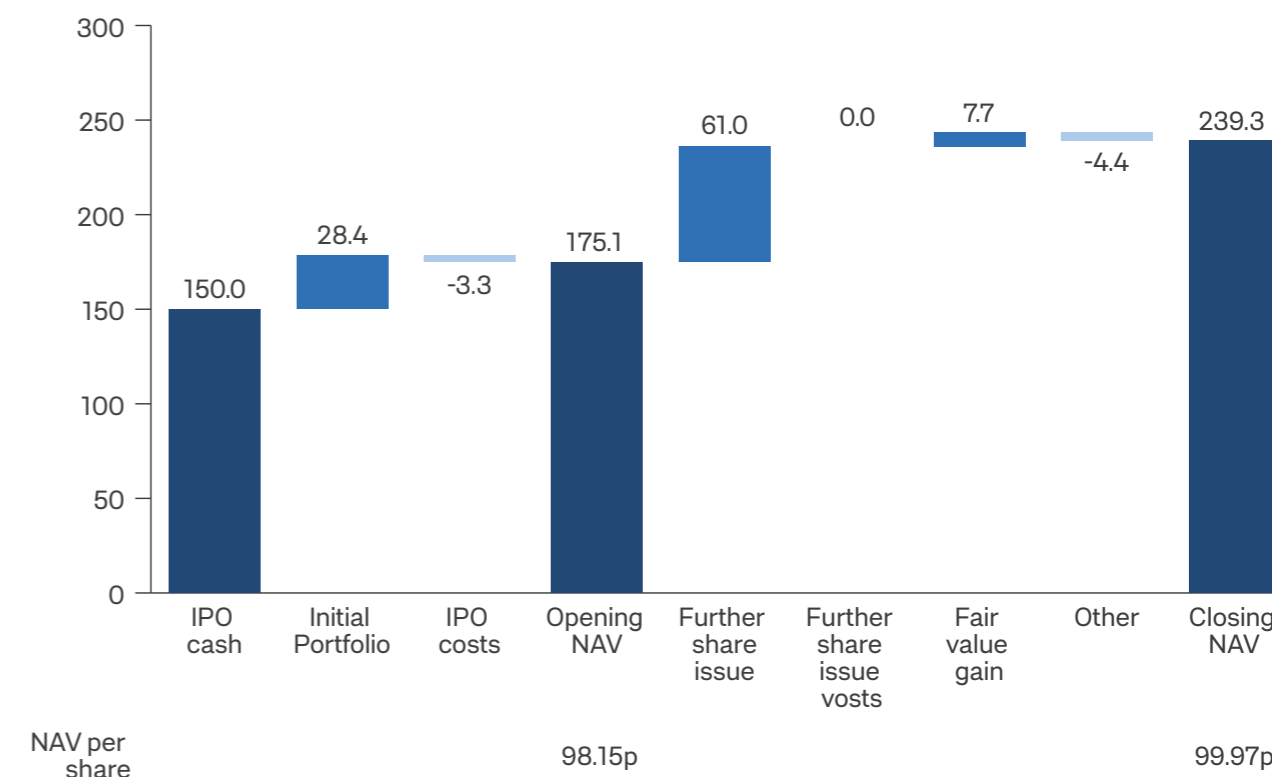


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NAV

- £150.0m raised in IPO.
- £28.4m equity issued at the time of the IPO in connection with the acquisition of the Initial Portfolio.
- £61.0m equity issued post-IPO in connection with the acquisition of the Retained Assets.
- £64.2m increase in NAV (36.7% increase) over the Period from IPO to £239.3m (31 December 2021: £250.6m).
- £57.7m liquid resources (24.1% of NAV) at 30 June 2022 (31 December 2021: £70.0m).

NAV bridge (£m)



NAV increased from £175.1m to £239.3m during the Period. This increase of £64.2m was primarily a result of the additional £61.0m of share issues relating to the acquisition of the Retained Assets and £7.7m of portfolio fair value increase (including FX movements). Please see pages 31-32 for details of the fair value movement over the period, where private companies in aggregate have shown an increase in fair value (including gains from FX), partially offset by a decrease in fair value from listed companies.

The 'Other' category in the chart above consists of management fees (£2.7m) and operating expenses (£1.8m), partially offset by interest (£0.1m) received.

61.0m shares were issued during the period, increasing the Company's issued share capital by 34.2%. The NAV per share increased from 98.15p (after IPO costs) to 99.97p over the Period.

INVESTMENT MANAGER'S REPORT

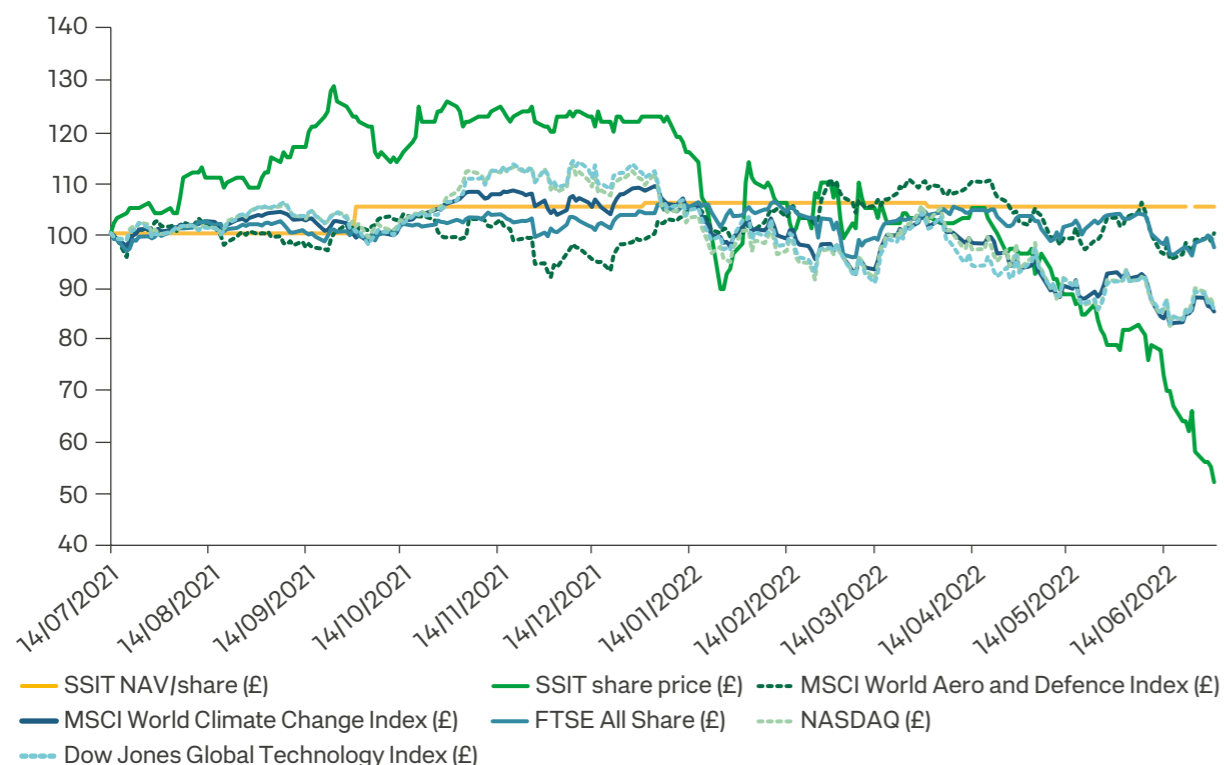
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The Company is targeting an annualised total return on the Company's portfolio of at least 20% over the long term. The Company has no formal benchmark index but has tracked its NAV per share and share price movements against the following the indices for reference.

- MSCI World Aero and Defence Index (£) – a significant proportion of portfolio companies' revenues are derived from the broader aerospace and defence industry and/or companies have governments as significant customers (as explained on page 21)
- MSCI World Climate Change Index (£) – a significant proportion of portfolio companies' revenues are derived from climate change products and services
- FTSE All-Share Index (£) – the Company is listed on the London Stock Exchange
- NASDAQ (£) – the Company invests in SpaceTech, a subset of the broader technology market, and two of its listed holdings are listed on NASDAQ
- Dow Jones Global Technology Index (£) – the Company invests globally in SpaceTech, a subset of the broader technology market

As explained in the Share Price section on page 15, the Company's share price has been significantly more volatile than its NAV per share. The share price has been impacted by general market volatility, particularly that experienced by technology and growth stocks, while the NAV per share has remained resilient, in line with performance of the underlying portfolio companies which continue to show growth as outlined on page 21.

SSIT NAV/share and share price vs. various indices (£, rebased to 100)



INVESTMENT MANAGER'S REPORT

(continued)

KEY THEME: GLOBAL SECURITY

We are living in a period of increased global security threats, likely greater than any time since the Cold War. Global governments have responded with increasing defence budgets to \$2.1tn⁽¹⁾ in 2021.

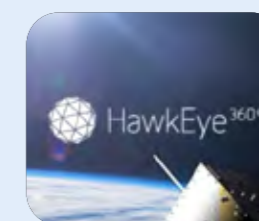
Space has always been used for global security, providing GPS, signal intelligence (SIGINT), satellite imagery and in-field communications. However, there have been significant changes in the last 10 years as governments are increasingly contracting with private companies. For example, the National Reconnaissance Office, the agency responsible for operating the US' intelligence satellites, now has five-year multi-billion Dollar contracts to acquire satellite imagery from

private companies. The US Space Force will also spend over \$2bn in satellite communications services through its procurement contracts in 2022 and 2023⁽²⁾. This move toward private procurement, represents an enormous opportunity for the private SpaceTech sector, with the US government budget proposal for its Space Force alone rising to \$24.5bn in 2023⁽³⁾.

Some of the Company's portfolio companies are at the forefront of providing solutions to global security threats, including:



ICEYE, which is providing high resolution, high revisit rate synthetic aperture radar data to the Ukrainian government, with a dedicated satellite and access to its constellation.



HawkEye 360, which has the capability to detect and geolocate global positioning system ("GPS") interference, with analysis of data over Ukraine revealing extensive GPS interference activity.



Xona Space Systems, which is developing resilient Space-based positioning, navigation and timing, which will augment and act as a backup for GPS for global security and commercial applications.



Satellite Vu, which is developing thermal imaging satellites able to identify the thermal footprints of terrestrial objects.



Arqit, which delivers unhackable encryption, essential for secure global communications.

⁽¹⁾ Stockholm International Peace Research Institute

⁽²⁾ <https://breakingdefense.com/2021/10/space-force-plans-up-to-2-3b-in-comsatcom-contracts/>

⁽³⁾ <https://spacenews.com/bidens-2023-defense-budget-adds-billions-for-u-s-space-force/>

INVESTMENT MANAGER'S REPORT

(continued)

KEY THEME: SPACE SUSTAINABILITY

On 4 October 1957 humans launched Sputnik 1, the world's first artificial Earth satellite. Since then, an estimated 13,000⁽¹⁾ satellites have been launched into Space, powering some of humanity's most critical infrastructure including global navigation, communications and weather monitoring. What has not changed over the last 65 years though, is that all satellites are designed for single use and most of them are launched on expendable or partially expandable launch vehicles.

Consequently, humanity has created a massive amount of space debris (human-made objects that no longer serve a purpose, such as defunct satellites, spent rocket bodies and other smaller objects). The US Department of Defense is currently tracking 27,000⁽²⁾ objects larger than 10cm in low Earth orbit ("LEO").

With every additional piece of space debris, the likelihood of collisions with critically important structures, including the International Space Station

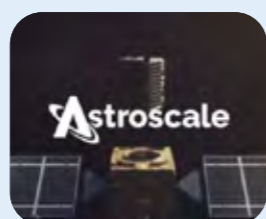
and its astronauts and the currently c.5,500⁽³⁾ active satellites is increasing rapidly. In a worst case scenario an initial collision would lead to a chain reaction of cascading collisions possibly destroying all spacecraft in LEO, the so called Kessler Syndrome.

Ensuring the safe and sustainable use of space for future generations is a critically important challenge. Northern Sky Research estimates that it represents a \$14.3bn⁽⁴⁾ financial opportunity over the decade to 2031.

Some of the Company's portfolio companies are seeking to ensure the safe and sustainable use of space for future generations and each is a market leader in its category, including:



LeoLabs, which operates ground-based radar stations to improve the characterisation and tracking of space debris in real-time to enable collision avoidance.



Astroscale, which operates servicer spacecrafts to extend satellites' useful lives and actively de-orbit space debris.



D-Orbit, which provides space logistics services, including de-orbiting satellites at their end-of-life.

⁽¹⁾ Union of Concerned Scientists – Satellite Database (2021); Gunter's Space Page

⁽²⁾ https://www.nasa.gov/mission_pages/station/news/orbital_debris.html

⁽³⁾ <https://www.ucsusa.org/resources/satellite-database>

⁽⁴⁾ <https://newspaceglobal.com/nsrs-in-orbit-services-report-projects-14-3-billion-in-revenues-as-non-geo-constellations-grow-demand/>

INVESTMENT MANAGER'S REPORT

(continued)

KEY THEME: HUMANITARIAN SUPPORT

Climate change is increasing the severity and frequency of natural disasters. Annually, these events result in significant loss of lives, as well as hundreds of billions of Dollars in economic losses.

The US alone sustained climate disaster-related losses of \$145bn in 2021⁽¹⁾ driven by hurricanes, flooding and wildfires. It is vital, therefore, that first responders and disaster relief agencies are equipped with the best tools to help them save more lives and prevent losses.

The Space industry plays a critical role in providing disaster relief services, primarily through remote sensing and communications. A plethora of new sensors supported by from new low-cost satellites can

provide responsive and detailed coverage of a scene following a disaster to provide situational awareness. New datasets and the application of machine learning is used to identify any environments of high risk in order to take preventive measures. Also, terrestrial communications infrastructure is often destroyed during events, making satellite connectivity the only viable means of communication that is vitally important to rescue operations.

Some of the Company's portfolio companies are performing a critical role in providing humanitarian support services, including:



ICEYE, which operates the largest commercial radar imaging constellation, capable of imaging at night and through clouds, to identify areas of most damage following floods and other natural disasters.



AST SpaceMobile, which is building a constellation of satellites capable of connecting directly with handsets, turning any conventional mobile phone into a satellite phone for connectivity in remote and disaster-stricken areas.



ALL.SPACe (formerly Isotropic Systems), which is developing a satellite antenna capable of simultaneously connecting with multiple satellites from different operators to provide reliable communications for first responders and critical infrastructure



Spire Global, which operates one of the world's largest constellation of weather satellites to provide more accurate forecasting of events such as hurricanes.

⁽¹⁾ <https://www.climate.gov/news-features/blogs/beyond-data/2021-us-billion-dollar-weather-and-climate-disasters-historical>

INVESTMENT MANAGER'S REPORT

(continued)

INVESTMENT ACTIVITY

In the Period ended 30 June 2022

Initial Portfolio

At its IPO on 14 July 2021, the Company acquired holdings in 15 businesses (the "Initial Portfolio") from the LP Fund for a total cost of £28.4m (which is the fair value of the holding prior to its transfer), which was re-invested by the LP Fund investors back into the Company through the issue of 28.4m shares at the IPO price of 100.0p.

Post-IPO Investment Activity

Following the acquisition of the Initial Portfolio explained above, a further £150.0m has been invested during the Period into a mixture of the Retained Assets (acquired through an additional share issuance), new investments and follow-on investments into existing portfolio companies as outlined in the table below.

COMPANY	SUB-SECTOR	HQ	TYPE	LISTED/ PRIVATE	COST [£M]
ICEYE	Earth Observation	EU	Retained Asset + Follow-on	Private	20.8+ 18.7
Arqit	Satcoms	UK	Retained Asset	Listed	27.3
HawkEye 360 ⁽¹⁾	Earth Observation	US	New	Private	18.7
ALL.SPACE (formerly Isotropic Systems)	Antennas	UK	Follow-on	Private	18.0
Astroscale	In Orbit Services	Asia	New	Private	9.4
Spire Global	Earth Observation	US	Retained Asset + Follow-on	Listed	7.4+ 2.5
D-Orbit ⁽¹⁾	In Orbit Services	EU	Retained Asset	Private	7.3
Tomorrow.io	Data Platform	US	New	Private	4.2
Satellite Vu ⁽¹⁾	Earth Observation	UK	Follow-on	Private	4.0
Xona Space Systems ⁽¹⁾	Navigation	US	Follow-on	Private	3.9
Pixxel	Earth Observation	Asia	New	Private	2.3
LeoLabs ⁽¹⁾	Data Platform	US	Follow-on	Private	2.1
Edgybees ⁽¹⁾	Drones & Unmanned Aerial Vehicles	US	Follow-on	Private	1.5
Seed investments ^(1,2)	Various	Various	Various	Private	1.7
Total⁽³⁾					150.0

⁽¹⁾ Participant in Seraphim Space Accelerator and/or Amazon AWS Space Accelerator affiliated to the Investment Manager.

⁽²⁾ These are very early stage companies in which small (typically less than £1m) initial investments are made and provide early access to companies which could become candidates for substantial growth investment in subsequent rounds should they progress strongly.

⁽³⁾ Only includes investments made after the acquisition of the Initial Portfolio at the time of the IPO

INVESTMENT MANAGER'S REPORT

(continued)

Retained Assets

A binding commitment was made at the time of the IPO to acquire from the LP Fund its remaining investments, being holdings in four further businesses (the "Retained Assets"), pending the outcome of corporate activity underway with each business at that time.

The Retained Assets were subsequently acquired during the period ended 31 December 2021 for a total consideration of £62.9m which is the fair value, of which £61.0m was re-invested by the LP Fund investors back into the Company through subsequent share issues at the IPO price.

The holdings in **Spire Global** and **Arqit** were acquired in, respectively, August and September 2021 following the completion of their respective SPAC mergers. In each case, the acquisition price was based on the five-day weighted average share price post market debut. The holding in **ICEYE** was acquired in December 2021 following the conclusion of its Series D funding round at the same share price as the round. In the case of **D-Orbit**, its potential SPAC transaction had not concluded by 31 December 2021 so this asset was acquired at the price of the May 2021 valuation in accordance with terms agreed at the time of the IPO.

New Investments

During the Period a total of £34.6m was invested into four additions to the Company's main portfolio: **HawkEye 360**, **Astroscale**, **Pixxel** and **Tomorrow.io**. All four companies are amongst the highest profile businesses in the New Space ecosystem.

HawkEye 360 is the world's leading commercial provider of Space-based radio frequency ("RF") data and analytics. It operates its own constellation of satellites to collect, identify, process and geolocate a broad set of RF signals generated on Earth from very high frequency radios, radars, cell towers, satellite phones, emergency beacons and more. Its advanced analytical products help first responders save lives, law enforcement halt hidden illegal activities such as illegal fishing and telecoms operators utilise spectrum. Its capabilities include mapping signals of interest, creating surveys of global spectrum usage and providing deeper visibility of maritime activities. In November 2021, the Company invested \$25.0m (£18.7m) in the company's \$145m Series D funding round. The Company was the co-lead investor in this round alongside Insight Partners.

Astroscale is the global leader in the Space sustainability market. The company has built a set of capabilities around in-orbit monitoring, refuelling, upgrading, repairing and disposing of satellites. Ongoing and planned missions are focused on demonstrating capabilities around end-of-life disposal of low Earth orbit satellites, active removal of Space debris and life extension of satellites. In November 2021, the Company invested \$12.5m (£9.4m) in the company's \$112m Series F funding round. The round was led by THE FUND Limited Partnership in Japan and also included backing from Japan Growth Capital Investment Corporation and AXA Life Insurance Co.

Pixxel is developing a constellation of satellites for the frequent collection of high-resolution hyperspectral imagery. Its imagery has the ability to 'see' in 50x more detail than conventional optical images in spectral bands invisible to the naked eye. The data is used to better understand the chemical contents on the ground, which is crucial for sustainability applications such as the monitoring of crop health, measuring climate risk, classifying biomass or detecting pipeline leaks. The business launched its first satellite in April this year and is currently completing trials with a roster of large corporate customers primarily across agriculture, mining and carbon sequestration. In March 2022, the Company invested \$3m (£2.3m) in the company's \$25m Series A funding round led by Radical Ventures. The funding is being used to deploy the first phase of Pixxel's constellation.

Tomorrow.io is an innovator in the weather prediction market offering actionable insights to enterprise customers. It offers decision-making services to industries particularly impacted by weather including aviation, railways, shipping, utilities, insurance and logistics. Customers receive hyper-local weather-based information paired with recommendations for operational decision-making such as staff rotas and consumer communications. The business provides its services to customers through its enterprise software as a service ("SaaS") web and mobile platforms powered by proprietary AI analytics. It is currently also developing a radar and microwave-based weather satellite constellation to expand its source data and enhance its product capabilities. In June 2022, the Company invested \$5.0m (£4.2m) in the business. The funding is being used to advance the development of the business' satellite constellations.

INVESTMENT MANAGER'S REPORT

(continued)

There were also additions to the Company's seed investments in very early stage companies. Such investments provide early access to companies which could become candidates for substantial growth investment in subsequent rounds should they progress strongly. During the period to 30 June 2022, a further £1.2m was invested into three such seed stage businesses in areas covering Space sustainability, IoT and edge computing.

Follow-on Investments

£51.3m of additional funding was invested into nine companies during the period. This deployment was consistent with the strategy articulated at the time of the Company's IPO of seeking to increase the level of support for those portfolio companies which we have the greatest conviction in.

In July 2021, the Company invested \$3.1m (£2.1m) in **LeoLabs**, which is the world's first and only supplier of commercial radar tracking services for objects in low Earth orbit, through a combination of primary and secondary share subscriptions. This investment formed part of the company's \$65m Series B funding round, which was led by Insight Partners. The funding is being used to continue the build out of LeoLabs' network of antennas around the world, with new sites continuing to be added in line with expectations. Commercial contract wins during the period included OneWeb, which means LeoLabs now has the world's three largest constellations – Starlink, OneWeb and Planet – as customers. As a result, the company is providing operational support for more than 2,400 active satellites, representing approximately 60% of all operational satellites in lower Earth orbit.

In August 2021, the Company invested a total of \$2.6m (£1.9m) in **Xona Space Systems** which is developing the world's first smallsat GPS constellation in low Earth orbit which has the capability of addressing the shortcomings of public GPS systems by delivering centimetre level accuracy along with enhanced security. This formed part of Xona Space System's \$10m Seed funding round where the Company was the lead investor. In May 2022, the Company invested a further \$2.5m (£2.0m) in a \$12.5m convertible loan note round which included investment from Lockheed Martin. The latest funding will be used to launch and test the company's initial demonstration satellite payloads, the first of which was launched into orbit in May 2022.

In September 2021, the Company invested \$25.0m (£18.0m) in the \$37m Series B funding round of **ALL.SPACE** (formerly Isotropic Systems), which has developed an antenna which can connect up to 5 satellites uniquely in any orbit (LEO, MEO and GEO). This provides resilient connectivity for mobility in cars, boats and planes addressing a multi-billion Dollar market opportunity. The Company was the lead investor in this round, investing alongside AEI Horizon and Promus Ventures, with the funding being used to bring the company's first product to market. Post investment, ALL.SPACE achieved all targeted technical milestones, winning significant contracts through the period with marque customers in the communications and defence markets.

In October 2021, the Company invested £4.0m in **Satellite Vu**, which is developing an infrared imaging satellite constellation with high resolution which is capable of monitoring the heat signature of any building on Earth every few hours. The Company was the lead investor in the £15m Series A funding round investing alongside Molten Ventures, Contrarian Ventures, In-Q-Tel and Lockheed Martin Ventures. The funding is being used to launch Satellite Vu's first satellite, which is expected to take place in 2023.

In December 2021, the Company invested \$25m (£18.7m) in the \$136m Series D funding round of **ICEYE**, originally one of the Retained Assets. The Company was the lead investor in this round investing alongside BAE Systems, Cobham Ventures, True Ventures and Molten Ventures. ICEYE has built the world's first and largest constellation of miniaturised satellites that use radars to capture information about the Earth, day and night and in all weather conditions. The funding is being used to continue to build out the company's constellation and further develop its information solutions for monitoring and mitigating natural catastrophes.

In February 2022, the Company invested \$2m (£1.5m) in **Edgybees**, a software company which has developed an AI powered augmented reality platform using satellite data for real-time information overlays for any video stream enabling defence, public safety and critical infrastructure command centres to accomplish life-saving missions. The Company invested as part of an internal \$8m bridge round to further the company's capabilities for standardising satellite imagery from any source.

INVESTMENT MANAGER'S REPORT

(continued)

PORTFOLIO PERFORMANCE

In the period ended 30 June 2022

Private portfolio

The private portfolio, which comprises the main part of the Company's investments representing 90% of fair value and 70% of NAV, performed well, with its fair value closing the period at 122% of cost (117% excluding FX gains). We believe that the issues impacting the listed portfolio largely reflect the performance of the broader SPAC market (as explained in the Resilient and Growing Market section on page 10) which do not impact the private holdings in the portfolio. These businesses continue to deliver solid revenue and bookings growth (see page 21), driven by solid fundamentals in their core focus areas (especially global security and climate/sustainability as outlined on pages 20 to 21), and the impact of the war on Ukraine.

Excluding the impact of FX gains, during the period, seven of the main portfolio companies saw increases in their fair value. Across these seven companies the fair value-weighted average increase in their fair values was 146%. Three of these companies (**Xona Space Systems, Satellite Vu, ALL.SPACE (formerly Isotropic Systems)**) saw their fair value increase as a result of having closed new funding rounds (each of which included substantial investment from new arm's length investors). The fair value-weighted increase in valuations for these businesses compared against their last funding rounds was 220%. Two other companies (**D-Orbit, Altitude Angel**) saw their valuations increase as a result of achieving material technical and/or commercial milestones. In accordance with the International Private Equity and Venture Capital Valuation Guidelines, the fair values of these businesses have been calculated based on an analysis of a number of comparable listed companies and/or transactions. The fair value-weighted average increase in the carrying value of these two businesses was 108%. **PlanetWatchers** also saw an increase to its valuation based on the discounted price of a new funding round in which the Company was a co-lead and which was agreed prior to the end of the Period and has subsequently completed.

Inevitably, there have also been some disappointments within the private portfolio, with four companies marked down (30 June 2022 aggregate fair value of 72% of cost). In two instances (**Astroscale, Edgybees**), fair values fell due to the application of a discount to the last round. In the case of **Astroscale**, this was due to setbacks in achieving a key technical milestone on its latest satellite servicing demonstration mission. In the

case of **Edgybees**, the mark down was applied due to material underperformance relative to expectations. In both cases, we remain optimistic about their long-term prospects of the business.

Fair value was written down to £NIL for the holdings of two early stage companies (equivalent to a cost of £1.9m in total), both of which were seed companies and part of the Initial Portfolio. During the period we took the decision not to participate in the investment rounds of these companies as both had failed to execute against key commercial and technology-related milestones. These write offs of modest holdings in early stage companies illustrate our disciplined investment approach and are a timely reminder that, in line with the Company's investment policy, not all of our investments will succeed. But those that we continue to support are expected to deliver substantial returns over the long term that will more than offset the disappointments.

Listed portfolio

Like many other listed technology stocks and recently completed SPAC mergers, the share prices of the three listed portfolio companies (**Arqit, Spire Global, and AST SpaceMobile**), which completed their SPAC mergers during 2021, have performed poorly since acquisition (as explained in the Growing and Resilient Market section on page 10). Based on the companies' closing share prices on 30 June 2022, the fair value of the listed portfolio was 45% of cost (36% excluding the impact of FX gains).

Notwithstanding the disappointing share price performance of each of these companies since acquisition, we maintain strong conviction in the fundamentals of each business, with an expectation that each one will ultimately deliver a positive return for the Company. Each has first mover advantage and market leadership in emerging, very large market opportunities which hold the potential of delivering \$billions in revenue over the longer term. Following their respective SPAC mergers and based on their latest set of quarterly results, each business is well capitalised.

The **Arqit** (NASDAQ: ARQQ; fair value/cost: 51%) share price was highly volatile during the Period, reaching a peak of \$38.06 on 30 November 2021 before falling rapidly during the first half of 2022 to close the Period at \$6.31. Having commenced commercialisation of its ground-breaking cyber security quantum products, the business reported significant commercial progress and generated operating income of \$12.3m (key clients included the European Space Agency, Virgin Orbit and AUCloud) during the first half of its financial year ended 30 September 2022 (c.\$30m

INVESTMENT MANAGER'S REPORT

(continued)

revenue guidance for that financial year). An additional 145 patent claims on five patents were filed in the first half of its FY2022, bringing Arqit's total to 1,580 patent claims on 26 patents filed or granted in the UK. At 31 March 2022, Arqit had a cash balance of \$82.2m (30 September 2021: \$87.0m).

Spire Global (NYSE: SPIR; fair value/cost: 22%) has in recent quarters delivered consistently strong results, with recurring revenue as at 30 June 2022 of \$85.3m, a year-on-year increase of 133%. Spire has a broad customer base which it serves with data and analytical products drawn from its giant satellite constellation of over 100 smallsats, which collect advanced weather data and tracks maritime and aviation traffic flows. With \$72.5m of cash and access to a \$120m credit facility at 30 June 2022, the business has indicated that it is now funded through to cash flow breakeven, which it expects to achieve within the next 24 months. In line with our continuing confidence in the company, we invested an additional £2.5m into the company in early 2022.

Although the timing of the launch of its first demonstration satellite suffered from a series of delays, **AST SpaceMobile** (NASDAQ: ASTS; fair value/cost: 53%) has made solid progress launching its first satellite, BlueWalker 3, in September 2022, the largest satellite ever launched in low Earth orbit. AST SpaceMobile is now undertaking in-orbit direct-to-cell phone testing on six continents, including North America. It has now filed in excess of 2,400 patent claims worldwide and has developed relationships with mobile network operators who collectively have more than 1.8bn subscribers around the world. The business had in excess of \$200m of cash and cash equivalents at 30 June 2022.

VALUATION CHANGES IN THE THREE MONTHS ENDED 30 JUNE 2022

During the quarter ended 30 June 2022, the fair value (adjusted for acquisitions over the period) fell by £9.2m, reducing fair value to 104% of cost (98% excluding FX gains).

The principal detractors were the listed portfolio (**Arqit** -£18.0m, **Spire Global** -£1.5m, **AST SpaceMobile** -£1.3m), **D-Orbit** (-£6.2m, principally a result of falls in the prices of the comparable listed companies used in calculating its fair value) and mark downs of **Astroscale** and **Edgybees** (-£2.4m in total) due to underperformance relative to expectations.

Partially offsetting the mark downs were a number of valuation increases, including **Altitude Angel** (£5.3m, driven by achievement of important technical milestones) and **PlanetWatchers** (£4.9m, partially reflecting the next funding round price).

VALUATION POLICY

The Company's investments are classified, recognised and measured at fair value. The Company's valuation policy is based on the International Private Equity and Venture Capital Valuations Guidelines 2018. The Board is responsible for approval of the fair value of investments, following detailed review and appropriate challenge of the Investment Manager's proposed fair value calculations. The valuations are also reviewed and challenged annually by the external Auditor as part of the audit.

The fair value of listed investments is based on available market price and is typically the closing bid price on the valuation date.

The typical valuation methodologies for private company investments are:

- calibrated price of recent investment (cost or last round value, calibrated for additional information since such investment date);
- milestones (scenario analysis based on achievement of a key technical or commercial milestone)
- multiples (of established revenue or earnings, where relevant)

The methodology applied takes into account the nature, facts and circumstances of the individual investments and uses reasonable data, market inputs, assumptions and estimates in order to determine fair value. A level of judgement is required to assess and review such factors, particularly when calibrating the price of recent investment or scenario analysis in the milestones approach. Further information on valuations is included in notes 3 and 8 to the financial statements on pages 139 and 142 respectively.

INVESTMENT MANAGER'S REPORT

(continued)

POST PERIOD DEVELOPMENTS

Investment activity has continued since the end of the Period, with a further £8.9m invested. Three further investments totalling £6.7m have been completed in the main portfolio, with two new investments totalling £4.2m and one follow-on investment of £2.5m into an existing portfolio company.

The new additions are **Voyager Space Holdings**, a next generation 'Space Prime' (prime contractor contracted by government agencies for Space projects) looking to build the world's first commercial Space station, and **Taranis**, an agriculture focused AI company that uses Earth observation data to optimise crop yields and increase global food supply.

In addition, there were three follow-on investments and one new investment, totalling £2.1m, into seed/early stage portfolio companies.

In September 2022, **PlanetWatchers** closed a \$11m funding round at a significant uplift (153% increase) on its previous round. This funding round will enable the business to continue to expand its crop damage analytics offering in the US crop insurance market. As the term sheet for this funding round was signed prior to the end of the Period, Seraphim Space was a lead in the round, there was significant third party involvement in the round and the round closed prior to finalisation of the fair value, the Company recognised this uplift in its fair value for the Period, discounted by 15% for execution uncertainty.

D-Orbit had previously announced on 27 January 2022 that it had reached an agreement with Breeze Holdings Acquisition Corp. (NASDAQ: BREZ), a publicly-traded SPAC, to undertake a business combination to enable the

company to become a public company. This transaction remained subject to a number of outstanding conditions, but, if completed, could have resulted in a substantial increase in the value of the Company's holding in D-Orbit. On 12 August 2022, D-Orbit and Breeze announced that they had reached a mutual agreement to terminate the planned SPAC merger due to the significant changes in the financial markets.

In spite of not consummating its SPAC merger, D-Orbit has continued to perform strongly, completing an additional four missions with its ION satellite carrier spacecraft for its in-orbit Space taxi delivery service. The business has now completed a total of six of these missions and has transported more than 80 payloads into orbit, in the process achieving a number of world firsts. This track record compares very favourably against that of most other launch-related companies that have gone public recently, many of which are currently valued at a significant premium to the Company's carrying value for its holding in D-Orbit.

As reported at the interim stage, the Company's valuation methodology for D-Orbit is principally based on the analysis of a number of comparable listed companies and using a range of different financial and milestone metrics in accordance with the International Private Equity and Venture Capital Valuation Guidelines. At 30 June 2022, this methodology did not assume a successful completion of the SPAC merger. As mentioned earlier, the reduction in the fair value of the company from the previous quarter was due to the valuations of the comparable listed companies having fallen substantially during the quarter.

INVESTMENT MANAGER'S REPORT

(continued)

NEW TEAM MEMBERS

During the Period, we added strength and depth to the team through a disciplined approach to recruitment, ensuring new members are a good fit for our culture and bring additional knowledge and expertise. Key new hires include:

Sarah Shackleton joined the team as Chief Operating Officer following a long and distinguished career in the private equity and investment banking sectors, working for almost 15 years as a Partner of Development Partners International, one of the leading private equity firms investing in Africa and overseeing c\$2.8bn in assets under management. She was responsible for legal, compliance, HR, IT, operations, facilities and ESG at the firm.

Patrick McCall joined as Venture Partner to provide additional strategic support to portfolio companies. He has a long and distinguished career in the Space, communication and transport sectors. He worked for two decades in the senior team driving the expansion of the Virgin Group and as the Chair of Virgin Orbit and Virgin Galactic. His achievements include financing the development of Virgin Galactic and Virgin Orbit, culminating in the flotations of both companies. He also played a key role in agreeing the launch agreement for Virgin Orbit from the Spaceport in Cornwall.

Andre Ronsoehr joined as Investment Principal following a career focussed on the Space sector, working for almost a decade at Virgin Management, the family office of Sir Richard Branson. Andre co-led the seed investment in One Web in 2015 and was instrumental in investments into Virgin Galactic and Virgin Orbit. During this time, Andre worked closely with the boards and C-level teams of each of these three pioneering Space businesses, helping shape them into the \$billion businesses they are today.

Maureen Haverty joined as Vice President following a successful career in the New Space industry. Maureen was an early employee and Chief Operating Officer at Apollo Fusion, a Space start-up, that was acquired for \$145m by Astra, a NASDAQ-listed Space services and rocket launch company. At Astra, Maureen worked on acquisitions, strategic partnerships and venture capital investments.

Ann Winblad joined the Investment Advisory Committee. She co-founded Hummer Winblad Venture Partners in 1989, which was the first venture firm focused exclusively on software. In her 30-year career as a Silicon Valley-based venture capitalist, Ann's firm has launched over 160 enterprise software companies and led investments that pioneered successful companies across the enterprise software sector: business intelligence, analytics, software development, integration, data centre optimisation, cloud computing and security.

INVESTMENT MANAGER'S REPORT

(continued)

OUTLOOK

With the secular trends relating to global security, food security, climate change and sustainability expected to accelerate, we would anticipate that demand for the products and services of the Company's portfolio companies – particularly from governments – will continue to grow and should result in the portfolio delivering strong growth metrics over the long term.

We believe that the Company's cash reserves of £57.7m at 30 June 2022 should be sufficient to provide the necessary levels of support to the portfolio over the course of the 12 months from the date of this report, with a potential further £18.6m of liquidity available in the holdings of listed companies. As at 14 October 2022, cash was £43.8m. Whilst we expect to continue to diversify the portfolio with selective new investments, uncertainty around the timing of market recovery

(and, therefore, our ability to raise new equity capital) means that the size of new investments will likely be considerably smaller on average when compared to the Period since the Company's IPO. Furthermore, the balance of investment activity is likely to be more weighted in favour of supporting the existing portfolio, with the Company intending to reserve the majority of available cash (after operating expenses) to support the funding rounds of existing portfolio companies, with the remainder being available for new investments.

MARK BOGGETT

CEO

SERAPHIM SPACE MANAGER LLP

Investment Manager

15 October 2022

PORTFOLIO

PORTFOLIO

At 30 June 2022

PORTFOLIO SNAPSHOT

FAIR VALUE

186.1M^{GBP}PROPORTION OF THE PORTFOLIO
DENOMINATED IN CURRENCIES
OTHER THAN STERLING

80.8%

TOP 10 INVESTMENTS AS
% OF FAIR VALUE

87.0%

TOTAL MONEY RAISED BY
PRIVATE PORTFOLIO COMPANIES⁽¹⁾703M^{USD}PRIVATE PORTFOLIO
FAIR VALUE VS. INITIAL COST

122.5%

LISTED PORTFOLIO
FAIR VALUE VS. INITIAL COST

44.7%

AVERAGE PORTFOLIO COMPANY
REVENUE GROWTH⁽²⁾

51.3%

AVERAGE PORTFOLIO COMPANY
BOOKINGS GROWTH⁽²⁾

71.2%

PORTFOLIO

(continued)

COMPANY	SUB-SECTOR	HQ	30 JUNE 2022		31 DECEMBER 2021	
			COST ⁽¹⁾ £M	FAIR VALUE ⁽¹⁾ £M	% OF NAV	FAIR VALUE £M
ICEYE	Earth Observation	EU	39.6	43.3	18.1	38.9
ALL.SPACE (formerly Isotropic Systems)	Antennas	UK	19.5	24.9	10.4	22.4
HawkEye 360	Earth Observation	US	18.7	20.6	8.6	18.5
Arqit	Satcoms	UK	27.3	14.0	5.9	47.9
LeoLabs	Data Platform	US	11.7	13.7	5.7	12.3
D-Orbit	In Orbit Services	EU	7.3	12.7	5.3	7.2
Altitude Angel	Data Platform	UK	3.7	9.0	3.8	3.7
PlanetWatchers	Data Analytics	UK	3.0	8.1	3.4	3.2
Satellite Vu	Earth Observation	UK	4.6	7.8	3.3	7.8
Astroscale	In Orbit Services	Asia	9.4	7.7	3.2	9.3
Top 10 investments			144.8	161.8	67.6	171.2
Xona Space Systems	Navigation	US	4.4	5.1	2.1	2.7
Tomorrow.io	Data Platform	US	4.2	4.1	1.7	-
Edgybees	Drones & Unmanned Aerial Vehicles	US	2.9	2.5	1.0	1.5
Pixxel	Earth Observation	Asia	2.3	2.5	1.0	-
AST SpaceMobile	Satcoms	US	4.4	2.4	1.0	2.8
Spire Global	Earth Observation	US	9.9	2.2	0.9	2.8
Other non-seed investments			28.2	18.7	7.8	9.7
Seed investments			5.5	5.6	2.3	1.9
Total investments⁽²⁾			178.4	186.1	77.8	182.8
Net current assets				53.2	22.2	67.8
Total assets				239.3	100.0	250.6

⁽¹⁾ In respect of each private portfolio company, from date of first investment by the Company to 30 June 2022; Source: portfolio company data.⁽²⁾ Fair value-weighted average (as defined in the Glossary on page 154) year-on-year growth for the 12 months ended 30 June 2022 of the private companies in the top 10 holdings, representing 79% of fair value (62% of NAV) as at 30 June 2022. Bookings refers to contracted future revenues.⁽¹⁾ includes follow on investments, where relevant, made since 31 December 2021 of £7.8m⁽²⁾ includes all portfolio holdings, including the Initial Portfolio acquired at the time of the IPO

(continued)

CASE STUDY

ICEYE has built the world's first and largest constellation of miniaturised satellites that use radars to capture information about the Earth day and night and in all weather conditions.

Satellites that use optical cameras to take images of the Earth have spawned, in recent decades, the \$5bn 'Earth Observation' market. However, with two-thirds of the world either in darkness or covered by cloud at any given time, much of the world cannot be imaged from Space using traditional optical cameras. By using radars rather than cameras to take images, it is possible to monitor the Earth day and night and in all weather conditions.

Previously the preserve of just a handful of nation-states, ICEYE has built the world's largest constellation of radar satellites that are 1/100th of the size and cost of incumbent systems. Through its constellation, ICEYE aims to provide actionable information on every square metre of the Earth every hour for sectors that include maritime, disaster management, insurance, finance, security and intelligence.

Seraphim Space first invested in ICEYE in 2017, ahead of the launch of their first satellite. Seraphim Space-managed funds have participated in every subsequent funding round. The Company led ICEYE's \$137m Series D funding round in December 2021.

The Opportunity

ICEYE is currently focused on the government and insurance sectors. Governments use ICEYE's satellites for a range of civil- and defence-related applications. For example, the Brazilian Government uses ICEYE to monitor illegal deforestation in the Amazon, whilst the Ukrainian Government recently announced a deal to procure exclusive imagery from ICEYE to help support its war efforts.

Within the insurance sector, natural catastrophes result in enormous losses⁽¹⁾. As a consequence of climate change, these events are increasing in both frequency and intensity. ICEYE's data and analytics are helping insurers automate claims through building level flood assessments, helping size event losses in a fraction of the time and for a fraction of the cost.

ICEYE's ultimate vision is to monitor change at global scale and in close to real time. The company believes that fusing these insights with other datasets will unlock market opportunities of potentially an order of magnitude bigger than the already sizeable markets it is addressing today.

Our Thesis

- Synthetic aperture radar's ("SAR") unique ability to provide reliable imaging capability day and night and in all weather conditions holds the key to unlocking the true potential of Space data to have a massive impact on addressing some of the world's most pressing problems.
- Only high revisit SAR will enable wide area, global scale persistent monitoring of the world. This represents a new way of understanding the Earth, by providing the ability to see and track changes in minute detail.
- Such real time monitoring of the world will impact almost every sector, drive our efforts to combat climate change and could represent a \$100bn long term market opportunity.
- As the clear market leader and with significant first mover advantages, ICEYE is primed to become the dominant player in the application of SAR data to a wide array of commercial markets.



(continued)

CASE STUDY

ALL.SPACE (formerly Isotropic Systems) is aiming to create a mesh network of satellite connectivity by developing an antenna capable of connecting to any satellite in any constellation in any orbit.

Thanks to the thousands of communications satellites being launched by the likes of SpaceX, Amazon and OneWeb, Space-based connectivity is expected to grow 20-fold over the next five years. Whilst this holds the promise of eventually delivering ubiquitous connectivity across the world, having the satellite dishes/antennas needed to actually connect to all these satellites remains a major potential bottleneck. Current terminals are expensive, bulky, lack the ability to track fast moving satellites across the sky and are not well-suited for non-stationary applications.

ALL.SPACE is resolving these issues by developing a high bandwidth, low power, flat panel digital antenna that can connect to any satellite. This enables ALL.SPACE to mesh satellites together, seamlessly linking to multiple satellite services for uninterrupted connectivity.

Seraphim Space first invested in ALL.SPACE in 2020, having tracked the business for several years. The Company led ALL.SPACE's \$37m Series B funding round in October 2021.

The Opportunity

ALL.SPACE's beach head market is defence, where the requirement for resilient, reliable communication is of paramount importance. ALL.SPACE's ability to connect from a single antenna to multiple different networks simultaneously – be they military or commercial satellite communications networks – can enable such resilience. With the US Department of Defense alone spending upwards of \$1bn a year on satellite communications, this market represents a sizeable opportunity for the company.

ALL.SPACE's ultimate aim is to enable reliable high-speed connectivity for the billions of cars, trains, buses, aircraft and ships that today remain largely unconnected. It also holds the tantalising promise of being able to converge both terrestrial- and satellite-base connectivity networks which could result in an eventual addressable market measured in the tens of \$billions.

Our Thesis

- With 45% of the world's population still lacking access to broadband, satellites have a critical role to play in connecting those parts of the world terrestrial networks cannot reach. Many \$billions are being invested in increasing satellite connectivity to address this opportunity.
- However, affordable high-performance flat panel electronic steerable antennas ("ESAs") are the major bottleneck for the \$100bn satcom industry's future growth. In their absence much of the promise of forthcoming spike in satellite connectivity risks being squandered.
- In time, ESAs will replace the vast majority of existing parabolic and mechanically steered antennas whilst also dramatically expanding market reach.
- The company which produces ESAs at the lowest cost and highest performance will dominate a category which provides a pathway to \$billions in potential revenue over the next decade.
- The advantages derived from ALL.SPACE's technology is likely to trump those of any would-be competitors enabling them to dominate the market.
- ALL.SPACE's founder was previously part of the team that scaled the satcoms operator O3B to a \$2.3bn sale to SES and has the experience to replicate this success at ALL.SPACE.



Source: ⁽¹⁾ <https://www.swissre.com/press-release/Floods-and-storms-drive-global-insured-catastrophe-losses-of-USD-38-billion-in-first-half-of-2022-Swiss-Re-Institute-estimates/4d31d695-e49f-4168-85bc-2a5944313b05>

PORTFOLIO

(continued)

CASE STUDY

HawkEye 360 operates the world's largest satellite constellation collecting radio frequency signals to identify and geolocate previously invisible activities.

HawkEye 360 is the world's leading commercial provider of Space-based RF data and analytics. It operates its own constellation of satellites to collect, identify, process and geolocate a broad set of RF signals generated on Earth from very high frequency radios, radars, cell towers, satellite phones, emergency beacons and more.

Its satellites monitor hundreds of millions of square kilometres daily to identify hidden signals, often of illicit activity. Its advanced analytical products help first responders save lives, law enforcement halt hidden illegal activities and telecoms operators utilise spectrum. Its capabilities include mapping signals of interest, creating surveys of global spectrum usage and providing deeper visibility of maritime activities.

In November 2021, the Company invested \$25.0m (£18.7m) in HawkEye 360's \$145m Series D funding round. It was the co-lead investor in this round alongside Insight Partners.

The opportunity

The market potential for HawkEye 360 RF-based signals intelligence is estimated to be \$5-10bn per annum.

Illegal, unreported and unregulated fishing is devastating our oceans. It is worth up to \$23.5bn each year, and it is extremely difficult to police. Reducing its impact requires understanding and eliminating the factors that enable it.

HawkEye 360's Dark Maritime service is alerted when a vessel in a specific area goes dark. It is then able to automatically follow the vessel through analysing RF signals from their communications and other onboard systems, HawkEye 360 is able to build a deep visibility of the vessel's activity that is then used to hold the bad actor to account.

The company also offers a range of global defence and intelligence applications including their GPS interference detection capability. This can be used to monitor activity where GPS jamming is routinely implemented to obscure activity and disrupt critical location service – this has been particularly useful in Ukraine conflict.

Our Thesis

- Monitoring, geolocating, and analysing RF is critical to understanding human activity. This in turn has a crucial role to play in making our world both safer and more sustainable.
- HawkEye 360 has first mover advantage in Space-based RF signals intelligence gathering. Its satellites can detect dozens of different signals and it has already collected, geolocated, and archived over 30 million RF signals.
- The business is therefore well positioned to become the dominant player in the RF domain with a low latency multi-platform collection strategy from 1,200 km down to the ground
- HawkEye 360's RF signals intelligence is the right data set to use for tipping and cueing or orchestrating other sensing modalities to facilitate true AI-enabled Earth observation data fusion.

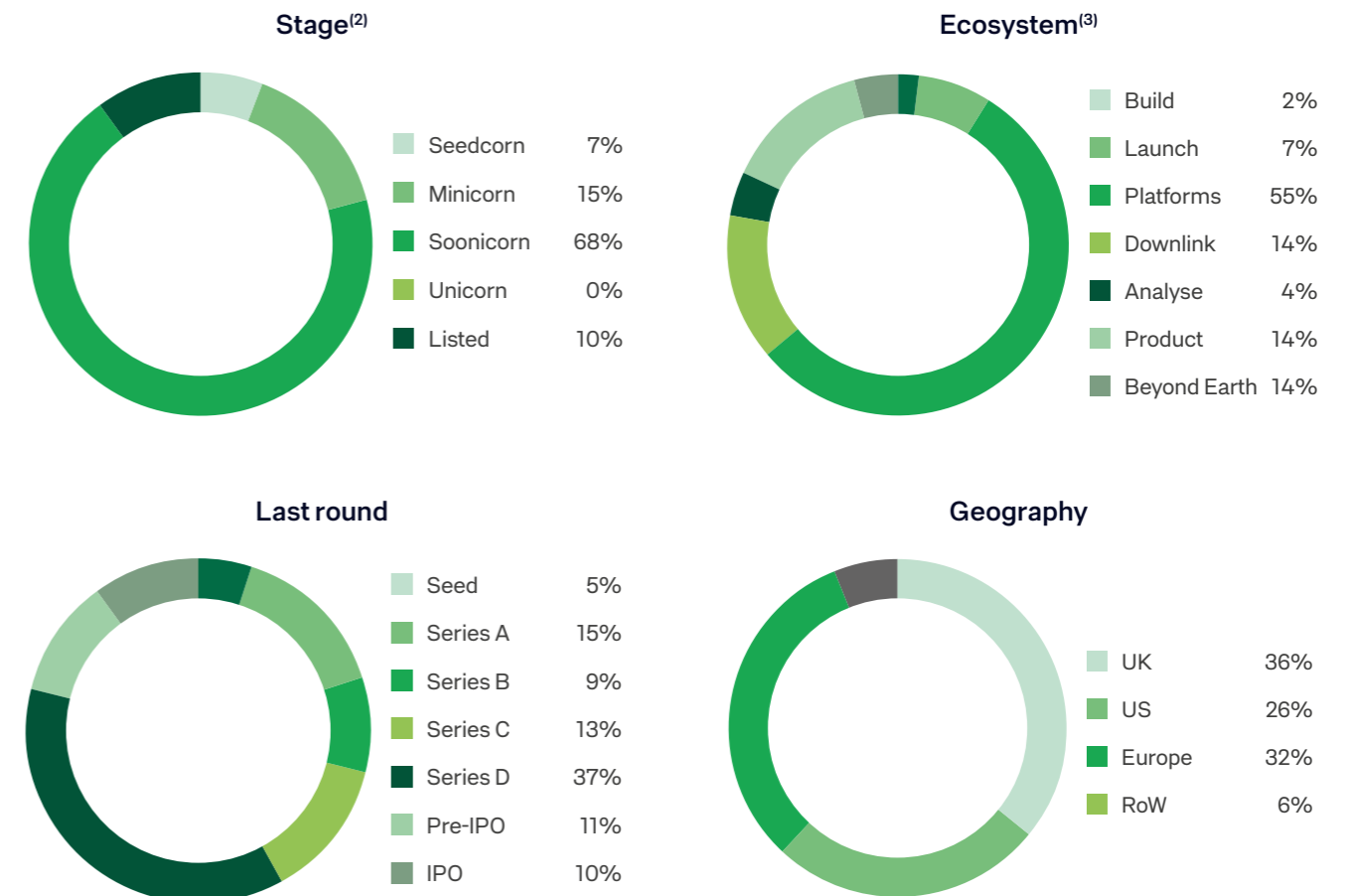


PORTFOLIO

(continued)

PORTFOLIO BREAKDOWN (BY FAIR VALUE)⁽¹⁾

At 30 June 2022



⁽¹⁾ Seraphim Space's taxonomy to describe the SpaceTech sector.

⁽²⁾ **Unicorns** – those companies valued at in excess of \$1bn.
Soonicorns – those companies with the potential to be valued at in excess of \$1bn within the next 1-2 years.
Minicorns – those companies with the potential to be valued at in excess of \$1bn within the next 3-4 years.
Seedcorns – those companies less mature than Minicorns.

⁽³⁾ **Build** – satellite construction/manufacturing/components.
Launch – rockets.
Platforms – constellations of satellites in Space.
Downlink – data from Space to Earth in a cyber secure manner.
Analyse – AI applied to large datasets from Space.
Product – Space datasets fused with terrestrial data targeted at a vertical such as construction, agriculture, oil and gas.
Beyond Earth – activity in Space.

(continued)

TOP 10 INVESTMENTS⁽¹⁾



Global change detection every hour

Web: iceye.com
HQ: Finland
Taxonomy: Platforms / EO⁽²⁾
Status: Private; Soonicorn
Stake category: 6-10%
Fair value / cost: £43.3m / £39.6m
Valuation method: Calibrated PORI⁽³⁾

ICEYE operates the world's first and largest constellation of miniaturised satellites that use radar to image the Earth during both the day and night, even through cloud. ICEYE's radar technology has the ability to monitor change in near real time with unrivalled sensitivity and on a global scale.

Total estimated long term addressable market: \$10bn+

Key sectors addressed: Insurance, defence, climate

Key developments during Period:

- Achieved first close on \$136m Series D funding round.
- Leading insurers Tokio Marine and AON announced commercial collaborations.
- Contract announced with US regulatory agency National Oceanic Atmospheric Administration to tackle environmental hazards linked to climate change.
- Named on Fast Company's list of world's most innovative companies.
- Launched seven additional satellites.
- Agreement signed with European Space Agency to support disaster response.
- Announced partnership with BAE Systems' new multi sensor constellation.
- Signed contract with Ukraine government to provide persistent capability.



One antenna to connect to any satellite

Web: all.space
HQ: UK
Taxonomy: Downlink / Antennas
Status: Private; Soonicorn
Stake category: 11-15%
Fair value / cost: £24.9m / £19.5m
Valuation method: Calibrated PORI⁽³⁾

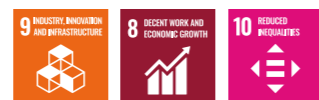
ALL.SPACE (formerly Isotropic Systems) is aiming to create a mesh network of satellite connectivity by developing an antenna capable of connecting to any satellite in any constellation in any orbit.

Total estimated long term addressable market: \$10bn+

Key sectors addressed: Communications, defence, transport

Key developments during Period:

- Multi-beam antenna to improve communication passed first US Air Force trials.
- Partnered with SES to complete milestone trials to unlock next-generation connectivity for US Army and NATO.
- Completed trials with Telesat demonstrating multi-orbit connectivity.
- Joined UK Government and European Space Agency consortium led by CGI to develop hybrid satellite communications for trains.
- Announced next generation, multi-orbit communications antenna for the defence market.
- Announced partnerships on its new antenna with ST Engineering iDirect and Teledyne.
- Completed rebrand to ALL.SPACE.



(continued)



Mapping the world's RF signals

Web: HE360.com
HQ: US
Taxonomy: Platforms / EO⁽²⁾
Status: Private; Soonicorn
Stake category: 0-5%
Fair value / cost: £20.6m / £18.6m
Valuation method: Calibrated PORI⁽³⁾

HawkEye 360 is the world's leading commercial provider of Space-based RF data and analytics. It operates its own constellation of satellites to collect, identify, process and geolocate a broad set of RF signals generated on Earth from VHF radios, radars, cell towers, satellite phones, emergency beacons and more.

Total estimated long term addressable market: \$10bn+

Key sectors addressed: Maritime, defence

Key developments during Period:

- Added Leidos as investor to bring Series D funding round to \$150m.
- Awarded \$15.5m contract with US Air Force Research Laboratory and a new five-year contract with National Geospatial Intelligence Agency.
- Opened new satellite manufacturing facility to expedite innovation of its state-of-the-art RF satellites to satisfy the rigorous requirements for serving defence and intelligence customers.
- Awarded indefinite delivery, indefinite quantity contracts to compete for orders for US Department of Defense's Joint All Domain Command and Control.
- Announced a two-year cooperative research and development agreement with US Army Space.



Encryption reborn for the cloud era

Web: arqit.uk
HQ: UK
Taxonomy: Platforms / Satcoms
Status: Listed; Unicorn
Stake category: 0-5%
Fair value / cost: £14.0m / £27.3m
Valuation method: Available market price

Arqit is developing encryption reborn for the cloud era. It is deploying a constellation of laser communications satellites that utilise quantum technology to distribute quantum-safe, unhackable encryption keys for securing any end device.

Total estimated long term addressable market: \$50bn+

Key sectors addressed: Cybersecurity, communications, defense

Key developments during Period:

- Signed research and development contract with US Air Force to assess viability for Department of Defence infrastructure.
- Licensed QuantumCloud™ service to Virgin Orbit to protect its launch and space solutions businesses.
- Entered into technology alliance partnership agreement with Juniper Networks.
- Selected by UK Ministry of Defence to join its Multi-Domain Integrated Systems data transfer and data management project.



⁽¹⁾ Total income recognised by the Company in connection with any portfolio company, and each portfolio company's turnover, pre-tax profit and net assets attributable to shareholders are not disclosed as they are commercially sensitive; ⁽²⁾ EO refers to Earth Observation; ⁽³⁾ PORI refers to price of recent investment.

⁽¹⁾ Total income recognised by the Company in connection with any portfolio company, and each portfolio company's turnover, pre-tax profit and net assets attributable to shareholders are not disclosed as they are commercially sensitive; ⁽²⁾ EO refers to Earth Observation; ⁽³⁾ PORI refers to price of recent investment.

PORTFOLIO

(continued)



Mapping the skies

Web: leolabs.space

HQ: US

Taxonomy: Product / Data Platform

Status: Private; Soonicorn

Stake category: 0-5%

Fair value / cost: £13.7m / £11.7m

Valuation method: Calibrated PORI⁽³⁾

LeoLabs is providing the mapping service for Space by deploying a network of ground-based antennas capable of detecting objects as small as 2cm as far as 1,000km away. By mapping the skies in real time, LeoLabs is aiming for its cloud-based data platform to become the air traffic control system for Space.

Total estimated long term addressable market: \$1-5bn

Key sectors addressed: Space, insurance, defence

Key developments during Period:

- Committed to Australia as strategic site for its sixth Space radar.
- Signed multi-year agreement with New Zealand Government for Space regulatory and sustainability platform.
- Awarded contract to support Japan Air Self Defence Force with commercial Space domain awareness.
- Signed agreement with the UK Space Agency to provide real-time observation data from its global radar network for all UK-licensed satellites in lower Earth orbit.



In orbit last mile delivery

Web: Dorbit.space

HQ: Italy

Taxonomy: Launch / In-orbit Services

Status: Private; Soonicorn

Stake category: 6-10%

Fair value / cost: £12.7m / £7.3m

Valuation method: Milestone multiples

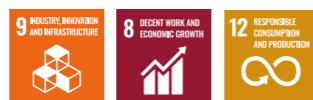
D-Orbit is the market leader in the Space logistics and orbital transportation services industry. It currently operates the world's only in-Space last mile delivery service, having successfully delivered more than 80 payloads to orbit via its ION satellite carrier spacecraft.

Total estimated long term addressable market: \$1-5bn

Key sectors addressed: Space, logistics, datacentres

Key developments during Period:

- Successfully demonstrated in-orbit cloud computing and storage.
- Concluded fourth space taxi mission for its ION space carrier.
- Successfully launched and completed its fifth and six ION missions.
- Awarded \$3m contract for debris removal by European Space Agency.
- Signed contract with SpaceX for 11 launches in 2023.
- Signed multi-year launch contract with Astrocast.



PORTFOLIO

(continued)



The operating system for the skies

Web: altitudeangel.com

HQ: UK

Taxonomy: Product / Data Platform

Status: Private; Minicorn

Stake category: 16-25%

Fair value / cost: £9.0m / £3.7m

Valuation method: Milestone multiples

Altitude Angel operates a cloud-based automated air traffic control platform for drones and flying taxis. Its software powers the world's first sky corridor for drones.

Total estimated long term addressable market: \$10bn

Key sectors addressed: Logistics, aviation

Key developments during Period:

- Completion of successful two-year pilot of 8km drone super-highway.
- UK government provided contract to build out linear 256km autonomous drone highway connecting eight UK cities over the next two years – a world first.
- Term sheet signed with major national telecoms company for significant investment and commercial partnership.
- Announced partnership with Inmarsat on solutions for flying drones beyond visual line of sight.



Insuring the uninsured

Web: plantwatchers.com

HQ: UK

Taxonomy: Analyse / Data Analytics

Status: Private; Seedcorn

Stake category: 25-49%

Fair value / cost: £8.1m / £3.0m

Valuation method: Discount to PORI⁽³⁾ (post period)

PlanetWatchers operates a crops analytics platform with persistent monitoring capabilities regardless of weather and light conditions. It is currently servicing agricultural insurance companies and increasingly other agricultural customers.

Total estimated long term addressable market: \$5-10bn

Key sectors addressed: Agriculture, insurance, climate

Key developments during Period:

- Entered into contract with Canadian fertiliser company Nutrien Ag Solutions for digital transformation of agriculture.
- Entered into contract with leading US crop insurer AgriSomo for automated policy and claims analysis.
- Entered into contract with crop insurer ProAg for insights into planting, acreage, crop type and crop damage.

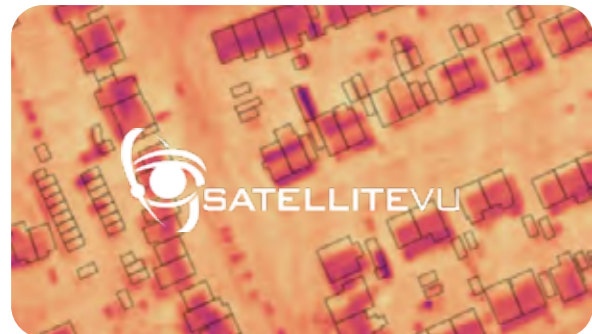


⁽¹⁾ Total income recognised by the Company in connection with any portfolio company, and each portfolio company's turnover, pre-tax profit and net assets attributable to shareholders are not disclosed as they are commercially sensitive; ⁽²⁾ EO refers to Earth Observation; ⁽³⁾ PORI refers to price of recent investment.

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PORTFOLIO

(continued)



The world's thermometer

Web: satellitevu.com

HQ: UK

Taxonomy: Product / EO⁽²⁾

Status: Private; Minicorn

Stake category: 16-25%

Fair value / cost: £8.0m / £4.6m

Valuation method: Calibrated PORI⁽³⁾

Satellite Vu is aiming to become the Earth's thermometer by launching the first infrared imaging smallsat constellation capable of monitoring the thermal footprint of any building on Earth every few hours to determine valuable insights into economic activity, energy efficiency and carbon footprint.

Total estimated long term addressable market:
\$1-5bn

Key sectors addressed:
Energy, property, defence

Key developments during period:

- Closed £15m Series A funding round to launch first infrared imaging satellites.
- Signed deal with Surrey Satellite Technology to build high-resolution thermal imaging satellite constellation.
- At COP26 conference, UK Space Agency announced additional funding for Satellite Vu.
- Partnered with Landmark to provide climate change data to UK property sector.
- Selected SpaceX to launch first two satellites in 2023.



Servicing the in-space economy

Web: astroscale.com

HQ: Japan

Taxonomy: Beyond Earth / In-orbit Services

Status: Private; Soonicorn

Stake category: 0-5%

Fair value / cost: £7.7 m / £9.4m

Valuation method: Discount to PORI⁽²⁾

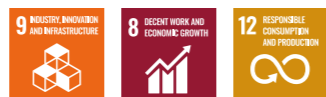
Astroscale's ambition is to ensure the safe and sustainable use of Space for the benefit of future generations. The business is on a mission to make Space operations more sustainable with a long-term view to enable a vibrant in-orbit Space economy. To enable this, the company is developing a set of capabilities around satellite monitoring, refuelling, upgrading, repairing and disposal. Ongoing and planned missions are focused on demonstrating capabilities around end-of-life disposal of low Earth orbit satellites, active removal of Space debris and life extension of geostationary satellites.

Total estimated long term addressable market:
\$1-5bn

Key sectors addressed:
Space, defence

Key developments during period:

- Closed \$112m Series F funding round
- Awarded UK Space Agency contract to study removal of two defunct satellites from Space.
- Entered into collaboration agreement with Mitsubishi Heavy Industries for removal from orbit of old rocket stage.
- Completed its Elsa-D mission, demonstrating some core technologies required for commercial operations of its end-of-life and active debris removal services.
- Awarded follow-on contract from European Space Agency and OneWeb to develop Elsa-D's successor mission, Elsa-M, which intends to demonstrate the capability to capture and remove multiple defunct satellites from orbit.



⁽¹⁾ Total income recognised by the Company in connection with any portfolio company, and each portfolio company's turnover, pre-tax profit and net assets attributable to shareholders are not disclosed as they are commercially sensitive; ⁽²⁾ EO refers to Earth Observation; ⁽³⁾ PORI refers to price of recent investment.

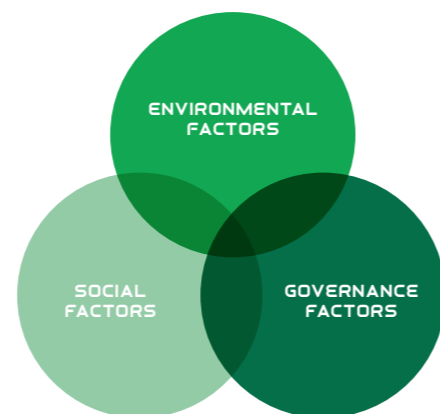


RESPONSIBLE INVESTMENT

RESPONSIBLE INVESTMENT

"We believe embedding the UN Principles of Responsible Investment in our investment process results in better long-term outcomes for investors and closer alignment between their investment objectives and value for society more broadly."

Sarah Shackleton
COO, Seraphim Space



Being a responsible investor and taking into consideration environmental, social and governance ("ESG") factors are paramount to the way the Company and Investment Manager operate.

The Investment Manager is a signatory to Principles of Responsible Investment, the UN-supported network of investors dedicated to promoting sustainable investment through incorporating ESG factors into their investment and ownership decisions (the "UNPRI").

The Directors and Investment Manager believe that ensuring robust assessment of ESG-related risks and opportunities as part of the investment analysis and decision-making processes leads to investment in more robust businesses, ultimately creating long-term, sustainable value. During the Period, with the assistance of Sancroft, an international sustainability consultancy firm, the Investment Manager created a proprietary ESG due diligence tool and further developed its investment process to ensure consistent considerations of material ESG factors are embedded across the investment cycle from investment screening to due diligence, ownership and exit, ensuring the Investment Manager makes socially responsible decisions over the long term.

SpaceTech is a powerful new industry which can contribute significantly to achieving the United Nations Sustainable Development Goals (the "SDGs") and their underlying targets. The extent to which our portfolio companies contributes to the SDGs is seen as a key factor in the success of our investment strategy and, as such, considerations of this are also an integral part of Seraphim Space's decision-making process.

RESPONSIBLE INVESTMENT POLICY

The Investment Manager's Responsible Investment Policy, which has been adopted by the Company, sets out its commitment and approach to integrating positive impact and ESG risk factors into its investment decisions and asset management processes and practices. The Investment Manager's Responsible Investment Policy may be found at <https://seraphim.vc/esg/>. The Investment Manager will update its Responsible Investment Policy as necessary to reflect emerging regulations and best practices.

ESG investment approach

As a firm focused entirely on investments in SpaceTech, Seraphim Space's ESG approach is dynamic and fit for our investment strategy. Seraphim Space follows a balanced approach by measuring and mitigating risks, whilst also driving the positive impacts of the portfolio companies' products and services and their contribution to achievement of the SDGs.

RESPONSIBLE INVESTMENT

(continued)

Excluded investments

Before a prospective portfolio company enters the investment process, it is reviewed against a list of excluded areas we will never knowingly invest:

- in anything that has any direct involvement in controversial weapons (i.e. nuclear, cluster, chemical, biological, etc.);
- in anything that has any direct involvement in autonomous weapons⁽¹⁾;
- in companies whose products constitute a weapon (i.e. their product is itself a weapon);
- in companies whose technology forms a strategic part of any weapons system⁽²⁾;
- in companies who sell their technology for military application to high-risk countries⁽³⁾; and
- in companies who sell technology which is able to identify individuals to governments in countries with high human rights risks⁽³⁾.

ESG risk management

Seraphim Space recognises that ESG-related risks and opportunities to deliver against the SDGs must be identified pre-investment. Therefore, all new investments undergo robust ESG due diligence in parallel with commercial due diligence. Seraphim Space's recently-developed proprietary ESG due diligence tool is used, among other things, to identify excluded investments and ESG-related risks and opportunities at the prospective portfolio company and its bespoke due diligence template is used to map the technology category to the material ESG risks to ensure effort and analysis is focused on the highest risk ESG categories.

ESG impact and risk categories considered during ESG due diligence process include:

Environmental

- Agriculture management
- Biodiversity, ecosystems and natural capital
- Consumer solutions, tourism and health
- Emergency management and humanitarian aid
- Energy and raw materials
- Energy management
- Environmental monitoring
- Fisheries and aquaculture
- Forestry
- Greenhouse gas emissions
- Materials management (including waste)
- Urban development and cultural heritage
- Weather and climate services

Social

- Product quality and safety
- Community relations
- Human rights (specifically on right to life and right to privacy)

Governance

- Business ethics, legal and compliance
- Data security and customer privacy
- Effective board and risk management
- Employee engagement, diversity and inclusion
- Health and safety

Seraphim Space's due diligence process is rooted in internationally accepted frameworks and guidance, including the Sustainability Accounting Standards Board's materiality map and the World Economic Forum and Business for Social Responsibility's white paper on the Responsible Use of Technology.

Where high ESG risks are identified, these are carefully considered, with input from legal counsel and/or external advisors as required. Enhanced ESG screening may be conducted if deemed appropriate. When the Investment Manager considers ESG risks are too great and cannot be rectified or mitigated in a reasonable timeframe, no investment is made. Provided that the ESG risks associated with the investment are deemed to be within an acceptable range, post-acquisition processes and practices are defined to take steps to address any specifically identified risks and identify any ESG-related opportunities that can be realised and championed.

⁽¹⁾ As defined by US Department of Defense, being a "weapons system that, once activated, can select and engage targets without further intervention by a human operator".

⁽²⁾ The term "strategic" is used to differentiate between military parts or services that are essential for military operations and enhance military capability and parts or services that are either not material to military capability or are generic parts or services also widely used for non-military purposes. As defined by the US Department of Defense, a weapons system is "a combination of one or more weapons with all related equipment, materials, services, personnel and means of delivery and deployment required for self-sufficiency".

⁽³⁾ Based on publicly available country risk ratings.

(continued)

Potential Sustainability Impact

SpaceTech is an impactful sector. The scorecard below shows the SDGs being addressed by the companies in SSIT's main portfolio.

SDG Alignment across the SSIT Portfolio		Altitude Angel	ALLSPACE	Astroscale	AST SpaceMobile	Arqit	D-Orbit	Edybees	HawkEye 360	ICEYE	LeoLabs	Pixxel	PlanetWatchers	Satellite Vu	Spire Global	Tomorrow.io	Xena Space Systems
1	No Poverty	✓			✓										✓		✓
2	Zero Hunger									✓		✓	✓		✓	✓	
3	Good Health & Well Being	✓			✓												
4	Quality Education				✓												
5	Gender Equality				✓												
6	Clean Water and Sanitisation											✓		✓	✓		
7	Affordable Energy	✓										✓		✓		✓	
8	Decent Work and Economic Growth	✓	✓	✓	✓			✓	✓				✓		✓		
9	Industry Innovation & Infrastructure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Reduce Inequalities	✓	✓		✓											✓	
11	Sustainable Cities & Communities	✓			✓					✓		✓		✓	✓	✓	✓
12	Responsible Consumption & Production	✓		✓			✓			✓	✓	✓	✓	✓	✓	✓	✓
13	Climate Action	✓								✓		✓	✓	✓	✓	✓	
14	Life Below Water								✓	✓		✓		✓	✓		
15	Life on Land									✓		✓	✓	✓	✓	✓	
16	Peace, Justice & Strong Institutions	✓			✓	✓		✓	✓	✓				✓	✓		
17	Partnership for the Goals	✓	✓			✓		✓		✓	✓			✓	✓		

Ownership and ESG reporting

Each portfolio company is actively encouraged to integrate ESG considerations in their business strategies and value creation plans. Seraphim Space works with the boards and management teams of portfolio companies to identify and address ESG risks and positive impact opportunities and with co-investors to increase collective influence in these areas. Seraphim Space aims to get each portfolio company to complete an annual ESG questionnaire that keeps Seraphim Space informed of progress and performance against their ESG strategy. This helps to identify gaps where Seraphim Space can target further support and assist the portfolio company in developing plans to address sustainability risks, capitalise on opportunities and meet established ESG objectives in their own operations and throughout their value chains.

In situations where a portfolio company fails to address adequately any significant risks identified at investment, Seraphim Space will take this into consideration when assessing follow-on investment opportunities into the company.

(continued)

OBJECTIVE REPORTING METRICS FOR ESG FACTORS

The Company intends to provide ESG metrics, such as carbon emissions, job creation and diversity, for the aggregate portfolio in the future. Below are some of the SDGs most impacted by the SpaceTech sector, and details of the targets that a selection of the SSIT portfolio companies are addressing.

SDG 2: Zero Hunger



SDG 2 aims to end hunger and all forms of malnutrition. It also commits to universal access to safe, nutritious and sufficient food throughout the year. This requires sustainable food production systems and resilient agricultural practices, equal access to land, technology and markets, and international cooperation on investments in infrastructure and technology to boost agricultural productivity.

In order to contribute to the success of SDG 2, the SDG targets include:

Target 2.3

By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

Target 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

SpaceTech can play a key role in agricultural management and subsequently contributing to SDG 2. This could be through optimising crop productivity through informed management processes and increased efficiency in the use of existing resources, including land, seeds, fertilisers, plant protection agents and water (contributing to Target 2.3). In addition, enhanced monitoring can be used to improving livestock management through and identification of suitable grazing (contributing to Target 2.4).



Agriculture is a strongly regulated industry through which Western farmers are covered by insurance in case of climate-related events. Thanks to government-backed insurance coverage, farmers in developed economies can mitigate natural disasters' consequences allowing them to make annual investment to

improve their productivity. However, in developing countries crop insurance has typically not been available or affordable. Farmers are more exposed to natural disasters, putting food security in jeopardy and also leading to under investment in methods to increase productivity.

PlanetWatchers is an example portfolio company contributing to the digital transformation of agriculture addressing SDG 2 (Target 2.4). Through advanced radar imaging analytics, PlanetWatchers provides global information to the crop insurance industry to support insurance policies and validate claims. They provide automated data at the field level on planting dates, acreage reporting, crop classification and detailed damage analysis of flood and wind events, driving forward the implementation of resilient agricultural practices. Furthermore, in the event of extreme weather events such as floods or hurricanes, which destroy crops in their wake, PlanetWatchers' data is used to automate insurance claims, saving insurers time, money and protection against fraudulent claims, whilst compensating farmers fairly and rapidly. This is expected to increase the availability of insurance to farmers in developing countries.

(continued)

SDG 7: Affordable and Clean Energy

SDG 7 aims to ensure access to affordable, reliable, sustainable and modern energy for all. In doing so, this can contribute to tackling nearly every major challenge in the world today. Major progress has been made in this regard with global renewable energy uptake increasing by 30% since 2000⁽¹⁾. However, this still only represents about 12% of the global energy mix.



In order to achieve SDG 7, several targets need to be achieved, including:

Target 2.3

By 2030, increase substantially the share of renewable energy in the global energy mix.

Target 2.4

By 2030, double the global rate of improvement in energy efficiency.

SpaceTech solutions can positively influence and facilitate greater progress towards achieving SDG 7. For example, efforts are underway albeit still currently only at the research and development phase, to develop space energy solutions, harvesting energy via solarfarms in orbit to provide clean energy to Earth (Target 7.2). In addition, SpaceTech infrastructure can be used to accurately measure and monitor energy efficiency at the building, industrial factory, town, city, country and continent levels (Target 7.3).



Satellite Vu is a high-growth, UK based SpaceTech company aiming to become the Earth's smart energy meter by launching the first infrared imaging smallsat constellation capable of monitoring the thermal footprint of any building on Earth every few hours. With 40% of all carbon emissions coming directly or indirectly

from buildings, finding a way to pinpoint the worst energy wasting buildings at global scale is a pressing issue if the world is to achieve net zero. Satellite Vu's high resolution, high revisit infrared satellite constellation holds the key to resolving this, making a significant contribution towards Target 7.3 by providing valuable insights into economic activity, energy efficiency and carbon footprint.

⁽¹⁾ <https://ourworldindata.org/renewable-energy>

(continued)

SDG 15: Life on Land

SDG 15 seeks to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss. Preserving diverse forms of life on land requires targeted efforts to protect, restore and promote the conservation and sustainable use of terrestrial and other ecosystems.



In order to contribute to the success of SDG 15, the SDG targets include:

Target 15.1

By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

Target 15.2

By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

SpaceTech can be utilised to achieve SDG 15 through a number of methods. The most common method is through monitoring the Earth's surface to better understand how to manage it and how it is changing over time. For example, forest cover monitoring helps identify exactly where deforestation is occurring, and this can be associated with the materials used in supply chain risk mapping (contributing to Target 15.2). Monitoring can also be used for understanding animal movement, which is vital for biodiversity research, predicting conservation hotspots, identifying human-animal conflict zones, rebuilding and sustaining productive fisheries and ecosystems and understanding the spread of pandemic disease and invasive species (contributing to Target 15.1).



Pixel is a SpaceTech data company, building a constellation of hyperspectral earth imaging satellites designed to provide global coverage every 24 hours, with the aim of detecting, monitoring and predicting global phenomena which can contribute to a number of SDGs. In particular, it can contribute to improved

management of life on land (Target 15.1). Conventional optical imagery identifies three bands (red, blue and green) per pixel whereas hyperspectral splits into >400 bands, providing unique spectral signatures detecting minute changes of chemical and biological composition, unlocking a range of novel environmental and sustainability use cases across a number of areas:

- map and monitor forest cover;
- measure and reverse deforestation;
- measure climate risks such as flooding, famine and wildfire;
- track natural capital utilisation and impact on future economic and ecological sustainability;
- detect hazardous materials and take timely measurements to curb the danger;
- monitor water resources and manage these in a sustainable manner;
- field level observation of changes in crop health and the identification of nutrient deficiencies; and
- monitor methane emissions and quantifying carbon sequestration.



SECTION 172: ENGAGING WITH KEY STAKEHOLDERS

ENGAGING WITH KEY STAKEHOLDERS

"Our responsibilities to stakeholders, together with consideration of the long-term consequences of our decisions and maintaining high standards of business conduct, are integral to the way the Board operates."

S.172 RESPONSIBILITIES

Under section 172 of the Companies Act 2006 ("s.172"), the Directors have a duty act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors are required to take into account (amongst other matters) the likely long-term consequences of their decisions, the need to foster relationships with the Company's wider stakeholders, the desirability of the Company maintaining a reputation for high standards of business conduct and the impact of the Company's operations on the community and environment.

The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities under s.172 over the course of the Period, including how the Board has engaged with and understands the views of stakeholders, how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions.

As an externally managed investment company, SSIT has no premises, employees or customers and conducts its core activities through third-party service providers. Currently, SSIT has no debt

finance. We consider, therefore, shareholders to be the Company's principal stakeholders but also regard potential shareholders, the Investment Manager, the Administrator, other key service providers (corporate brokers, external Auditor, legal advisers, public relations and communications adviser, depositary and registrar) and portfolio companies as key stakeholders. The Investment Manager's Responsible Investment Policy is integrated into its investment process, ensuring that it has regard to the impact of SSIT's investments on the wider community and environment.

Our responsibilities to stakeholders, together with consideration of the long-term consequences of our decisions and maintaining high standards of business conduct, are integral to the way the Board operates and foremost in our minds in our discussions, decision-making and reporting. Through engagement, we can better understand stakeholders' views and concerns and consider them in our discussions and decision-making. We welcome, therefore, shareholders' and other stakeholders' views and place great importance on our engagement with them.

ENGAGING WITH KEY STAKEHOLDERS

(continued)

STAKEHOLDER ENGAGEMENT

The table below sets out the principal ways in which we engage with the Company's key stakeholder groups.

STAKEHOLDER GROUP

SHAREHOLDERS AND POTENTIAL INVESTORS	Why they are important
	Continued shareholder support and engagement and attracting new investors are critical to the continuing existence of the Company and the delivery of its long-term strategy.
	How we engage
	The Company has a broad range of shareholders, comprising both professional and retail investors, and has developed various ways of engaging with them, including: <ul style="list-style-type: none"> • Regulatory announcements and publications: The Company issues regulatory announcements via the London Stock Exchange in respect of routine reporting obligations, periodic financial and portfolio information updates and in response to other events. The Company's Annual and Interim Reports and associated presentations, as well as quarterly reports and shareholder circulars, are made available on the Company's website. Their availability is announced via the London Stock Exchange. • Website (https://investors.seraphim.vc/): This includes videos, research notes available to retail investors and other relevant information to enhance investors' understanding of the Company and its strategy. Shareholders and other interested parties can subscribe to email news updates by registering online on the website. • Investor meetings and events: The Investment Manager, on behalf of the Board and with the assistance of SSIT's corporate brokers, undertakes a programme of investor relations throughout the year. During the period post-IPO to 30 June 2022, the Investment Manager held meetings with more than 100 current and potential professional investors and c.10 group meetings research analysts and professional and/or retail investors. Directors attend some investor meetings to gauge sentiment first hand. All investors are offered the opportunity to meet the Chair, Senior Independent Director or other Board members. • Capital markets day: This is an event, attended by research analysts and professional investors, held annually consisting of presentations from the Chair and senior members of the Investment Manager's team. The capital markets day held on 12 May 2022 also included presentations from a selection of SSIT's portfolio companies. Videos of the event are available on SSIT's website. • Investor relations updates: At quarterly Board meetings, the Directors receive updates on the share trading activity, share price performance and investor feedback. The Directors also receive investor feedback following investor roadshows arranged by the Company's corporate brokers. • Working with external partners: The Board also engages some external providers, such as public relations and communications advisers, to assist in investor communication and obtain input on specific aspects of shareholder communications, such as developing more effective ways to communicate with investors.
	We welcome diversity of thought and opinions. Shareholders may contact the Company via seraphimteam@ocorian.com or by post via the Company Secretary on any matters that they wish to discuss with the Board and the Company Secretary will arrange for the relevant Board member to contact them.
	Target outcomes
	Shareholders and potential investors receive relevant information to enable them to evaluate whether their investment interests are aligned with the Company's strategy.
	We get feedback and views on investor concerns and priorities which inform the Board's discussions and decisions.

ENGAGING WITH KEY STAKEHOLDERS

(continued)

STAKEHOLDER GROUP

**INVESTMENT
MANAGER**
(Seraphim Space
Manager LLP)**Why they are important**

The Investment Manager's specialist knowledge and experience is vital to implementing SSIT's investment strategy successfully and achieving its investment objective, so maintaining a strong, collaborative relationship with the Investment Manager is critical to SSIT's long-term success.

How we engage

Important components in the collaboration with the Investment Manager are:

- drawing on Board members' individual experience to support the Investment Manager in the performance of its responsibilities to the Company, including implementing SSIT's investment strategy;
- willingness to make the Board members' experience available to support the Investment Manager in the sound, long-term development of its business and resources, recognising that SSIT is currently the principal client of the Investment Manager and so the long-term success of the Investment Manager is closely aligned to that of the Company and
- having in place appropriate remuneration arrangements to incentivise the Investment Manager whilst aligning with shareholders' interests.

We engage with the Investment Manager in numerous ways, including:

- **Regular reporting:** We receive regular reports from the Investment Manager on performance, investment activity and pipeline, portfolio company developments, cash flow projections, ESG and investor relations activities, as well as a wide range of other topics.
- **Face-to-face meetings:** The Board and Investment Manager meet face-to-face regularly, including for scheduled Board and Committee meetings as well as for ad-hoc matters.
- **Continuous dialogue:** The Board maintains an open dialogue with the Investment Manager, engaging on key matters affecting SSIT or the Investment Manager.

Target outcomes

We maintain a strong, collaborative relationship with the Investment Manager.

The Company's portfolio is well-managed, enabling it to meet its strategic objectives and achieve long-term sustainable success.

**ADMINISTRATOR/
COMPANY
SECRETARY**
(Ocorian
Administration
(UK) Limited)**Why they are important**

The Administrator provides fund accounting, company secretarial and other administrative services, so maintaining a strong, collaborative relationship with the Administrator is critical to the effective running of SSIT's day-to-day operations.

How we engage

We engage with the Administrator in several ways, including:

- **Regular reporting:** We receive regular reports from the Administrator on a range of matters, including financial, corporate governance, legal, regulatory and compliance matters.
- **Face-to-face meetings:** The Administrator attends both scheduled and ad hoc Board and Committee meetings.
- **Continuous dialogue:** The Board maintains open and constructive dialogue with the Administrator, engaging on key matters affecting SSIT.

In addition, the Investment Manager, on our behalf, engages with the Administrator on a regular basis and ensures service levels are satisfactory and appropriate controls are in place.

Target outcomes

We maintain a strong, collaborative relationship with the Administrator.

The Company's day-to-day operations are well-managed, supporting its ability to meet its strategic objectives and achieve long-term sustainable success.

ENGAGING WITH KEY STAKEHOLDERS

(continued)

STAKEHOLDER GROUP

**OTHER KEY
SERVICE
PROVIDERS**
(corporate brokers,
external Auditor,
legal advisers,
public relations and
communications
adviser, depository,
registrar – see page
156 for details)**Why they are important**

For the Company to operate as a listed investment company, the Board relies on the other key service providers for essential services and for advice and support in meeting relevant obligations and complying with best practice. Constructive working relationships with the other key service providers helps ensure the Company continues to operate effectively.

How we engage

We look to engage with the other key service providers in a collaborative and collegiate manner, with open and respectful discussion and debate being encouraged, whilst also ensuring that appropriate and regular challenge is brought. We engage with the other key service providers in several ways, including receiving regular and, as needed, ad hoc reports, face-to-face meetings (at the request of the Board or the relevant service provider) and other dialogue as and when appropriate.

In addition, the Investment Manager and/or Administrator, on our behalf, engage with the other key service providers on a regular basis and ensure service levels are satisfactory.

Target outcomes

We, directly and indirectly, maintain constructive working relationships with our other key service providers.

Other key service providers provide the required level of service, enabling the Company to meet its obligations and follow best practice.

**PORTFOLIO
COMPANIES****Why they are important**

For the Company to deliver capital appreciation, it needs to invest in portfolio companies that ultimately develop their products and services and successfully grow.

How we engage

We look to engage with the portfolio companies in a collaborative and collegiate manner. We engage with portfolio companies during investor events.

In addition, the Investment Manager, on our behalf, engages with portfolio companies on a regular basis through participation on their boards; interaction with their shareholders; introduction to partners, customers and potential funding providers; and value-add support and advice.

Target outcomes

We, directly and indirectly, maintain constructive working relationships with our portfolio companies.

Portfolio companies benefit from the engagement, leading to their growth and, ultimately, higher value for the Company.

ENGAGING WITH KEY STAKEHOLDERS

(continued)

EXAMPLES OF STAKEHOLDER CONSIDERATIONS

Set out below are examples of decisions and actions during the year which have required the Directors to have regard to applicable s.172 factor

TOPIC	STAKEHOLDER CONSIDERATIONS AND OUTCOME
RESPONSIBLE INVESTMENT	Whilst the Company's operations are limited (with all substantive operations being conducted by its third-party service providers), the Board is aware of the need to consider the impact of the Company's investment strategy on wider society and the environment. The Board is also aware, based on feedback from investor meetings, that investors would like a better understanding of how ESG matters are factored into the Company's investment strategy. During the Period, the Board engaged with the Investment Manager on the development of the Investment Manager's Responsible Investment Policy, including whether SSIT should have its own Responsible Investment Policy. Having had input into the Investment Manager's Responsible Investment Policy and as SSIT is currently the Investment Manager's principal client, the Board concluded that SSIT having its own Responsible Investment Policy would not provide other key stakeholders with any added benefits. The Board will review that decision periodically.
INVESTMENT APPROVALS	The Company has appointed the Investment Manager to manage its investments on a discretionary basis, save where the Investment Manager may have a potential conflict of interest. A company affiliated with the Investment Manager runs accelerator programmes for very early stage SpaceTech companies and receives share options and/or warrants from participants in those programmes. During the financial year, the Investment Manager proposed that SSIT invest, in aggregate, £4.6 m, in three former accelerator programme participants (one new investment and two follow-ons) where the affiliate had a potential conflict of interest. In each case, the Board considered the proposed investment and the conflict and noted that only the independent members of the Investment Manager's Independent Advisory Committee (listed on page 82) had considered the investment at the Investment Manager's Investment Committee meeting and were recommending the investment. The Board was satisfied that the conflict had been managed appropriately and the investments were consistent with SSIT's strategy and objectives and had the benefit of having been monitored by the Investment Manager for some time. The Board also noted that the terms of each proposed investment were in line with those for other comparable transactions, and there was participation from arms' length investors, including significant investment from a new investor. Accordingly, the Board concluded that it was in the interests of SSIT's shareholders to approve the investments.
SHARE BUY-BACKS	SSIT's shares, having traded at a premium to NAV in 2021, mostly traded at a discount to NAV in the last six months of the Period (and continue to do so). The Board has authority to buy-back shares when they are trading at a discount to NAV. The Board kept under review whether buying back shares would be in the interests of shareholders having regard to market conditions generally, the ratings of other similar listed investment companies, the investment opportunities available to the Company, feedback from shareholder meetings and advice from SSIT's corporate brokers. The Board concluded that it was not in the best interests of shareholders as a whole to buy back shares for the time being. The Board will keep this decision under review.
NEW DIRECTOR	With effect from 1 January 2022, Angela Lane was appointed as a Director to further strengthen the Board's balance of skills and experience (details of the process resulting in this appointment are included in the Remuneration and Nomination Committee Report on page 108). In selecting Angela as the successful candidate, the Board concluded that her being a FCA and her private equity and venture capital skills and experience, having worked for decades with private equity-owned companies and investment companies, would be of most benefit to all SSIT's key stakeholders.
ANNUAL REVIEW OF SERVICE PROVIDERS	The Management Engagement Committee met during the Period to review the Company's external service providers and, in particular, the quality and costs of the services provided (details of the review are included in the Management Engagement Report on pages 106 and 107). For the reasons noted in its Report, the Management Engagement Committee concluded that the interests of the Company's shareholders would be best served by the ongoing appointments of the Investment Manager, the Administrator and SSIT's other key service providers on the existing terms.

BUSINESS REVIEW

BUSINESS MODEL

As the world's first listed SpaceTech fund, SSIT is the only listed investment company providing public access to a private SpaceTech businesses.

The Company carries on business as an investment trust, which is a form of collective investment vehicle constituted as a closed ended public limited company. The Company's shares are traded on the premium segment of the London Stock Exchange's main market.

The Company has no employees. It is managed by the Board, comprising four independent non-executive Directors. The management of the Company's investments in accordance with its investment objective and policy is delegated to the Investment Manager and the Company's day-to-day functions, including administrative, financial and share registration services, are carried out by duly appointed service providers. The Board oversees the activities and performance of the Investment Manager and other key service providers. As an investment company with no employees, we believe that the best way to achieve SSIT's strategic objectives is to have effective and strong working relationships with the Investment Manager and other key service providers.

The Company complies, where relevant, with the Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules. In addition to publishing its Annual and Interim Reports, the Company announces regulatory, financial and portfolio information on a periodic basis via the London Stock Exchange, thereby helping current and potential investors to make informed investment decisions. Additional information is available on the Company's website (<https://investors.seraphim.vc/>).

INVESTMENT STRATEGY

The Company provides investors with exposure to nascent SpaceTech companies, being businesses which rely on Space-based connectivity or precision, navigation and timing signals, or whose technology or services are already addressing, originally derived from or of potential benefit to the Space sector. These businesses comprise companies providing the SpaceTech infrastructure for collecting and

communicating data, principally via satellites, as well as in companies with the technology that facilitates the exploitation of this data for terrestrial applications in areas such as climate, communications, mobility and security (including cyber security).

INVESTMENT OBJECTIVE

The Company's objective is to generate capital growth over the long term through investment in a diversified, international portfolio of predominantly early and growth stage unquoted SpaceTech businesses with the potential to dominate globally.

INVESTMENT POLICY

The Company seeks exposure to early and growth stage privately financed SpaceTech businesses, acquiring primarily minority holdings. The Company intends to realise long-term value through exiting its investments over time.

The Company invests internationally with a view to maintaining a diversified portfolio primarily located in the US, UK and Europe. The Company's portfolio is expected to comprise 20 to 50 holdings. The Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

Investments are mainly in the form of equity and equity-related instruments although the Company may invest in a range of financial instruments including, without limit, securities, derivatives, warrants, options, futures, convertible bonds, convertible loan notes, convertible loan stocks or convertible preferred equity. The Company may also on occasion invest in other debt-based investments not referred to above, including, without limit, loan stock, payment-in kind instruments and shareholder loans. In addition to participating in new issues, the Company may also undertake secondary transactions that involve the acquisition of existing stakes.

The Company may invest in companies, as well as other forms of legal entity, including partnerships and limited liability partnerships. The Company may acquire investments directly or by way of holdings in special purpose vehicles, intermediate holding entities or other structures. The Company will not invest in other listed closed-ended investment funds.

BUSINESS REVIEW

(continued)

Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk through the following investment restrictions:

- other than the ability for the aggregate value of the Company's holding in one single portfolio company or other entity to represent up to 20% of Gross Asset Value, the aggregate value of the Company's holding in any other single portfolio company or other entity will represent no more than 15% of Gross Asset Value; and
- the Company's aggregate investment in publicly quoted companies will represent no more than 30% of Gross Asset Value.

The Company will generally only invest in publicly quoted companies that constituted part of the Initial Portfolio or the Retained Assets or in circumstances where it has already made an initial investment prior to the portfolio company's initial public offering. However, the Company may invest up to 5% of Gross Asset Value in aggregate, in publicly quoted companies that do not constitute part of the Initial Portfolio or the Retained Assets or in which it has not already made an initial investment prior to an initial public offering. For the avoidance of doubt, any process by which an unlisted investment of the Company becomes listed shall be deemed not to be a new investment by the Company.

Each of the restrictions above will be calculated at the time of investment. The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets.

Hedging and derivatives

Save for investments made using equity-related instruments as described above, the Company will not employ derivatives of any kind for investment purposes other than to potentially hedge downside risk on a quoted portfolio company for specific reasons, such as where the Company is subject to lock-up provisions. Derivatives may be used for currency hedging purposes.

Borrowings

Although the Company does not intend to use structural gearing with a view to enhancing returns on investments, the Company may, from time to time, use borrowings for the purpose of bridging investments, to manage its working capital requirements and efficient portfolio management purposes. Borrowings will not exceed 10% of NAV, calculated at the time of drawdown of the relevant borrowings.

Cash management

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market-type funds and tradeable debt securities ("Cash and Cash Equivalents"). There is no restriction on the amount of Cash or Cash Equivalents that the Company may hold or where it is held.

Cash and Cash Equivalents will be held with approved counterparties and in line with prudent cash management guidelines agreed between the Board and the Investment Manager.

The Company will hold sufficient Cash or Cash Equivalents for the purpose of making follow-on investments in accordance with the Company's investment policy and to manage the working capital requirements of the Company.

TARGET RETURNS AND DIVIDEND POLICY

The Directors intend to manage the Company's affairs to achieve shareholder returns through capital growth rather than income.

The Company has no formal benchmark. However, the Company targets an annualised total return on the Company's portfolio of at least 20% over the long term (adjusted for any dividends paid or share buy-backs by the Company). This is intended to be a target only and reflects the Investment Manager's expectations of the potential returns that can be generated by investing in a portfolio of early and growth stage private companies which have the

BUSINESS REVIEW

(continued)

potential to generate substantial returns for their shareholders over the long term whilst recognising that not all portfolio companies will achieve their potential and that some may fail in their entirety. It should not be taken as an indication of the Company's expected future performance, return or results over any period and does not constitute a profit forecast. The actual return generated by the Company over any period will depend on a wide range of factors, including, but not limited to, the terms of the investments made, the performance of its portfolio companies, general economic and market conditions and fluctuations in currency exchange rates.

As the Company's priority is to produce capital growth over the long term, it has no dividend target and will not seek to provide shareholders with a particular level of distribution. However, the Company intends to comply with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010 regarding distributable income. Therefore, in accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15% of its income (as calculated for UK tax purposes) in respect of each accounting period and any excess will be distributed in the form of a final dividend.

SHARE RATING MANAGEMENT

The Board recognises the need to address any sustained and significant imbalance of buyers and sellers which might otherwise lead to the ordinary shares trading at a material discount or premium to their NAV.

The Board has not adopted any formal discount or premium targets which would dictate the point at which the Company would seek to buy back or issue ordinary shares. However, the Board is committed to utilising its share buy-back and issuance authorities where appropriate in such a way as to mitigate the effects of any such imbalance. In considering whether buy-back or issuance might be appropriate in any particular set of circumstances, the Board will

take into account, amongst other things, prevailing market conditions, the cash resources readily available to the Company, the Company's immediate pipeline of investment opportunities, the level of the Company's borrowings (if any), the Company's working capital requirements and the degree of NAV accretion that will result from the buy-back or issuance, and, in the case of buy-backs, whether higher returns would be made from investing capital than buying back ordinary shares.

The Board will keep shareholders informed, on a regular and ongoing basis, of the approach which it has adopted to share rating management, principally through commentary in the Company's Annual and Interim Reports.

KEY PERFORMANCE INDICATORS

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators ("KPIs") used to measure the performance and progress of the Company over time are as follows:

- the movement in NAV per share (as the Company does not pay dividends, this is the same as the NAV total return per share);
- the movement in the share price (as the Company does not pay dividends, this is the same as the share price total return per share);
- the premium/discount of the share price to the NAV per share; and
- ongoing charges;
- portfolio fair value versus cost.

The first four KPIs are established industry measures. Having regard to the Company's target return, we believe that, at this stage in the Company's life, the portfolio fair value vs. cost is an appropriate KPI to measure the portfolio's performance.

An explanation of the KPIs can be found in Alternative Performance Measures on page 152. The KPIs for the year ended 30 June 2022 are shown on page 153.

BUSINESS REVIEW

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS**Socially responsible investment**

The Board has endorsed the Investment Manager's Responsible Investment Policy, which seeks to ensure that the Investment Manager's management of SSIT's investments takes account of environmental, social, governance and ethical factors where appropriate. The Investment Manager actively engages with portfolio companies on ESG factors and often has a participation role at board level within such companies, helping to guide their governance policies. Details of the Responsible Investment Policy are included on pages 52 to 54.

Environment

As an investment company with all its activities outsourced to third parties, the Company does not have any physical assets, property, employees or operations of its own and, therefore, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting regulations and, therefore, is not required to disclose energy and carbon information.

The Company notes the Taskforce for Climate-related Financial Disclosures ("TCFD") recommendations on climate-related financial disclosures. The Company is an investment company and, as such, it is exempt from the Financial Conduct Authority's Listing Rules requirement to report against the TCFD framework.

A key focus of the Investment Manager's Responsible Investment Policy, and its engagement with portfolio companies, is on their management of environmental risks, particularly those associated with the climate change, and their ability to develop products and services that help address climate change impacts.

Employees, human rights and community issues

The Board recognises the requirement under section 414C of the Companies Act 2006 to provide information about employees, human rights and community issues, including information in respect of any of its policies in relation to these matters and their effectiveness. These requirements do not apply to SSIT as it has no employees, all of the Directors are non-executive and it has outsourced all of its functions to third-party providers. Consequently, SSIT has not reported further in respect of these provisions.

Modern slavery

The Company does not provide goods or services in the normal course of business and, as an investment company, does not have customers. Consequently, the Directors do not consider that the Company is required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking.

Diversity

The Board and Investment Manager strongly believe that having diversity in skills, experience, identity and cognitive thought has significant benefits when making decisions.

The Board currently comprises four independent Directors appointed on merit-based qualifications. The skills and experience which the current members of the Board bring to SSIT's leadership are described on pages 78 and 79. Currently, the Board has 75% female representation (greater than the Financial Conduct Authority target for listed companies, which will apply in the next reporting period, of 40%) and the Senior Independent Director (Sue Inglis) is also female (in line with the Financial Conduct Authority target for listed companies, which will apply in the next reporting period, of one senior position being held by a woman).

The Investment Manager (together with its affiliates) has a diverse employee base (currently, 59% female and 18% from non-white British or other white backgrounds) and continues to dedicate recruiting resources to increasing its diversity across all positions and levels.

BUSINESS REVIEW

(continued)

Bribery Act 2010

The Board has a zero-tolerance policy in relation to bribery and corruption and has received assurance through internal controls reporting from the Company's key service party providers, including the Investment Manager, that adequate safeguards are in place to protect against any such potentially illegal behaviour by employees or agents.

Criminal Finances Act 2017

The Company has a zero-tolerance policy towards the criminal facilitation of tax evasion.

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the Directors are required to identify those material risks to which the Company is exposed and take appropriate steps to mitigate those risks. The significant risk factors are disclosed in the Company's IPO prospectus, which is available on the Company's website (<https://investors.seraphim.vc/>),

The Board thoroughly considers the process for identifying, evaluating and managing any significant risks faced by the Company, including emerging risks, on an ongoing basis, and these risks are reported and

discussed at Board meetings. The Board ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld (see 'Risk management and internal control systems' on page 103 for further information). For each material risk identified in the risk matrix, the likelihood and consequences are identified, management controls and frequency of monitoring are confirmed and results are reported and discussed at each scheduled Audit Committee meeting and more often if required.

The key areas of risk faced by the Company and mitigating factors are summarised below:

RISK	POTENTIAL IMPACT	MITIGATION
INVESTMENT RETURN Risk that SSIT fails to achieve its investment objective and provide a satisfactory investment return	<ul style="list-style-type: none"> Reduced demand for SSIT's shares Reduced liquidity in SSIT's share trading Increase in share price discount 	<ul style="list-style-type: none"> Seraphim Space has deep sector knowledge and experience and a rigorous investment process designed to identify and manage risks Portfolio is managed in accordance with the investment policy to spread investment risk Investment environment, portfolio performance, specific factors affecting portfolio companies (individually or collectively), transactions, investment pipeline opportunities and cash flow forecasting are reviewed regularly by the Board Commencing with the year ending 30 June 2023, the Board will conduct a rigorous strategy review annually

BUSINESS REVIEW

(continued)

RISK	POTENTIAL IMPACT	MITIGATION
<p>DISCOUNT</p> <p>Risk that SSIT's shares trade at a material discount to NAV as a result of an imbalance between buyers and sellers which may occur for a wide variety of reasons</p>	<ul style="list-style-type: none"> Reduced liquidity in SSIT's share trading Reduced shareholder return Discount may attract short-term investors with return aspirations materially different to SSIT's investors supportive of its long-term strategy SSIT's access to additional capital constrained 	<ul style="list-style-type: none"> The Board, Seraphim Space and SSIT's corporate brokers monitor the SSIT share price discount (and premium) on an ongoing basis and movements in the share register on a regular basis, taking into account broader market conditions Proactive investor communication and engagement by the Board, Seraphim Space and SSIT's corporate brokers to enhance investors' understanding of SSIT, its strategy and associated risks Shareholders are encouraged to engage freely with the Board on matters that are of concern to them so that the Board can understand their views and concerns and consider them in its discussions and decision-making SSIT has authorities in place to buy back shares, which the Board may use when deemed to be in the best interests of shareholders as a whole
<p>PORTFOLIO COMPANY PERFORMANCE</p> <p>Risk that portfolio companies, being early and growth stage companies which may lack breadth and depth of management team and capital and have a higher risk profile than larger, more established companies, are unable to commercialise their technology, products, business concepts or services and/or otherwise fail to achieve their business objectives</p>	<ul style="list-style-type: none"> Reduction in relevant portfolio company valuations, potentially resulting in 100% write-off Reduced NAV and shareholder returns 	<ul style="list-style-type: none"> Seraphim Space has extensive experience of investing into and supporting early and growth stage businesses Seraphim Space has a rigorous investment process designed to identify and manage risks A third party technical due diligence provider is engaged prior to every material deal to assess the technological and market opportunity Seraphim Space monitors progress against critical milestones, with the aim of supporting portfolio companies in changes in strategy where progress is not as anticipated Investment strategy is to ensure sufficient diversification within its portfolio and to syndicate investments with other investors to ensure portfolio companies are well capitalised Portfolio company performance is regularly reviewed by the Board
<p>PUBLIC COMPANY SHARE PRICE VOLATILITY</p> <p>Risk of extreme volatility in the share prices of SSIT's listed portfolio companies materially adversely impacting the concentration risk associated with the portfolio</p>	<ul style="list-style-type: none"> Increased share price volatility Reduced demand for SSIT's shares Reduced liquidity in SSIT's share trading Reduced NAV and shareholder returns Increase in share price discount 	<ul style="list-style-type: none"> Investment policy includes restrictions on investment in listed companies Seraphim Space monitors share price fluctuations and portfolio concentration levels

BUSINESS REVIEW

(continued)

RISK	POTENTIAL IMPACT	MITIGATION
<p>MACRO-ECONOMIC</p> <p>Risk that performance of portfolio companies may be materially adversely affected by COVID-19 (or another pandemic/epidemic), climate change and/or other macro-economic conditions</p>	<ul style="list-style-type: none"> Significant widescale disruption impacting businesses generally Adverse impact on global markets and investor sentiment Reduced portfolio valuations Reduced demand for SSIT's shares Reduced liquidity in SSIT's share trading Reduced NAV and shareholder return Increase share price discount SSIT's access to additional capital constrained 	<ul style="list-style-type: none"> Seraphim Space completes extensive due diligence procedures prior to investment and, on an ongoing basis, monitors and works closely with portfolio companies to provide advice and experience in dealing with adverse macro-economic conditions and disruptive events Portfolio companies have business continuity plans, which, in many cases, have been fully tested since the COVID-19 pandemic began and demonstrating that they are adept at adjusting in response to major widescale disruption Investment environment and specific factors affecting portfolio companies (individually or collectively) are assessed regularly by the Board
<p>VALUATION</p> <p>Risk that estimates, assumptions and judgements used in valuing SSIT's investments in private companies lead to a material misstatement of the valuation and, consequently, in SSIT's NAV</p>	<ul style="list-style-type: none"> False market in SSIT's shares Reputational damage Reduced NAV and shareholder returns Increase in share price discount 	<ul style="list-style-type: none"> Valuations are prepared in accordance with the IPEV Valuation Guidelines and Seraphim Space's valuation policy, which is consistently applied The Audit Committee meets with Seraphim Space at special meetings solely to consider the quarterly valuations, giving the Audit Committee an opportunity to challenge the valuations and to request further information before the valuations are approved SSIT's external Auditor reviews the valuations and methodology as part of their annual audit review procedures
<p>REALISATION</p> <p>Risk that, as SSIT's private company investments are illiquid and its investments may have restrictions on sale or transfer of shares, SSIT may be unable to realise investments at short notice or at all and/or the price achieved on any realisation may be at a material discount to the prevailing valuation</p>	<ul style="list-style-type: none"> Reduced NAV and shareholder returns 	<ul style="list-style-type: none"> Investment strategy is to hold investments for the long term in order to deliver capital growth, SSIT has no debt, dividend or buy-back obligations, it does not have a fixed life and it manages its liquidity to pay its operating costs as they fall due, so there is no pressure to realise investments As set out opposite 'Valuation' above, SSIT has a robust and consistent valuation process

BUSINESS REVIEW

(continued)

RISK	POTENTIAL IMPACT	MITIGATION
FOREIGN EXCHANGE Risk that FX movements materially adversely affect the value of investments made in currencies other than Sterling	<ul style="list-style-type: none"> Reduced NAV and shareholder returns 	<ul style="list-style-type: none"> SSIT invests globally and has exposure to several non-Sterling currencies, providing some FX risk diversification Whilst it is not currently SSIT's policy to actively manage FX risk, Seraphim Space monitors FX rates and may, in consultation with the Board and SSIT's corporate brokers, explore mitigating options
LIQUIDITY Risk that SSIT has insufficient liquid resources to participate in subsequent funding rounds by portfolio companies or make new investments	<ul style="list-style-type: none"> Dilution of SSIT's holdings in existing portfolio companies Reputational damage Reduced NAV growth Reduced shareholder return 	<ul style="list-style-type: none"> Seraphim Space monitors the cash runways of portfolio companies and maintains cash flow projections based on its assessment of timing and scale of potential funding rounds, the availability of new investment opportunities and SSIT's projected operating costs in order to manage SSIT's ability to participate in forthcoming funding rounds Cash flow forecasting is reviewed regularly by the Board
KEY PERSONS Risk that one or more of Mark Boggett, James Bruegger and Rob Desborough (key members of Seraphim Space's team) cease to be actively engaged in the management of SSIT's portfolio	<ul style="list-style-type: none"> Adverse impact on SSIT's ability to implement its investment strategy Reduced NAV and shareholder returns 	<ul style="list-style-type: none"> Seraphim Space has controls and incentives in regard to key persons retention, including annual bonus, share of any performance fee payable by SSIT and succession planning Seraphim Space's recruitment and appointments since SSIT's IPO have added further depth to its team The Investment Management Agreement may be terminated by SSIT if a key person leaves Seraphim Space and is not replaced by (a) person(s) of equal or satisfactory standing within specified timeframes
ESG Risk that Seraphim Space fails to identify ESG issues in portfolio companies or receive adequate ESG information from portfolio companies	<ul style="list-style-type: none"> Reputational damage SSIT's shares may be less attractive to investors Potential issues regarding valuations of portfolio companies concerned 	<ul style="list-style-type: none"> During the Period and with the assistance of an international sustainability consultancy firm, Seraphim Space developed a robust Responsible Investment Policy and associated tools Seraphim Space works with the boards and management teams of portfolio companies to identify and address ESG issues, including ESG reporting, and with co-investors to increase collective influence on such matters

BUSINESS REVIEW

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GOING CONCERN

In light of the conclusions drawn in the longer-term viability statement below and as set out in note 2 to the financial statements on pages 133 and 134, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this report. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

LONGER-TERM VIABILITY

As required by the AIC Code, the Directors have assessed the prospects of the Company over a period longer than the 12 months required by the going concern provision. The Board has assessed the Company's prospects over the period of three years ending 30 September 2025. The Board has chosen this period because it is consistent with the three-year basis that the Directors evaluate the Company's financial position as a whole on a quarterly basis and projecting longer term financial and economic scenarios would be imprecise given the lack of longer-term economic visibility.

In assessing the Company's prospects and longer-term viability, the Board has taken into account:

- the principal and emerging risks and their mitigation identified in the 'Principal and Emerging Risks and Uncertainties' section above;
- the nature of the Company's business;
- the Company's cash reserves and the value of its listed holdings;
- the ability of the Investment Manager and Directors to minimise the level of cash outflows, if necessary, as the Investment Manager considers the Company's future cash requirements before making investments and the Board receives regular updates from the Investment Manager on the Company's cash position, which allows the Board to limit funding for existing and/or new investments as required;
- the Investment Manager monitors the Company's cash requirements to meet ongoing fees and

expenses and expects to maintain sufficient assets in cash reserves to meet these obligations;

- the circumstances in which a performance fee is payable to the Investment Manager as outlined in note 4 to the financial statements; and
- that the Company does not have any gearing or any obligation to pay dividends or buy-back or redeem shares.

The process for identifying, evaluating and managing significant and any emerging risks faced by the Company and periodic reports from the Investment Manager and Administrator regarding risks faced by the Company are reviewed routinely at Audit Committee and Board meetings. The Board ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld. When required, the Company seeks expert advice regarding tax, legal and other factors.

Based on a robust assessment of the principal and emerging risks facing the Company, the Board believes that the most significant risks to the Company's longer-term viability are:

- the risk of a significant and prolonged economic downturn;
- the majority of the Company's investments are in private companies that are not liquid and may be subject to restrictions on sale or transfer, which may limit the Company's ability to realise investments at short notice and/or at a reasonable price or at all; and
- the inability to raise funds, should the need arise.

The Board has considered the Company's viability over the three-year period, based on a working capital model prepared by the Investment Manager. The working capital model forecasts key cash flow drivers, such as capital deployment rate and operating expenses, and includes robust downside scenarios with continued high inflation and a considered amount of additional investment activity in the near term. Capital raises, realisations and/or share buy-backs are assumed to not occur during the three-year period, unless already predetermined.

BUSINESS REVIEW

(continued)

Based on its assessment, the Board has concluded there is a reasonable expectation that the Company will continue to meet its liabilities as they fall due and remain viable, even in a scenario where global macroeconomic uncertainty persists for an extended period and including severe but plausible downside scenarios over the three-year period of the assessment.

LIFE OF THE COMPANY

The Company has no fixed life but, in accordance with its Articles of Association, an ordinary resolution proposing that it continues in existence as an investment company will be proposed at its AGM in 2026 and, if passed, every five years thereafter. If any such resolution is not passed, proposals will be put forward by the Directors within three months after the date of the resolution to the effect that the Company be wound up, liquidated, reconstructed or unitised.

FUTURE DEVELOPMENT OF THE COMPANY

While the future development of the Company is dependent on the success of its investment strategy, which is subject to various factors including external ones (such as the economic environment and market developments) which are outside the control of the Board and Investment Manager, and the future attractiveness of the Company as an investment vehicle, the Board's intention is that the Company will continue to pursue its investment objective and policy. The Chair's Statement and the Investment Manager's Report include, on pages 17 and 35 respectively, commentary on the outlook for the Company.

APPROVAL OF STRATEGIC REPORT

The Strategic Report set out on pages 1 to 74 is provided in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide information about the Company's strategy and business needs, its performance and results for the Period and the information and measures which the Directors use to assess, direct and oversee the Investment Manager in the management of the Company's activities. The Strategic Report has been approved by the Board and is signed on its behalf by:

WILL WHITEHORN

Chair

15 October 2022



CORPORATE GOVERNANCE

DIRECTORS AND INVESTMENT MANAGER

BOARD OF DIRECTORS

The Board of the Company, which combines considerable knowledge of the SpaceTech industry, venture capital investment, the investment company sector and corporate governance, is responsible for ensuring conformance to the investment strategy, monitoring the performance of the Investment Manager and ensuring good governance, including in relation to ESG matters.

The Directors are all non-executive and independent.



WILLIAM (WILL) WHITEHORN
Chair

Date of appointment

14 June 2021

Committee membership

A R M⁽¹⁾

Skills and experience

Will was formerly a director of Virgin Group and President of Virgin Galactic until 2010. He has since pursued a private equity and non-executive career. He is the President of UKSpace, the trade body that represents the Space industry in the UK. Will chairs the Scottish Event Campus, which hosted COP26. In addition to these corporate roles, he has been a Fellow of the Royal Aeronautical Society since 2014 and has recently been appointed a member of the UK Government's Space Exploration Advisory Committee, which reports to the UK Space Agency.

External appointments

Chair of Good Energy Group PLC and Craneware PLC and non-executive director of AAC Clyde Space AB.

Committee membership key

A Audit Committee R Remuneration and Nomination Committee M Management Engagement Committee Chair

⁽¹⁾ With effect from the conclusion of the AGM to be held on 17 November 2022, Angela Lane will succeed Christina McComb as Chair of the Audit Committee and Christina McComb will succeed Will Whitehorn as Chair of the Management Engagement Committee.



SUSAN (SUE) INGLIS
Senior Independent Director

Date of appointment

14 June 2021

Committee membership

A R M

Skills and experience

Sue has a wealth of experience from more than 30 years advising listed investment companies and financial institutions. Her executive roles included Managing Director - Corporate Finance in the investment companies team at Cantor Fitzgerald Europe and investment companies and financial institutions teams at Canaccord Genuity. Sue is a qualified lawyer and was a partner and head of the funds and financial services group at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009.

External appointments

Chair of ThomasLloyd Energy Impact Trust PLC and the senior independent director of Baillie Growth US Growth Trust PLC, CT Global Managed Portfolio Trust PLC and Momentum Multi-Asset Value Trust PLC.

DIRECTORS AND INVESTMENT MANAGER

(continued)



CHRISTINA MCCOMB
Director

Date of appointment

14 June 2021

Committee membership

A R M⁽¹⁾

Skills and experience

Christina has over 25 years' experience of venture capital and growth investment as a former director of 3i PLC and other venture funds. She has been a director of other investment companies, including as Chair of Standard Life European Private Equity Trust PLC, from which role she retired in April 2022. She has also held a number of senior public sector roles involved in SME and growth business finance, including as Senior Independent Director at the British Business Bank. She was awarded an OBE in the Queen's Birthday Honours 2018 for services to the economy.

External appointments

Non-executive director of Big Society Capital Ltd and Trustee and Chair of Investment Committee of Nesta.

Committee membership key

A Audit Committee R Remuneration and Nomination Committee M Management Engagement Committee Chair

⁽¹⁾ With effect from the conclusion of the AGM to be held on 17 November 2022, Angela Lane will succeed Christina McComb as Chair of the Audit Committee and Christina McComb will succeed Will Whitehorn as Chair of the Management Engagement Committee.



ANGELA LANE
Director

Date of appointment

1 January 2022

Committee membership

A⁽¹⁾ R M

Skills and experience

Angela has decades of experience working with private equity-owned companies, investment companies and as the Chair of audit and remuneration committees. She is a FCA and began her career at the venture capital firm 3i PLC and became a partner of 3i's Growth Capital business, overseeing the UK Growth Capital portfolio. Subsequently, she has held a number of positions as Chair of private equity-backed businesses.

External appointments

Non-executive director of BlackRock Throgmorton Trust PLC and non-executive director and chair of the Audit Committee of Pacific Horizon Investment Trust PLC and Dunedin Enterprise Investment Trust PLC

DIRECTORS AND INVESTMENT MANAGER

(continued)

INVESTMENT MANAGER

The Company has appointed Seraphim Space Manager LLP as its Alternative Investment Fund Manager. The Seraphim Space team is comprised of seasoned venture capitalists and some of the sector's most successful entrepreneurs who scaled their SpaceTech businesses to multi-billion Dollar exits.

The senior individuals responsible for executing and overseeing the Company's investment strategy are shown below.



MARK BOGGETT
CEO

Mark is a pioneer in SpaceTech investment having co-founded Seraphim Space and launched the Seraphim Space LP fund, Seraphim Space Camp Accelerator, UK Space Tech Angels and SSIT. Previously, Mark was a director at YFMEquity Partners, the firm behind the high profile British Smaller Companies VCTs 1 & 2. He also worked at Brewin Dolphin and Williams de Broe. He completed his undergraduate degree in Accounting & Finance and Master's in Economics and Finance from the University of Leeds. Mark has been a fund representative on the boards of a range of global leading SpaceTech companies, including LeoLabs, Spire Global (listed on NYSE), Arqit (listed on NASDAQ) and HawkEye 360.



JAMES BRUEGGER
CIO

James, co-founder and CIO of Seraphim Space, is a prolific venture capital investor in the global SpaceTech domain. James was an early venture capital investor in Arqit, ICEYE, LeoLabs and D-Orbit and led investments in several companies that went public, including Spire Global and AST SpaceMobile. Previously, he worked at YFM Equity Partners and Burlington Consultants, a boutique strategy consultancy that was acquired by Deloitte & Touche. James holds a first-class degree in History from University College London. James has been a fund representative on the boards of a range of global leading SpaceTech companies, including ICEYE, D-Orbit, Ultrasoc, ALL.SPACE (formerly Isotropic Systems) and Satellite Vu.



ROB DESBOROUGH
Managing Partner

Rob is a partner at Seraphim Space, heading up the early stage investments. He is a co-founder of Seraphim Space Camp Accelerator, which was launched in 2018 and is now one of the world's leading accelerator programmes for SpaceTech start-ups. Prior to Seraphim Space, Rob was with YFMEquity Partners as an Investment Director. Rob holds a BSc (Hons) in Biomedical Sciences from the University of Glasgow and a Postgraduate Diploma (PGDip) in Information Technology Systems from the University of Strathclyde. Under Rob's guidance the Seraphim Space Camp Accelerator has graduated 63 SpaceTech start-ups, which have collectively raised \$200m in co-investment syndicated from 73 venture capital investors. He is a fund representative on the boards of Xona Space Systems, Altitude Angel and other early stage investments.



SARAH SHACKLETON
COO

Sarah is the COO at Seraphim Space and has 25 years of finance experience. Prior to Seraphim Space, Sarah was a partner at Development Partners International since its inception in 2007. She was responsible for administration of the firm and its funds, including legal, compliance, HR, IT, operations, facilities and ESG and also sat on the investment committee. Sarah has experience as an active board director on private equity fund general partners and investment holding companies. Before joining Development Partners International, Sarah was an Associate Director on the Technology Equity Research team at UBS in London, specialising in the telecommunications equipment sector and covering large-cap European companies, including Nokia, Ericsson and Alcatel-Lucent. Sarah holds a BSc (Hons) in Economics and Accounting from the University of Bristol.

DIRECTORS AND INVESTMENT MANAGER

(continued)



PATRICK MCCALL
Venture Partner

Patrick is the former chair of Virgin Galactic and Virgin Orbit. He was a Director at Virgin from 2001 and developed businesses including Virgin Active and Virgin Trains. His most recent role was senior partner at Virgin Group. He played a key role in brokering the agreement for Virgin to launch a satellite from Cornwall this year.



ANDRE RONSOEHR
Investment Principal

Andre is an Investment Principal at Seraphim Space, following a career focussed on the Space sector. He worked for almost a decade at Virgin Management, the family office of Sir Richard Branson. Andre co-led the seed investment in One Web in 2015 and was instrumental in investments into Virgin Galactic and Virgin Orbit. During this time, Andre worked hand-in-hand with the boards and C-level teams of each of these three pioneering space businesses, helping shape them into the \$billion businesses they are today. Andre has been a fund representative on the boards of a range of SpaceTech companies, including Astroscale and PlanetWatchers.



MAUREEN HAVERTY
Investment Vice President

Maureen joined Seraphim Space as Vice President following a successful career in the Space industry. She was COO at Apollo Fusion, a Space start up that was sold for \$145m, where she was responsible for business development, manufacturing and complex programmes. She was also Senior Director of Corporate Development at Astra, a rocket launch company listed on NASDAQ. She has a first-class Bachelor Civil and Environmental Engineering (BE) degree from University College Cork and a PhD in Nuclear Engineering from University of Manchester. Maureen is focussed on deal origination, deal execution, portfolio management and fund operations in addition to actively supporting the Seraphim Space Camp Accelerator.

DIRECTORS AND INVESTMENT MANAGER

(continued)

**CANDACE JOHNSON**

Independent Advisory
Committee Member

Candace has a long and distinguished career as founder/co-founder of Space ventures such as SES ASTRA, SES Global, Loral-Teleport Europe and Europe Online, as well as having played critical roles in developing Space sector leaders, including Iridium and ILS. An experienced venture capitalist and investor, she has been a member of the Strategic Committee of Iris Capital for the past decade and, until recently has served as President of the European Business Angel Network, now President Emeritus. Candace serves and has served on the boards of a number of emerging Space leaders, including NorthStar Earth and Space and Kacific. Candace serves on the Seraphim Space's Investment Committee as an independent member to advise and address any conflicts of interest.

**MATT O'CONNELL**

Independent Advisory
Committee Member

Matt is a recognised thought leader in the geospatial intelligence industry. Currently an Operating Partner at DCVC, supporting their investments, including Space companies Capella and Planet. Matt has been working with Seraphim Space since 2018. Before that, he was CEO of OneWeb until July 2016. In 2006, he founded GeoEye (NASDAQ: GEOY), a leading global provider of satellite and aerial imagery and digital mapping information, which was acquired by Digital Globe in 2013 for \$1.3bn. He has served on several private company boards and government and industry advisory commissions. Matt serves on Seraphim Space's Investment Committee as an independent member to advise and address any conflicts of interest.

**ANN WINBLAD**

Independent Advisory
Committee Member

Ann is a Managing Director of Hummer Winblad Venture Partners, a venture capital firm she co-founded in 1989. She is a well-known and respected software industry entrepreneur and technology leader. Ann's firm has launched over 160 enterprise software companies and led investments that pioneered successful companies across the enterprise software sector. She served as a director of numerous private and public companies including MuleSoft, Hyperion, Sonatype, The Knot, Liquid Audio, Net Perceptions and Ace Metrix. She also currently serves as a Director of OptiMine. Ann serves on Seraphim Space's Investment Committee as an independent member to advise and address any conflicts of interest.

DIRECTORS' REPORT

The Directors present their Annual Report and audited financial statements for the Company for the Period. The Corporate Governance Report on pages 89 to 100 forms part of this Report.

COMPANY STATUS

The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales.

The Company is an investment company as defined in section 833 of the Companies Act 2006 and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 ("s.1158"). The Company has received confirmation from HM Revenue and Customs that it has been accepted as an approved investment trust with effect from 14 July 2021, provided it continues to meet the eligibility conditions of s.1158 and the ongoing requirements for approved companies in the Investment Trust (Approved Company) (Tax) Regulations 2011. The Directors intend at all times to conduct the affairs of the Company to enable it to continue to qualify as an investment trust for the purposes of s.1158.

The Company manages its affairs so as to be a qualifying investment for inclusion in an Individual Savings Account and it is the Directors' intention that the Company should continue to do so.

BUSINESS REVIEW

The Company's principal activity is investment in a diversified, international portfolio of predominantly early and growth stage privately financed SpaceTech businesses that have the potential to dominate globally and are category leaders with first mover advantages in areas such as climate change, sustainability, communications, mobility and global security (including cybersecurity) with the objective of generating capital growth over the long term.

A detailed review of the Company's business and performance during the Period, the principal risks and uncertainties facing the Company, any future likely developments in the Company and any important events since 30 June 2022 are contained in the Strategic Report on pages 1 to 74 and should be read as part of this Report.

RESULTS AND DIVIDENDS

The profit for the Period was £3.4m. A loss of £4.3m was attributable to revenue. As the Company is focused on generating capital growth over the long term and given the nature of the Company's investments, the Board does not anticipate recommending paying any dividends in the foreseeable future.

SHARE CAPITAL

On incorporation, the issued share capital of the Company was £0.01 represented by one ordinary share, held by an individual (an employee at the Company's legal advisers) as the subscriber to the Company's memorandum of association. That ordinary share was subsequently transferred on 10 June 2021 to the Investment Manager.

To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under section 761 of the Companies Act 2006, on 10 June 2021, 50,000 redeemable preference shares were allotted to the Investment Manager. The redeemable preference shares were paid up as to one quarter of their nominal value and redeemed immediately following SSIT's IPO.

On 14 July 2021, 150,000,000 ordinary shares were issued for cash at 100p per share pursuant to the IPO (gross proceeds: £150.0m) and a further 28,414,561 shares were issued at 100p per share to the LP Fund investors pursuant to the Company's acquisition of the Initial Portfolio (gross proceeds: £28.4m).

Prior to the IPO, the Company agreed to acquire the Retained Assets on or before 31 December 2021 and the sellers of the Retained Assets (the LP Fund investors) agreed to reinvest the consideration received (net of any withholding required to meet tax liabilities) by subscribing for ordinary shares at 100p per share. Pursuant to the acquisition of the Retained Assets, the Company issued a further

DIRECTORS' REPORT

(continued)

60,970,366 ordinary shares between 10 September 2021 and 20 December 2021 (gross proceeds: £61.0m). No ordinary shares have been issued since 21 December 2021.

At 30 June 2022, the Company's issued share capital comprised 239,384,928 ordinary shares, which were issued pursuant to the IPO and Initial Portfolio and acquisitions of the Retained Assets, and no shares were held in treasury. The total number of voting rights of the Company at 30 June 2022 was, therefore, 239,384,928.

Shareholders are entitled to all dividends paid by the Company (as stated above, the Company does not expect to pay dividends in the foreseeable future). On a winding up, provided the Company has satisfied all its liabilities, shareholders are entitled to the surplus assets of the Company. Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each ordinary share held.

There are:

- no restrictions on the transfer of securities in the Company save where the Company is legally entitled to impose such restrictions, such as restrictions on transfers by Directors and persons closely associated with them during closed periods, or the Company's Articles of Association allow the Board to decline to register a transfer of shares or otherwise impose a restriction on shares to prevent the Company breaching any law or regulation;
- no agreements between holders of securities regarding their transfer which are known to the Company;
- no restrictions on exercising voting rights save where the Company is legally entitled to impose such restrictions, such as if, having been served with a notice under section 793 of the Companies Act 2006, a shareholder fails to disclose details of any past or present beneficial interest;
- no special rights with regard to control attached to securities in the Company; and
- no agreements to which the Company is party that might affect its control following a successful takeover bid.

SHARE ISSUES AND BUY-BACKS

The Board has not adopted any formal premium or discount targets which would dictate the point at which the Company would seek to issue or buy back ordinary shares. Information on the Board's approach to share issues and buy-backs can be found under 'Examples of Stakeholder Considerations' on page 64 and 'Share Rating Management' on page 67.

By way of special resolutions passed on 10 June 2021, the Directors have a general authority to allot up to 1.0bn ordinary shares for cash on a non-pre-emptive basis. This authority will expire at the conclusion of the 2022 AGM. The Directors are seeking shareholders' approval at the 2022 AGM to renew the general authority to allot for cash on a non-pre-emptive basis up to 23,938,492 ordinary shares, representing c.10% of the ordinary shares in issue at 13 October 2022 such authority to expire at the 2023 AGM or 31 December 2023, whichever is the earlier. Unless specifically authorised by shareholders, no issue of ordinary shares on a non-pre-emptive basis will be made at a price less than the prevailing NAV per ordinary share at the time of issue.

By way of a special resolution passed on 10 June 2021, the Company was granted authority to make market purchases up to 14.99% of its issued share capital following completion of the IPO and the acquisition of the Initial Portfolio. The Company has not bought back any shares under this authority which expires at the conclusion of the 2022 AGM. The Directors are seeking shareholders' approval at the 2022 AGM to renew the authority to make market purchases up to 14.99% of the ordinary shares in issue, excluding any treasury shares, on the date on which the resolution is passed, such authority to expire at the 2023 AGM or 31 December 2023, whichever is the earlier. The Company may hold bought-back shares in treasury and then sell such shares (or any of them) for cash or cancel bought-back shares (or any of them). Shares will only be re-sold from treasury at a premium to the NAV per share.

DIRECTORS' REPORT

(continued)

MAJOR INTERESTS IN SHARES

At 30 June 2022 and 30 September 2022, the Company had been notified under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules or was otherwise aware of the following shareholders who were directly or indirectly interested in 3% or more of the voting rights in the Company's issued share capital:

Holder	% of voting rights 30 June 2022	% of voting rights 30 September 2022
British Business Finance Ltd	13.94	13.94
Schroders PLC	9.73	11.35
Brewin Dolphin Ltd	7.79	7.69
RBC Dominion Securities Ltd	5.22	5.22
Airbus Defence & Space Ltd	3.66	3.66
Hargreaves Lansdown Asset Management	3.45	3.64

DIRECTORS

The names and biographical details of the Directors at the date of this Report are shown on pages 78 and 79. Details of the interests of the Directors and their connected persons in the Company's ordinary shares, the Directors' remuneration policy and their remuneration can be found in the Directors' Remuneration Report on pages 110 to 112. No Director has a service contract with the Company and there are no agreements between the Company and its Directors providing for compensation for loss of office.

The rules concerning the appointment and replacement of Directors are contained in SSIT's Articles of Association and the Companies Act 2006. Further details are provided in the Corporate Governance Report on page 95.

In line with the AIC Code and the Company's Articles of Association all of the Directors are retiring at the forthcoming AGM and each person offers themselves for election. The Chair confirms that, following formal performance evaluation, all the Directors continue to be effective and their contribution is valuable and they demonstrate full commitment to and independence in their roles. The Board considers each Director to be independent of the Investment Manager and each has the full support of the Board in standing for election.

DIRECTORS' INSURANCE AND INDEMNIFICATION

Directors' and officers' liability insurance cover is in place in respect of the Directors and was in place throughout the Period.

The Company's Articles of Association provide that the Company may, subject to the Companies Act 2006 and other applicable UK legislation for the time being in force affecting the Company, indemnify any person who is a Director of the Company against (a) any liability whether in connection with any negligence, default, breach of duty or breach of trust by that person in relation to the Company or any associated company or (b) any other liability incurred by or attaching to that person in the actual or purported execution and/or discharge of that person's duties and/or the exercise or purported exercise of that person's powers and/or otherwise in relation to or in connection with that person's duties, powers or office.

RELATED PARTY TRANSACTIONS

The Company's transactions with related parties in the year were with its Directors and the Investment Manager.

There were no material transactions between the Company and its Directors during the year other than the amounts paid to them in respect of Directors' remuneration for which there were no outstanding amounts payable at the year end.

DIRECTORS' REPORT

(continued)

In relation to the provision of services by the Investment Manager, other than fees payable by the Company in the ordinary course of business, there were no transactions with the Investment Manager affecting the financial position of the Company during the year. Details of amounts paid to the Investment Manager during the Period can be found in note 4 to the financial statements on page 140. There were no amounts outstanding to the Investment Manager at 30 June 2022.

RISKS AND RISK MANAGEMENT

The principal risks and uncertainties facing the Company are set out on pages 69 to 72. Further details of the Company's key financial risks are set out in note 13 to the financial statements on pages 146 to 150.

ARTICLES OF ASSOCIATION

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

LISTING RULE 9.8.4

The Financial Conduct Authority's Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard other than in accordance with Listing Rule 9.8.4(7) (details of an allotment for cash of equity securities made during the year), the information on which is detailed on pages 84 and 85 under 'Share Capital'.

WHISTLEBLOWING

The Board has considered arrangements by which staff of the Investment Manager or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate

and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisations.

DISCLOSURE OF INFORMATION TO THE COMPANY'S EXTERNAL AUDITOR

Having made enquiries of the Investment Manager and Administrator, each of the Directors confirms that, at the date of approval of this Report:

- as far as they are aware, there is no relevant audit information of which the external Auditor is unaware; and
- they have taken all the steps a Director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the external Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the companies Act 2006.

INDEPENDENT EXTERNAL AUDITOR

The Company's external Auditor, BDO LLP, was appointed prior to SSIT's IPO and is willing to continue in office. Resolutions to re-appoint BDO LLP and authorise the Audit Committee to determine its remuneration will be proposed at the forthcoming AGM.

ANNUAL REPORT

As disclosed in the Audit Committee Report on pages 101 to 105, the Audit Committee has given due consideration that the Annual Report, taken as a whole, is fair, balanced and understandable. Therefore, the Board is of the opinion that the Annual Report provides the information necessary for shareholders to assess the performance, strategy and business model of the Company.

DIRECTORS' REPORT

(continued)

EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events since 30 June 2022.

2022 AGM

A separate notice convening the Company's first AGM will be sent to shareholders in due course. The notice will include an explanation of the resolutions to be considered at the AGM. A copy of the notice will also be published on the Company's website (<https://investors.seraphim.vc>).

We believe that all the resolutions to be proposed at the AGM are in the best interests of shareholders as a whole and therefore recommend shareholders to vote in favour of them as we will be doing with our own holdings.

APPROVAL

This Directors' Report was approved by the Board on 15 October 2022.

On behalf of the Board:

WILL WHITEHORN
Chair

15 October 2022

CORPORATE GOVERNANCE REPORT

The Board aims to promote SSIT's long term sustainable success and ensure that SSIT is run in a manner that is consistent with our beliefs in integrity, fairness, transparency and diligence. This is achieved through the application and maintenance of the highest standards of corporate governance.

CORPORATE GOVERNANCE FRAMEWORK AND COMPLIANCE

The Financial Conduct Authority's Disclosure Guidance and Transparency Rules (the "Disclosure Rules") require listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council (the "FRC") in July 2018 (the "UK Code"). The UK Code can be viewed at www.frc.org.uk.

The related Code of Corporate Governance issued by the Association of Investment Companies (the "AIC") in February 2019 (the "AIC Code") addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to listed closed-ended investment companies, such as the Company. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for listed closed-end investment companies. The FRC has endorsed the AIC Code and confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the Disclosure Rules.

The Company became a member of the AIC with effect from 14 July 2021 following completion of its IPO. The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information on the Company's governance arrangements to shareholders than reporting against the principles and provisions of the UK Code.

The Board operates under a governance framework which is consistent with the principles and provisions of the AIC Code. This Report describes how the Company applies those principles and provisions. The Audit, Management Engagement and Remuneration and Nomination Committee Reports

on pages 101 to 109 form part of this Report. The Board confirms that the Company complied with the relevant principles and provisions of the AIC Code during the Period.

As an externally managed investment company, the Company has no employees and all its substantive operations are conducted on its behalf by its third-party service providers, the Company has not complied with the provisions in the UK Code relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. However, the Audit Committee considers the need for an internal audit function at least annually (see page 103 for further information).

BOARD LEADERSHIP AND PURPOSE

Role of the Board

The Board is collectively responsible for promoting the long-term sustainable success of the Company, generating value for shareholders whilst having regard to the interests of wider society.

The Board's role is to provide leadership and direction within a robust framework of risk management and internal controls. It sets the Company's strategic objectives (subject to the Company's Articles of Association and such approval of the shareholders in general meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

In managing the Company, the aim of both the Board and the Investment Manager is always to ensure SSIT's long-term sustainable success and, therefore, the likely long-term consequences of any decision are a key consideration. The Investment Manager's Responsible Investment Policy is integrated into its investment process, ensuring that it has regard to the interests of wider society in managing SSIT's portfolio.

CORPORATE GOVERNANCE REPORT

(continued)

Company purpose and strategy

The Company's purpose is to provide a vehicle through which a broad range of investors can gain exposure to a diversified, international portfolio of predominantly early and growth stage privately financed SpaceTech businesses that have the potential to dominate globally and are category leaders with first mover advantages in areas such as climate change, sustainability, communications, mobility and security (including cyber security). The Company seeks to generate capital growth over the long term for shareholders.

Operating as an externally managed investment company, SSIT seeks to fulfil its purpose by delegating operational matters to specialist third-party service providers, subject to oversight by the Board. In particular, the Investment Manager and Administrator are responsible for implementing the Company's strategy and managing the Company's day-to-day operations, respectively. The Company's success is based on such implementation and management being effective. The Board's strategy is, therefore, to work closely with the Investment Manager and Administrator in a long-term relationship designed to foster an environment that is consistent with SSIT's culture and values and contributes to achieving SSIT's strategic objectives.

Culture and values

As an externally managed investment company, SSIT's culture and values are the product of the behaviours of both the Board and the Investment Manager and the way in which they interact with each other and with the Company's other stakeholders and portfolio companies.

The Board operates in an open, respectful and inclusive manner, where differences of perspective are welcomed and constructive challenge is encouraged. Advice and input are sought from external advisers and others, as required, to ensure a broad range of views are available and to guard against groupthink. As noted in more detail under 'Section 172: Engaging with Stakeholders' on pages 60 to 63, the Board seeks to engage with its Investment Manager, Administrator and other key service providers in a constructive and collaborative manner.

The Investment Manager has established an organisation driven by purpose where its employees are united by a passion to work with the most impactful companies in the SpaceTech sector. The Investment Manager strives to develop a culture of candour and openness, with employees empowered to innovate and work autonomously. Value is placed on output (the quality of work produced) rather than input (the number of hours logged). Team cohesion and collaboration are core tenets of the Investment Manager's people strategy.

Both the Board and Investment Manager aim to ensure that SSIT is run in a manner that is consistent with their beliefs in integrity, fairness, transparency and diligence and responsive to the views of the Company's shareholders and other stakeholders. Both seek to maintain high standards of business conduct at all times.

We believe that the culture and values of the Board and Investment Manager encourage constructive and robust challenge and debate, generate strong collective wisdom and ultimately lead to good decision making, all of which are important to the successful implementation of the Company's strategy.

Recognising the importance of culture and values, the Board monitors them on an ongoing basis. They are also formally reviewed as part of the annual Board and Investment Manager evaluation process.

Conflicts of interest

Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests ("conflict situations"). As permitted by the Companies Act 2006, the Company's Articles of Association allow the Directors to authorise conflict situations, where appropriate.

The Board has a procedure in place to deal with conflict situations. As part of this process, Directors must submit any actual or potential conflict situations they may have to the Board for approval as soon as possible. In deciding whether to approve a conflict situation, the Board will act in a way it considers, in good faith, will be most likely to promote the Company's success, taking into consideration whether the Director's ability to act in accordance with their wider duties is affected. The Company Secretary maintains the register of approved conflict situations (which also includes a list of other

CORPORATE GOVERNANCE REPORT

(continued)

external positions held), which is tabled and considered at each Board meeting. Directors have a duty to keep the Board updated about any changes to their approved conflict situations. In certain circumstances the conflicted Director may be required to absent themselves from discussions or decisions on the matter on which they are conflicted (in which event, the Director will not be counted when determining whether the meeting is quorate). No such circumstances arose in the Period. None of the Directors have, or have had, any potential conflicts of interest of the nature listed in provisions 6 and 12 of the AIC Code.

The Board also has a procedure in place to manage potential conflicts of interest of the Investment Manager. These can arise, for example, where share options and/or warrants have been granted to an affiliate of the Investment Manager by a participant in an accelerator programme run by that affiliate and the Company subsequently has the opportunity to invest in the participant. In such instances, only the independent advisory committee members of the Investment Manager's Investment Committee (listed on page 82) consider the investment at the Investment Manager's Investment Committee meeting, and the final stage of the Board's conflict management process requires any such investment to be approved by the Board before it is made. During the Period, the Board approved investments in three companies (£4.7m investments in aggregate) in former accelerator programme participants (for further information, see 'Examples of Stakeholder Considerations' on page 64).

DIVISION OF RESPONSIBILITIES

The Board has overall responsibility for the Company's activities. However, the Company has delegated or outsourced various matters to its standing Committees and key service providers, most notably the Investment Manager and the Administrator, all of which operate within clearly defined terms of reference or agreements that set out their roles, responsibilities and authorities.

Board

The Board's principal responsibilities include:

- determining the Company's strategic objectives;
- overseeing the execution of the Company's strategy, business conduct and implementation of its key investment, financial, operational and compliance policies, ensuring they are aligned with SSIT's purpose and strategy and the Board's culture and values and that any necessary corrective action is taken;
- ensuring that appropriate internal controls and risk management frameworks are in place to enable risk to be managed and continually assessed;
- scrutinising the performance of the Investment Manager, Administrator and other key service providers and holding them to account;
- reviewing the Company's valuation policy and the proposed valuations of its investments;
- ensuring effective engagement with, and encouraging participation from, shareholders and other key stakeholders; and
- providing constructive challenge and strategic guidance and offering specialist advice,

The Board's responsibilities for this Annual Report are set out in the Directors' Responsibility Statement on pages 113 to 114.

Matters not delegated or outsourced to Committees and key service providers are reserved for consideration and approval by the Board (including those matters listed in a formal schedule of reserved matters approved by the Board), thus enabling the Board to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. The reserved matters include:

- approving SSIT's long-term objectives and any matters of a strategic nature, including any change in investment objective, policy and restrictions, including those which may need to be submitted to shareholders for approval;

CORPORATE GOVERNANCE REPORT

(continued)

- the appointment and removal of key service providers and any material amendments to the Company's agreements with them;
- approval of any other material contracts and agreements entered into, varied or terminated;
- approving any transactions with related parties;
- approval of quarterly and any ad hoc NAV and other financial announcements;
- approval of the Company's operating and marketing budgets;
- the Company's corporate governance arrangements; and
- approving any actual or potential conflicts of interest, including any potential investments in respect of which the Investment Manager may have a potential conflict of interest.

The full schedule of matters reserved for the Board is available on the Company's website (<https://investors.seraphim.vc/>).

The primary focus at Board meetings is a review of investment performance and associated matters (such as new investments, progress of portfolio companies, investment pipeline, projected cash flow and market environment), share price discount/premium, investor relations, industry issues, legal and regulatory (including corporate governance) developments and principal and emerging risks and uncertainties, in particular those identified in the Strategic Report on pages 69 to 72.

Chair

The Chair is Will Whitehorn. His primary role as Chair is to provide leadership to the Board. The principal responsibilities of the Chair include:

- ensuring the overall effectiveness of the Board in directing the Company;
- taking a leading role in setting the Company's strategic objectives;
- facilitating open, honest and constructive debate among Directors and the effective contribution of all Directors;

- ensuring the Company is meeting its responsibilities to shareholders and wider stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of their views.

Full details of the role and responsibilities of the Chair are available on the Company's website (<https://investors.seraphim.vc/>).

Senior Independent Director

The Senior Independent Director is Sue Inglis. Her primary responsibilities as such are to serve as a sounding board for the Chair, act as an intermediary for other Directors and be available to respond to shareholders' concerns if they cannot be resolved through the normal channels of communication (i.e. through the Chair). The Senior Independent Director leads the annual evaluation of the Chair. Full details of the role and responsibilities of the Senior Independent Director are available on the Company's website (<https://investors.seraphim.vc/>).

Board Committees

The Board has three standing Committees, being the Audit Committee, Management Engagement Committee and Remuneration and Nomination Committee. The roles and responsibilities of the Committee are included in their respective Reports on pages 101 to 109 and the terms of reference of each Committee are available on the Company's website (<https://investors.seraphim.vc/>). The Committees review their terms of reference at least annually, with any proposed changes recommended to the Board for approval. Committee chairs will attend AGMs to answer any questions on each of their Committee's activities. In addition, Committee chairs will seek engagement with shareholders on significant matters related to their areas of responsibility.

The Board may also establish additional Committees from time to time to take operational responsibility on specific matters. These Committees ensure that key matters are dealt with efficiently.

CORPORATE GOVERNANCE REPORT

(continued)

Investment Manager

The Investment Manager is the Company's alternative investment fund manager ("AIFM") for the purpose of the EU AIFM Directive as incorporated into UK legislation. The Investment Management Agreement dated 22 June 2021 between the Company and the Investment Manager (the "IMA") sets out the matters in respect of which the Investment Manager has authority and responsibility, subject to the overall control and supervision of the Board. These include the Investment Manager having full discretion in relation to SSIT's portfolio management activities in accordance with SSIT's investment policy and any other restrictions imposed in the IMA or the Board from time to time. The Investment Manager is also responsible for promoting the Company's investment proposition to professional and retail investors.

In advance of Board meetings, the Investment Manager provides regular reports, which include operating updates on the Company's investments, information on potential new investment opportunities, cash flow forecasts and other financial information and other relevant information. Senior representatives of the Investment Manager attend Board meetings. The Investment Manager is responsible for keeping the Board informed, in a timely manner, of any material developments arising from its portfolio management activities or other relevant matters, including interactions with shareholders and other key stakeholders.

Under the IMA, the Investment Manager is entitled to management and performance fees, details of which are included in note 4 to the financial statements on page 140. The Investment Manager's appointment is terminable by the Company or Investment Manager on not less than 12 months' notice, such notice to expire on or at any time after the third anniversary of SSIT's launch (14 July 2021). The IMA may be terminated with immediate effect on the occurrence of certain events.

Administrator/Company Secretary

The Company has appointed the Administrator to provide fund accounting, company secretarial and other administrative services. The Administrator's responsibilities include:

- undertaking the day-to-day financial and administration functions of the Company, including calculation of the NAV and maintenance of the Company's accounting and statutory records;
- providing the company secretarial functions required by the Companies Act 2006;
- ensuring that the Company complies with applicable laws, rules and regulations, including laws and regulations applicable to investment trusts and the rules of the Financial Conduct Authority and London Stock Exchange;
- advising on all governance matters;
- supporting the Board to ensure that it has the policies, processes and information it needs to function effectively and efficiently;
- ensuring that Board procedures are followed; and
- facilitating the flow of information between the Board, Committees, Investment Manager and other service providers.

In advance of Board meetings, the Administrator provides regular reports, which include financial and other operational information, details of any breaches or complaints and relevant legal and regulatory, corporate governance and other technical updates. The Administrator is responsible for keeping the Board informed, in a timely manner, of any material developments regarding matters within the scope of its role and responsibilities.

CORPORATE GOVERNANCE REPORT

(continued)

BOARD AND COMMITTEE MEETINGS

Regular Board and Committee meetings are scheduled throughout the year (Board: four; Audit Committee: two; Management Engagement Committee: one; Remuneration and Nomination Committee: one). In addition, the Board and Committees meet between scheduled meetings in preparation for or follow-up after scheduled meetings and any other matters that may arise between scheduled meetings. As the Company was only launched in July 2021 and has a long-term investment strategy, the Board did not hold a strategy meeting in the Period, but intends to hold one in the current financial year and annually thereafter.

The Company Secretary assists the Board and Committee Chairs in agreeing the agenda in sufficient time before the meeting to allow input from key stakeholders. Care is taken to ensure that papers are presented clearly and with the appropriate level of detail to assist the Board and Committees in discharging their duties. The Board uses a web-based system which provides ready access to Board and Committee papers and materials. Prior to each Board and Committee meeting the Directors receive the agenda and supporting papers through this system to ensure that they have all the latest and relevant

The number of scheduled meetings during the Period, and the attendance of the individual Directors at those meetings, is shown in the table below.

	Board	Audit Committee	Remuneration and Nomination Committee	Management Engagement Committee
Number of meetings	4	2	1	1
Will Whitehorn	4	2	1	1
Sue Inglis	4	2	1	1
Christina McComb	4	2	1	1
Angela Lane ⁽¹⁾	2	2	1	1

⁽¹⁾ Appointed a Director with effect from 1 January 2022 and attended all scheduled Board and Committee meetings held following her appointment.

In addition to the scheduled meetings, there were 16 ad hoc Board and Committee meetings during the Period. These meetings were convened to conclude a number of matters previously discussed at scheduled meetings and deal with matters arising between scheduled meetings, as well as, to consider the Investment Manager's preliminary reports on proposed portfolio valuations. Prior to ad hoc and

information in advance of the meeting to enable them sufficient time to prepare properly for the meeting and to make further enquiries about any matter prior to the meeting, should they so wish. This also allows any Director who is unable to attend to submit views in advance of the meeting.

The Investment Manager, the Administrator and, as required, the Company's other key service providers are expected to be present at formal Board and Committee meetings unless identified conflicts require otherwise.

Due to its size the Board has deemed it appropriate for all Directors to be members of all committees. When running meetings, the Chair or Committee Chair maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate. The Directors are able to voice their opinions in a calm and respectful environment, allowing coherent discussion.

The proceedings at all Board and Committee meetings are fully recorded, including any Director's concerns, in the minutes. After each Board and Committee meeting, the Company Secretary operates a follow-up procedure to ensure that actions are completed as agreed by the Board or Committee.

valuation meetings, the Directors receive the agenda and supporting papers. Typically, all Directors attend ad hoc and valuation meetings, although this is not always feasible or necessary and Directors who is unable to attend a meeting can communicate their views ahead of the meeting.

CORPORATE GOVERNANCE REPORT

(continued)

BOARD COMPOSITION AND SUCCESSION

Board composition and independence

At the date of this Report, the Board consists of four non-executive Directors, all of whom are (and were on appointment) independent of the Investment Manager. Each of the Directors is (and was on appointment) independent when assessed against the circumstances set out in provision 13 of the AIC Code.

The current Board was selected to bring a breadth of skills, experience and knowledge relevant to the Company's structure and strategy. Three of the Directors were appointed prior to the IPO and the fourth joined the Board on 1 January 2022. Details of the Directors, including their skills and experience, are set out on pages 78 and 79. Details of the recruitment process resulting in the appointment of the fourth Director are included in the Remuneration and Nomination Committee's Report on page 108.

The composition of the Board is a fundamental driver of its success as the Board must provide strong and effective leadership of the Company without any one individual or small group dominating the decision-making. The strong and diverse mix of experienced individuals on the current Board enables high calibre debate and constructive challenge. The Board is able to use the skills, experience and knowledge of the individual Directors to their maximum potential and make decisions that are in the best long-term interests of the Company.

The Board's tenure, succession and diversity policies seek to ensure that the Board continues to be well-balanced and refreshed regularly by the appointment of new Directors with the necessary skills, experience, knowledge and personal qualities and who can bring fresh perspectives.

Board diversity

The Board supports the objectives of improving the performance of corporate boards by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. The Board recognises the benefits of diversity (including gender, social and ethnic backgrounds

and cognitive and personal strengths) on the Board and takes this into account in the recruitment of new Directors. The Board is committed to ensuring that its Director search processes actively seek a diverse range of candidates with the right skills, experience, knowledge and personal qualities so that appointments can be made on the basis of merit against objective criteria.

The following table shows the gender diversity of the Board at 30 June 2022 (there have been no changes since that date).

Board gender at 30 June 2022	No. of Board members	Percentage of Board
Men	1	25%
Women	3	75%

Appointments to the Board

The Remuneration and Nomination Committee reviews at least annually the composition of the Board and its Committees, including the balance of skills, experience, knowledge, diversity (including gender, social and ethnic backgrounds and cognitive and personal strengths) and length of service, and makes recommendations to the Board when it considers that a new Director should be recruited.

Once a decision has been taken by the Board to recruit a new Director, the Remuneration and Nomination Committee oversees the recruitment process. At the outset, the Committee reviews the current balance and diversity of the Board, identifies any specific skills, experience, knowledge and personal qualities that are required to ensure the continued effective operation of the Board and then sets objective selection criteria to ensure a formal and transparent appointment process. The Remuneration and Nomination Committee intends to use non-executive director recruitment consultants and/or open advertising when recruiting new Directors in the future. Following the creation of a shortlist of candidates, the decision-making process will be based on merit, with due consideration of the objective selection criteria identified.

When considering new appointments, the Committee also takes into account other demands on the candidates' time. In advance of joining the Board, successful candidates will be asked to disclose any

CORPORATE GOVERNANCE REPORT

(continued)

existing significant commitments with an indication of the time involved and to confirm that they are able to allocate sufficient time to the business of the Company and that there are no situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests.

Directors are not appointed for any specific term and are subject to election at the first AGM following their appointment and, thereafter, annual re-election at AGMs. Directors' appointments are reviewed by the Remuneration and Nomination Committee ahead of their submission for re-election, with submission being contingent on satisfactory performance evaluation. Directors may resign by notice in writing to the Board at any time.

At the time of appointment, a new Director receives a letter of appointment that sets out their duties and obligations. Copies of the letters of appointment of the current Directors are available for inspection at the Company's registered office and at each AGM.

Board induction and training

New Directors will receive an induction on joining the Board covering the Company's strategy, policies, operational structure and governance, which will be coordinated by the Company Secretary. In addition, new Directors will be briefed fully about the Company's strategy and portfolio by the Investment Manager.

The Company Secretary is charged with assisting in the ongoing training and development of all Directors, including providing the Directors with details of the Company's regulatory and statutory obligations (and changes thereto). Directors are able to receive training or additional information on any specific subject pertinent to their role as a Director that they request or require. The Directors are encouraged to participate generally in industry events and to attend any other relevant seminars and conferences, if necessary at the Company's expense.

Information and support

To enable the Board to function effectively and the Directors to discharge their responsibilities, the Directors are regularly updated, in a timely

manner, on investment, financial, investor and other stakeholder engagement and other matters. In addition to periodic reporting at scheduled Board and Committee meetings, the Directors receive, and may request, ad hoc additional information from the Investment Manager, Administrator and other key service providers. The Directors also maintain regular engagement, through formal meetings and calls as well as informal communications, with the Investment Manager, Administrator and other key service providers. This active engagement creates an open and collaborative culture that ensures that we have a thorough understanding of the Company's business and facilitates our robust scrutiny and constructive challenge of the activities and performance of, in particular, the Investment Manager and Administrator.

The Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for facilitating good and timely information flows within the Board and its Committees and between Directors and the Investment Manager.

There is a procedure in place for Directors to take independent professional advice at the Company's expense should this be required to aid them in their duties.

Time commitment

All Directors are aware of the need to allocate sufficient time to the Company in order to discharge their responsibilities effectively. Directors must obtain prior approval from the Board when they take on any additional external appointments and it is their responsibility to ensure that such appointments will not prevent them meeting their time commitments to the Company.

Where a significant additional external appointment is approved by the Board, the reasons for permitting the appointment will be explained in the Annual Report. During the Period, the Board approved Sue Inglis' appointment as chair of ThomasLloyd Energy Impact Trust plc, a newly established listed investment company. Taking into account her wealth of experience in the investment company sector, that all of her roles are in that sector and her

CORPORATE GOVERNANCE REPORT

(continued)

time commitments to her other roles, the Board was satisfied that she would continue to have sufficient time to meet her commitments to the Company.

Election and re-election by shareholders

Directors are required to stand for election at the first AGM following their appointment and annual re-election at each subsequent AGM. A Director who retires at an AGM may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed.

All of the Directors will retire at the forthcoming AGM and are willing to continue to act. Having considered their effectiveness, demonstration of commitment to the role, attendance at meetings and contribution to the Board's and its Committees' deliberations, the Board has approved the nomination for election of all of the Directors.

Board tenure

The Board's policy on Director, including Chair, tenure is that a Director should normally serve no longer than nine years but, where it is in the best interests of the Company, its shareholders and other stakeholders, a Director may serve for a limited time beyond that.

The Board believes that the continuity of experience and knowledge of its Directors is important and that a suitable balance requires to be struck with the need for refreshing of the skills and experience of the Board. The Board believes that some limited flexibility in its approach to Director, including Chair, tenure will enable it to manage succession planning more effectively.

The Board also believes that Directors with more than nine years' service can still form part of an independent majority. In the event that any Director, including the Chair, shall have been (or on re-election would be) in office for nine years or more the Company will consider whether there is a risk that such a Director might reasonably be deemed to have lost independence through such long service.

In the event of a Director being in office for nine years or more at the AGM at which their re-election is to be proposed, the Board will include an explanation in the relevant Annual Report or notice convening the next AGM as to its reasoning for recommending re-election notwithstanding the length of tenure.

As the Company was incorporated on 14 May 2021, no issues have arisen to be considered by the Board with respect to long tenure.

Succession planning

The aim of the Company's succession plan is:

- to preserve continuity by phasing the retirement of the original Directors so that they do not all retire at once after serving nine years; and
- to ensure the Board's skills and experience are regularly refreshed and the benefits of a truly diverse Board are further enhanced, in terms of age, gender and diversity of background and thought.

Succession planning is explained in more detail in the Remuneration and Nomination Committee report on page 109.

CORPORATE GOVERNANCE REPORT

(continued)

ANNUAL PERFORMANCE EVALUATIONS**Board, Committees, Chair and individual Directors**

Details on the annual evaluations of the Board, its standing Committees, the Chair and individual Directors, conducted by the Remuneration and Nomination Committee, are included in that Committee's Report on pages 108 and 109. Having considered the Committee's report and recommendations, the Board accepted all of the Committee's recommendations.

Investment Manager

Details on the annual evaluation of the Investment Manager, conducted by the Management Engagement Committee, are included in that Committee's Report on pages 106 and 107. Having considered the report and recommendation from the Management Engagement Committee, the Board believes that the continued appointment of the Investment Manager on the terms agreed is in the interests of the shareholders as a whole.

Administrator and other key service providers

Information on the annual evaluations of the Administrator and other key service providers is included in the Management Engagement Committee Report on page 107. Having considered the Committee's report and recommendations, the Board accepted all of the Committee's recommendations.

DIRECTORS' REMUNERATION

The Directors' Remuneration Report on pages 110 to 112 includes the Directors' remuneration policy and details of the remuneration of each Director.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

A critical factor in achieving the long-term sustainable success of the Company is understanding the risks that the Company faces and ensuring that controls are in place to manage and mitigate them. The Company's principal and emerging risks, together with details of how we seek to manage and mitigate

them, are set out in the Strategic Report on pages 69 to 72. The Company's financial risks are discussed in note 13 to the financial statements on pages 146 to 150.

Responsibility for, and effectiveness of, risk management and internal controls

The Board is responsible for determining the nature and extent of the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives. The Board is also responsible for maintaining the Company's systems of risk management and internal controls (such as financial, operational and compliance controls). The AIC Code requires the Board to review the effectiveness of the Company's systems of risk management and internal controls at least annually.

The Board has established an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company.

The Board, through the Audit Committee, has established, in conjunction with the Investment Manager and Administrator, an ongoing process designed to meet the particular needs of the Company in identifying, evaluating and managing the risks to which it is exposed. The process accords with the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'. The process was in operation throughout the Period and up to the date of this Report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on the Investment Manager, Administrator and other key service providers and their internal controls. The process therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss.

At its September 2022 meeting, the Audit Committee carried out an annual assessment of the Company's risk management and internal controls for the Period and taking account of events since 30 June 2022. The Committee determined that the risk management and internal controls were operating effectively and as expected, and the results of the assessment were then reported to the Board at the following Board meeting.

CORPORATE GOVERNANCE REPORT

(continued)

Based on the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board and the Audit Committee's report to the Board on its findings and conclusions regarding those systems, the Board:

- is satisfied that it has carried out a robust assessment of the principal and emerging risks facing the Company, including those that could threaten its business model, future performance, solvency, liquidity or reputation; and
- has reviewed the adequacy and effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified.

Risk management and internal control systems

The Company's risk management and internal control systems are designed to identify, manage and mitigate on a timely basis both the principal and emerging risks inherent to the Company's business and activities and safeguarding the Company's assets. The Company has a risk-based approach to risk management and internal controls through a detailed matrix that identifies each of the key risk areas associated with the Company's business and activities and the controls employed to minimise and mitigate those risks. The Audit Committee is responsible for monitoring and regularly reviewing the Company's risk management and internal control systems, including the risk matrix, and reports its findings and conclusions to the Board. Where changes in risk are identified during the Period, the risk matrix is updated as appropriate and an assessment made as to whether further action is required to manage the changes identified. The risk matrix was reviewed and updated by the Audit Committee, and approved by the Board, during the Period.

The Company has delegated its day-to-day activities to the Investment Manager and Administrator and has clearly defined their roles, responsibilities and authorities. The Investment Manager and Administrator have their own risk management and internal control systems. The Investment Manager, which is regulated by the Financial Conduct Authority, and Administrator both operate risk-controlled frameworks on an ongoing basis. The Administrator has an annual type 2 report produced under the International Standard on Assurance Engagements

(ISAE) 3402. This entails an independent rigorous examination and testing of its controls and processes.

The Board oversees the ongoing performance and actions of the Investment Manager and Administrator at its scheduled quarterly meetings and, as required, at ad hoc meetings. At each quarterly Board meeting, the Investment Manager reports on the performance and valuation of the Company's investments, activities since the last Board meeting, any specific new risks identified relating to the Company's portfolio and cash projections and the Administrator reports on the Company's corporate activity and financial, compliance, governance, legal and regulatory matters. The Board also receives updates from the Investment Manager and Administrator on material developments affecting the Company's business, activities or investments between quarterly Board meetings.

The Board, Investment Manager and Administrator, together, review all financial performance and results notifications. The Investment Manager reports to the Board twice a year regarding the Company's longer-term viability, which includes financial sensitivities and stress testing of the business to ensure that the adoption of the going concern basis is appropriate.

The Company is ultimately dependent upon the quality and integrity of the management and staff of the Investment Manager and Administrator. In each case, qualified and able individuals have been selected at all levels. The Investment Manager and Administrator are aware of the risk management and internal controls relevant to their activities and are collectively accountable for the operation of those controls.

Each year a detailed review of the quality of services and performance of the Investment Manager, Administrator and other key service providers pursuant to their terms of engagement is undertaken by the Management Engagement Committee.

INTERNAL AUDIT FUNCTION

For the reasons stated in the Audit Committee Report on page 103, the Board does not currently consider that an internal audit function is required.

CORPORATE GOVERNANCE REPORT

(continued)

RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

We place great importance on communication with shareholders, as well as with the Investment Manager, Administrator and other key stakeholders. Details of our engagement with all of the Company's key stakeholders and how we had regard to those stakeholders in our decision-making processes during the Period are set out in the Strategic Report on pages 60 to 64. In addition, the Chairs of the Board's standing Committees will seek to engage with shareholders on significant matters related to their areas of responsibility.

The Board recognises that relationships with suppliers are enhanced by prompt payment and the Administrator, in conjunction with the Investment Manager, ensures all payments are processed within the contractual terms agreed with the individual suppliers.

APPROVAL

This Corporate Governance Report was approved by the Board on 15 October 2022.

On behalf of the Board:

WILL WHITEHORN

Chair

15 October 2022

AUDIT COMMITTEE REPORT

The Audit Committee consists of all Board members and is currently chaired by Ms McComb. Ms Lane was appointed as Director and member of the Audit Committee with effect from 1 January 2022 and will succeed Ms McComb as a Chair of the Audit Committee with effect from the conclusion of the Company's forthcoming AGM.

The AIC Code permits the Chair of the Board to be a member of the Audit Committee. The Board believes that Mr Whitehorn's experience and knowledge is a significant benefit to the Committee.

The Committee members have considerable business and financial experience and the Board considers that the membership as a whole has sufficient recent and relevant sector and financial experience to discharge the responsibilities of the Committee. Ms Lane is a Chartered Accountant. All members of the Committee are independent of the Company's external Auditor and Investment Manager.

The Committee's authority and duties are clearly defined in its written terms of reference which are available on the Company's website (<https://investors.seraphim.vc/>). The terms of reference include all matters indicated by the Financial Conduct Authority's Disclosure Guidance and Transparency Rule 7.1, the AIC Code and the UK Code. The terms of reference are reviewed at least annually.

The Committee meets no less than two times a year and at such other times as the Committee Chair shall require. At least once a year the Committee meets with the external Auditor without any representative of the Investment Manager or Administrator being present.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

Key Responsibilities

- Scrutinising and, where appropriate, challenging the Investment Manager's proposed valuations of SSIT's private company investments.
- Monitoring the integrity of SSIT's financial reporting and, where appropriate, challenging the financial reporting judgements of the Investment Manager and Administrator.
- Keeping under review the adequacy and effectiveness of SSIT's internal controls, including financial controls and risk management systems.
- Considering the ongoing assessment of SSIT as a going concern and assessment of its longer-term viability.
- Appointing the external Auditor, approving its remuneration, monitoring the extent of any proposed non-audit services and generally overseeing the relationship.
- Monitoring the external Auditor's independence, objectivity and effectiveness.
- Reviewing the performance and quality of the external Auditor's audit work.
- Reporting to the Board on how the Committee has discharged its responsibilities and making recommendations as appropriate.

MAIN ACTIVITIES

During the Period, the Committee held two scheduled meetings and several ad hoc meetings and there was ongoing liaison and discussion between the external Auditor, BDO LLP, and the Audit Committee Chair with regards to the audit approach, identified risks and other matters pertinent to the Committee. The external Auditor was invited to attend the Committee meeting at which the Interim Report was considered.

AUDIT COMMITTEE REPORT

(continued)

The matters considered, monitored, reviewed and, where appropriate challenged by the Committee during the Period included the following:

- the terms of reference of the Committee for approval by the Board;
- the Company's accounting policies and practices;
- the Investment Manager's valuation approach and the quarterly valuations of the Company's investments prepared by the Investment Manager;
- the Company's key risks, including emerging risks, the risk management systems in place and the Company's risk matrix;
- the adequacy and effectiveness of the Company's internal control environment;
- whether there is a need for an internal audit function;
- the format of the Annual and Interim Reports and financial statements;
- the Interim Report, associated results announcement and related matters;
- the regulatory changes impacting the Company;
- the Financial Reporting Council's latest Annual Audit Quality Inspection Report on BDO LLP;
- the independence of the external Auditor;
- the remuneration and terms of engagement of the external Auditor. and
- the audit plan of the external Auditor for the Period.

After the Period end, the Committee met on 19 September 2022 and 12 October 2022 to consider and review the Annual Report and financial statements and related matters and recommend the Annual Report and financial statements to the Board for approval. The external Auditor was invited to attend the Committee meeting in October 2022 and the Committee met with the external Auditor without representatives of the Investment Manager or Administrator being present.

FINANCIAL REPORTING

The primary role of the Committee in relation to financial reporting is to review, with the Administrator, Investment Manager and external Auditor, and report to the Board on the appropriateness of the Annual Report and financial statements and Interim Report, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements had been applied or where there had been discussion with the external Auditor, including the valuation of unlisted investments and going concern and viability statements;
- whether the strategic report included in the Annual Report included a fair review of the development and performance of the business and financial position of the Company, together with a description of the principal and emerging risks and uncertainties that it faces; and
- whether the Annual Report and financial statements, taken as a whole, were fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

To aid its review, the Committee considered reports from the Administrator and Investment Manager and the report from the external Auditor on the outcome of its annual audit.

AUDIT COMMITTEE REPORT

(continued)

SIGNIFICANT AREAS OF JUDGEMENT CONSIDERED BY THE COMMITTEE

The Committee has determined that a key risk of misstatement of the Company's financial statements relates to the valuations of its private company investments held at fair value through profit or loss as they represent a significant proportion of the Company's net assets (70.0% as at 30 June 2022) and since the valuations of these investments require the use of estimates, assumptions and judgements. There is also an inherent risk of management override as the Investment Manager's performance fee is calculated based on NAV (see note 4 to the financial statements on page 140 for details of the performance fee). Whilst the Administrator is responsible for calculating the NAV, the most significant input to calculating the NAV is the valuation of the Company's investments, which are prepared by the Investment Manager and reviewed by the Committee before approval by the Board.

The Company's private company investments are early or growth stage companies. The Investment Manager's approach to valuation of these investments is outlined in the Investment Manager's Report on page 32 and in notes 2 and 8 to the financial statements on page 133 and 142 respectively. The valuation methodology used for each private company investment is reassessed at each valuation date.

On a quarterly basis, the Investment Manager provides a detailed analysis of the proposed valuations of the Company's investments with supporting materials. The Committee considers in detail and, as necessary, challenges the analysis and supporting materials, including the methodology and integrity of the valuations, and may request additional information. Once the Committee has satisfied itself that the key estimates, assumptions and judgements used in the valuations are appropriate and that the investments have been fairly valued, it recommends the valuations for approval by the Board.

The external Auditor has explained the results of its audit work on valuations in the Independent Auditor's Report on pages 118 to 128. There were no adjustments proposed that were material in the context of the Annual Report and financial statements as a whole.

RISK MANAGEMENT

The Board is accountable for carrying out a robust assessment of the principal risks facing the Company, including those threatening its business model, future performance, solvency and liquidity.

On behalf of the Board, the Committee reviews the effectiveness of the Company's risk management processes. The Company's risk assessment process and the way in which significant business risks are managed are key areas of focus for the Committee. The work of the Committee during the Period was driven primarily by the Company's assessment of its principal and emerging risks as set out in the Strategic Report on pages 69 to 72. The Committee also receives reports from the Investment Manager and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

No significant weaknesses were identified in the Period.

INTERNAL AUDIT

The Committee considers at least once a year whether there is a need for an internal audit function. Currently, the Committee does not consider there to be a need for an internal audit function, on the basis that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures. The Management Engagement Committee regularly reviews the performance of the key service providers and their risk and control processes.

AUDIT COMMITTEE REPORT

(continued)

EXTERNAL AUDITOR

BDO LLP was appointed as the Company's external Auditor following its incorporation. The Period is the first period of audit.

The reappointment of the external Auditor is subject to annual shareholder approval at the AGM. There are no contractual obligations restricting the choice of external Auditor and the Company will put the audit services contract out to tender at least every 10 years. In accordance with professional guidelines, the statutory auditor will be rotated at least every five years. The current statutory auditor, Mr Wieder, has completed his first year in the role.

To form a view on audit quality and the effectiveness of the external audit process, the Committee reviewed and considered:

- the external Auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit;
- feedback from the Administrator and Investment Manager evaluating the performance of the audit team, including the robustness of the audit, the level of challenge offered by the audit team, the skills, experience and overall quality of the audit team, the timeliness of delivering the tasks required for the audit and reporting to the Committee and the overall quality of the service; and
- the Committee's own observations and interactions with the external Auditor.

The Committee also considered the external Auditor's technical competence, understanding of the Company's business and whether it demonstrated an appropriate level of diligence, professional scepticism and challenge. Following this review, the Audit Committee was satisfied that BDO LLP had carried out its duties in a diligent and professional manner and provided a high level of service.

The Committee monitors the external Auditor's independence through three aspects of its work:

- the approval of a policy regulating the non-audit services that may be provided by the external Auditor to the Company;
- assessing the appropriateness of the fees paid to the external Auditor for all work undertaken by it; and
- reviewing the information and assurances provided by the Auditor on its compliance with the relevant ethical standards.

Details of the audit and non-audit fees paid to BDO LLP in respect of the Period are set out in note 5 to the financial statement on page 140. Notwithstanding such non-audit services, the Committee considered BDO LLP to be independent of the Company and that the provision of such services was not a threat to BDO LLP's objectivity and independence.

BDO LLP confirmed that all its partners and staff involved with the audit were independent of any links to the Company and that these individuals had complied with BDO LLP's ethics and independence policies and procedures which are fully consistent with the Financial Reporting Council's Ethical Standards.

Having satisfied itself as to the effectiveness and independence of BDO LLP as the Company's external Auditor, the Committee recommended to the Board that BDO LLP be reappointed as external Auditor for the year ending 30 June 2023. Accordingly, a resolution proposing the reappointment of BDO LLP as the external Auditor will be put to shareholders at the 2022 AGM.

The Committee will continue to monitor the performance of the external Auditor on an annual basis and will consider its independence and objectivity, taking account of appropriate guidelines. In addition, the Committee Chair will continue to maintain regular contact with the lead audit partner outside the formal Committee meeting schedule, not only to discuss formal agenda items for upcoming meetings, but also to review any other significant matters.

AUDIT COMMITTEE REPORT

(continued)

FINANCIAL STATEMENTS

The Board has requested the Committee to confirm that, in its opinion, the Board can make the required statement that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee has given this confirmation based on its review of the whole document, underpinned by involvement in the planning for its preparation and review of the processes to assure the accuracy of factual content.

COMMITTEE EVALUATION

The activities of the Committee were considered as part of the Board evaluation process completed in May 2022 in accordance with standard governance arrangements as summarised in the Remuneration and Nomination Committee Report on pages 108 and 109. The conclusion from the process was that the Committee was operating effectively with the right balance of membership and skills.

APPROVAL

This Audit Committee Report was approved by the Committee on 15 October 2022.

On behalf of the Committee:

CHRISTINA MCCOMB

Audit Committee Chair

15 October 2022

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

The Management Engagement Committee consists of all the Directors and is currently chaired by Mr Whitehorn. Ms McComb will succeed Mr Whitehorn as Chair of the Management Engagement Committee with effect from the conclusion of the Company's the AGM on 17 November 2022.

The Committee's authority and duties are clearly defined in its written terms of reference which are available on the Company's website (<https://investors.seraphim.vc/>). The terms of reference are reviewed at least annually.

Key Responsibilities

- Evaluating the performance of the Investment Manager.
- Reviewing the terms of the Investment Management Agreement.
- Reviewing the Investment Manager's remuneration, including the methodology and level of the annual management and performance fees.
- Considering the merit of obtaining an independent appraisal of the Investment Manager's services.
- Evaluating the performance of SSIT's other key service providers (except for the external Auditor) and whether those service providers deliver value for money services.
- Assessing whether the culture, policies and practices of the Investment Manager and other key service providers are consistent with good risk management, compliance and regulatory frameworks.
- Reporting to the Board on how the Committee has discharged its responsibilities and making recommendations as appropriate.

The Committee meets once a year and at such other times as the Committee Chair shall require. It met once during the Period.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

EVALUATION OF THE INVESTMENT MANAGER

The performance of the Investment Manager is considered at every Board meeting, with a formal evaluation by the Committee at least once each year. For the purpose of its ongoing monitoring, the Board receives detailed reports and views from the Investment Manager on the Company's investment strategy, investment portfolio and pipeline (including associated risks) and investment performance.

The Committee met in May 2022 for the purpose of the formal annual evaluation of the Investment Manager's performance and to review the terms of the Investment Management Agreement (details of which are included under 'Investment Manager' on page 62 and in note 4 to the financial statements on page 140), including the fee provisions. The Committee reviewed detailed questionnaires completed by the Investment Manager, which included sections on the Investment Manager's systems, controls and policies. The results of the detailed questionnaires completed by the Directors and the Investment Manager in connection with the Board evaluation, to the extent that they were relevant to the Investment Manager evaluation, were also reviewed. Other factors reviewed included:

- quality and continuity of the Investment Manager's team;
- investment results achieved to date;
- the Investment Manager's engagement with the Board and other key stakeholders;
- the Investment Manager's ongoing commitment to promoting the Company;

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

(continued)

- the Investment Manager's compliance with contractual arrangements and duties, including compliance with SSIT's investment policy;
- the methodology and level of the annual management and performance fees (see note 4 to the financial statements on page 140 for details) and the other terms of the Investment Management Agreement, having regard to those of comparable listed investment companies; and
- the Investment Manager's culture and its strategy and goals for developing its business.

Following its review, the Committee concluded that the Investment Manager was performing well against the requirements set by the Board and that it was satisfied, in all material respects, with the services provided by, performance of and support from the Investment Manager and also with the interaction between the Board and the Investment Manager.

The Committee concluded that, in its opinion, the continuing appointment of the Investment Manager on the terms agreed was in the best interests of shareholders as a whole and recommended this to the Board. The Board agreed with the Committee's recommendation and approved the continuing appointment of the Investment Manager on the terms agreed.

EVALUATION OF OTHER KEY SERVICE PROVIDERS

The performance of the Company's other key service providers is monitored by the Board on an ongoing basis and formally evaluated by the Committee at least once a year, with a key focus on the Administrator and Company Secretary.

At its meeting in May 2022, the Committee also undertook the formal annual evaluation of the other key service providers' performance and reviewed their respective remuneration. The Committee reviewed a detailed questionnaire completed by the other key service providers, which included sections on their systems, controls and policies. In most instances, relationships with the other key service

providers are managed by the Investment Manager and/or Administrator and Company Secretary on behalf of the Board and the Committee considered feedback received from the Investment Manager and the Administrator regarding the levels of service provided by, and relationships with, the other key service providers.

The Committee was satisfied, in all material respects, with the levels of service provided by the other key service providers. The Committee concluded that, in its opinion, the continuing appointments of the other key service providers on the terms agreed remained appropriate and in the best interests of the Company and recommended this to the Board. The Board agreed with the Committee's recommendations and approved the continuing appointments of the other key service provider on the terms agreed.

COMMITTEE EVALUATION

The activities of the Committee were considered as part of the Board evaluation process completed in May 2022 in accordance with standard governance arrangements as summarised in the Remuneration and Nomination Committee Report on pages 108 and 109. As the Committee had not yet met at that stage, it was not possible to assess whether it was operating effectively but it was concluded that the Committee has the right balance of membership and skills.

APPROVAL

This Management Engagement Committee Report was approved on 15 October 2022.

On behalf of the Committee:

WILL WHITEHORN

Management Engagement Committee Chair

15 October 2022

REMUNERATION AND NOMINATION COMMITTEE REPORT

The Remuneration and Nomination Committee consists of all the Directors and is chaired by Ms Inglis. Individual Directors are not involved in decisions connected with their own appointments.

The Committee's authority and duties are clearly defined in its written terms of reference which are available on the Company's website (<https://investors.seraphim.vc/>). The terms of reference are reviewed at least annually.

Key Responsibilities

- Developing and reviewing the Directors' remuneration policy and policies on Board tenure and diversity.
- In conjunction with the Chair, reviewing the Directors' remuneration levels and considering the need to appoint external remuneration consultants.
- Reviewing outside commitments of the Directors.
- Evaluating the Board, its Committees and the Directors and considering whether the Directors should be recommended for election or re-election.
- Reviewing the composition of the Board and its Committees, including the balance of skills, experience, knowledge and diversity (including gender, social and ethnic backgrounds and cognitive and personal strengths).
- Formulating succession plans for the Directors consistent with SSIT's policies on Board tenure and diversity.
- Identifying, evaluating and recommending candidates for new Board appointments.
- Reporting to the Board on how the Committee has discharged its responsibilities and making recommendations as appropriate.

The Committee meets once a year, and at such other times as the Committee Chair shall require. In addition to its scheduled meeting in May 2022, the

Committee met in connection with the recruitment of an additional Director during the Period.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

PRINCIPAL ACTIVITIES DURING THE PERIOD

Recruitment of additional Director

Prior to the IPO, the Board concluded that, due to the nature of the Company's investments and the subjectiveness of private company valuations, it would be desirable to recruit an additional (fourth) Director with venture capital, private company valuation and recent financial experience and the skills to act as Chair of the Audit Committee. The search for the additional Director commenced prior to the IPO and was completed in December 2021. The process involved extensive desktop searches for individuals with the necessary skills, experience, knowledge and personal qualities, as well as seeking recommendations from, among others, the Company's advisers. Following initial interviews, a short list of potential candidates, diverse in terms of both gender and ethnic background, was drawn up. Angela Lane, a Fellow Chartered Accountant, was the successful candidate, having been selected as a result of her wealth of venture capital and Audit Committee chair experience and knowledge of investment companies and her ability to commit the time required for the role.

The process for recruiting additional Directors in the future is described under 'Appointments to the Board' on page 95. The Committee intends to use non-executive director recruitment consultants and/or open advertising when recruiting new Directors in the future.

Annual evaluation of Board, Committees and Directors

The Committee ensures that there is a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors.

The evaluations, which were facilitated by the Company Secretary and undertaken during May 2022, consisted of performance appraisals, questionnaires and discussions to determine

REMUNERATION AND NOMINATION COMMITTEE REPORT

(continued)

effectiveness and performance in various areas. (a) the Board's composition, knowledge, skills and independence, (b) its governance and processes, (c) the contributions of individual Directors to the Board's work, (d) the relationships and communication between the Directors, as well as between the Board and the Investment Manager, the Administrator and other key service providers, (e) investment matters delivering shareholder value and key priorities for the financial year ending 30 June 2023. The Committee also sought the views of the Investment Manager as part of the evaluation process. As there was no Senior Independent Director at the time the evaluation was undertaken, the performance evaluation of the Chair was led by the Committee's Chair.

Following review and discussion of the evaluation results, the Committee concluded, at its scheduled meeting in May 2022, that:

- the Board and each of its standing Committees had a good balance of relevant skills, experience and knowledge and their structures, sizes and compositions were appropriate at this stage in the Company's life and, accordingly, no changes were expected to be required for at least the next 12 months;
- each Director continued to be independent in character and judgement, their skills and experience were a significant benefit to the Board and they had demonstrated their ability to commit the time required to fulfil their responsibilities;
- the Directors (individually and collectively as the Board) had been operating effectively;
- there were no specific additional training requirements for any of the Directors;
- the proposed election of each Director at the 2022 AGM should be recommended;

The Committee made recommendations to the Board based on the outcome of its deliberations.

Other routine activities

At its scheduled meeting in May 2022, the Committee also:

- reviewed the Board's policies on diversity and Board tenure and its succession plan and recommended them to the Board for approval (see 'Board diversity', 'Board tenure' and 'Succession

Planning' on pages 95 to 97 for details of these policies, as approved by the Board); and

- reviewed the Directors' remuneration policy and the annual remuneration of the Directors and concluded that no changes were required in respect of the year ending 30 June 2023.

SUCCESSION PLANNING

The Board is in an early stage of its life, with all Directors having a number of years of their tenure left. The tenure of all Directors, including the Chair, is expected not to exceed nine years unless exceptional circumstances warrant, such as to allow for phased retirements of the current Directors. The Committee considers succession planning annually and has developed a succession plan that seeks to achieve an appropriate balance between preservation of experience and knowledge and bringing in fresh ideas and perspectives and is consistent with the Company's policies on Board tenure and diversity.

COMMITTEE EVALUATION

The activities of the Committee were considered as part of the Board evaluation process completed in May 2022 in accordance with standard governance arrangements as summarised under 'Annual evaluation of Board, Committees and Directors' earlier in this Report. The conclusion from the process was that the Committee was operating effectively with the right balance of membership and skills.

APPROVAL

This Remuneration and Nomination Committee Report was approved on 15 October 2022.

On behalf of the Committee:

SUE INGLIS

Remuneration and Nomination Committee Chair

15 October 2022

DIRECTORS' REMUNERATION REPORT

This Report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. By law, the Company's Auditor is required to audit certain of the disclosures provided in this Report. Where disclosures have been audited, they are indicated as such. An ordinary resolution for the approval of this Report will be put to shareholders at the Company's first AGM on 17 November 2022.

ANNUAL STATEMENT FROM THE CHAIR OF THE BOARD

The Company's remuneration policy, which is set out below, is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. An ordinary resolution for the approval of the remuneration policy will be put to shareholders at the Company's first AGM on 17 November 2022.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. For the Period, the Directors' remuneration was set at £50,000 per annum for each Director. The Remuneration and Nomination Committee reviewed the level of fees during the Period and the Board approved the Committee's recommendation that there should be no increase in the level of fees for the year ending 30 June 2023. The Remuneration and Nomination Committee did not receive independent advice or services in respect of its review of the Directors' remuneration; however, the Company Secretary provided it with details of comparable fees and other market information.

REMUNERATION POLICY

It is the Company's policy to determine the level of Directors' fees which should be sufficient to attract and retain Directors with appropriate skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in achieving the Company's objectives. The time committed to the Company's business and the specific responsibilities of individual Directors are taken into account. The policy aims to be fair and reasonable in relation to the level of fees payable to non-executive directors of comparable investment companies and other investment companies of similar size and complexity as the Company.

The Company's Articles of Association limit the aggregate fees payable to the Director to £500,000 per annum (any change to that limit requires shareholder approval). Within that limit, it is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Remuneration and Nomination Committee. The fees are fixed and payable in cash, quarterly in arrears. Annual fees are pro-rated where a change takes place during a financial year. Directors have no entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options or long-term incentive schemes.

The Directors' fee rates are reviewed by the Remuneration and Nomination Committee at least annually, but reviews will not necessarily result in a change to the rates. Any feedback received from shareholders will be taken into account when setting fee rates. Directors abstain from voting on their own fees.

The Directors are entitled to the reimbursement of reasonable fees and expenses incurred by them in the performance of their duties. Where expenses are recognised as a taxable benefit, a Director may receive the grossed-up costs of that expense as a benefit.

DIRECTORS' REMUNERATION REPORT

(continued)

The Directors do not have a service contract. Each Director has signed a letter of appointment with the Company. The letters of appointment do not include any minimum period of notice of termination by either party or any provision for compensation for loss of office.

Subject to this policy being approved by shareholders at the forthcoming AGM, it is intended that the policy will continue in force until the AGM in 2025.

ANNUAL REPORT ON DIRECTORS' REMUNERATION (AUDITED INFORMATION)

The table below shows all remuneration earned by each individual Director during the Period. No Director received taxable benefits during the Period.

	For the Period
Will Whitehorn (Chair)	£48,322
Sue Inglis (Senior Independent Director)	£48,322
Christina McComb	£48,322
Angela Lane ⁽¹⁾	£25,000
Total	£169,966

⁽¹⁾Appointed with effect from 1 January 2022.

Remuneration for each Director is set at £50,000 per annum. None of the Directors received any other remuneration or additional discretionary payments during the Period from the Company.

RELATIVE IMPORTANCE OF SPEND ON PAY

The remuneration of the Directors with respect to the Period totalled £169,955. As outlined on pages 15 and 16, the Directors intend to manage the Company's affairs to achieve shareholder returns through capital growth rather than income. Therefore, no dividends have been declared or paid during the period and a comparison of amounts paid to Directors against distributions to shareholders would not be relevant.

DIRECTORS' INTERESTS (AUDITED INFORMATION)

The Directors who held office during the Period and their interests in the ordinary shares of the Company at 30 June 2022 are shown in the table below. There have been no changes to the Directors' interests between 30 June 2022 and the date of this Report.

	30 June 2022 Ordinary shares
Will Whitehorn	100,000
Sue Inglis	50,000
Christina McComb	25,000
Angela Lane	27,284

Save as disclosed above, none of the Directors nor any member of their respective immediate families has any interest, whether beneficial or non-beneficial, in SSIT's share capital.

There are no requirements for the Directors to own shares in the Company.

DIRECTORS' REMUNERATION REPORT

(continued)

COMPANY PERFORMANCE

The following chart shows the value of £100 invested in the Company on 14 July 2021 (the Company's launch date) compared with the value of £100 invested in the MSCI World Aero and Defence Index (in Sterling terms), as a significant proportion of portfolio companies' revenues are derived from the broader defence industry and/or many portfolio companies have government as a significant customer. Please see page 21 for more detail.

SSIT share price vs. MSCI World Aero and Defence Index (£, rebased to 100)

Source: Datastream

Past performance is not a guide to future performance.

APPROVAL

This Directors' Remuneration Report was approved by the Board on 15 October 2022.

On behalf of the Board:

WILL WHITEHORN

Chair

15 October 2022

DIRECTORS' RESPONSIBILITIES STATEMENT**RESPONSIBILITIES**

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Company's financial statements, in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that financial year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for:

- keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006;
- for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors, which they have delegated to the Investment Manager. The Directors' responsibilities also extend to the ongoing integrity of the financial statements contained on the website.

DIRECTORS' RESPONSIBILITIES STATEMENT

(continued)

RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge, that:

- the Company's financial statements have been prepared in accordance with UK-adopted International Accounting Standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and financial position of the Company, together with a description of the principal and emerging risks and uncertainties that it faces; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board on 15 October 2022.

On behalf of the Board

WILL WHITEHORN

Chair

15 October 2022



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Seraphim Space Investment Trust Plc

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Seraphim Space Investment Trust plc (the 'Company') for the period ended 30 June 2022 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the directors in February 2022 to audit the financial statements for the period ended 30 June 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the period ended 30 June 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

INDEPENDENT AUDITOR'S REPORT

(continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the inputs and assumptions (i.e., forecasted expenditure, investment additions and Investment Portfolio Value) within the board's assessment of the going concern status of the Company to supporting documentation and our own understanding of the Company.
- assessing the appropriateness of assumptions made by the Directors in their scenario analysis by considering the nature of the entity and its operations and considered the likelihood of the downside scenarios occurring and the resulting effects on the liquidity of the Company.
- calculating financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

Key audit matter	Valuation of unquoted investments
Materiality	Company's financial statements £3.512m based on 1.5% of Net assets

INDEPENDENT AUDITOR'S REPORT

(continued)

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

(continued)

KEY AUDIT MATTER

<p>Valuation of Unquoted Investments</p> <p>The Company's accounting policy for assessing the fair value of investments is disclosed on page 137 in note 2. The disclosure regarding significant accounting judgments, estimates and assumptions for assessing the fair value of investments is given on page 139 in note 3, and disclosures regarding the fair value estimates are given on page 142 in note 8.</p>	<p>Unquoted investments, which comprises equity and loan note investments, are valued using a calibrated price of recent investment method or a milestone and market comparable method and represent 78% and 12% of total investments at fair value through profit and loss, respectively.</p> <p>There is a high level of estimation uncertainty involved in determining the valuation of unquoted investments due to the lack of readily available prices.</p> <p>Furthermore, the Investment Manager's fees are determined in reference to the net assets value, of which unquoted investments represent a significant percentage. As the Investment Manager is involved in valuing the investments, we have identified there a potential risk of material misstatement.</p> <p>Given the high level of estimation uncertainty, the risk of material misstatement, and the significance of the unquoted investments in the context of the financial statements, we have determined the valuation of the unquoted investments to be a key audit matter.</p>
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HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

- We tested the design and implementation of controls that are relevant to the valuation of the unquoted investments.
- Our testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. For all investments in our sample (99% of the total investment valuation was tested):
- We assessed whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.
 - We considered whether the assumptions and inputs into the valuation are reasonable by obtaining understanding of the portfolio companies and obtaining underlying evidence supporting the inputs in the year end valuations.
 - We recalculated the attributable value based on the rights of the relevant instruments, which were agreed to investment agreements. We received direct confirmation of the capital structure from all of the investee companies.
- For CPORI (Calibrated Price of Recent Investment) valuations in our sample:
- We agreed the price of the recent investment to supporting documentation and management information. We considered whether or not the performance of the portfolio company has significantly varied from expectations at the transaction date by obtaining management's evaluation of post transaction performance against relevant milestones to determine the appropriateness of the level of adjustment, if any, made to the recent transaction. We held extensive discussions with management, performed our own search of macro-economic fundamentals, and understood the performance of the investment portfolio companies, in order to assess whether management have appropriately considered the effect of the Russia-Ukraine conflict, rising inflation, and the volatility of the public equity markets on their valuations.
 - For convertible loan notes and safe notes, we also agreed the inputs applied in the valuation to the loan agreements. Through discussions with management, and in reference to the terms of the loan agreements, we challenged the basis on how the loan conversion terms were reflected in the valuations of the equity and debt instruments, where applicable.
 - Where applicable, we assessed the impact of preference stack on the valuation by checking the accuracy of the preference stack with reference to statutory documents and investment agreements.
 - Assessed whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company or otherwise connected.

KEY AUDIT MATTER**HOW THE SCOPE OF OUR AUDIT
ADDRESSED THE KEY AUDIT MATTER**

For milestone and market comparable valuations in our sample:

- We challenged estimates used in the valuation of the investments by holding discussions with management and reviewing management accounts or board packs to understand the performance of the portfolio company, including its cash runway. We challenged the appropriateness of the basket of comparable companies by considering the sectors in which those companies operate together with their nature of operations. We challenged the appropriateness of KPI's, milestones and metrics applied in the valuation by reviewing the portfolio companies underlying financial information with reference to investment agreements or board packs where applicable.
- Where applicable, we assessed the impact of preference stack on the valuation by checking the accuracy of the preference stack with reference to statutory documents and investment agreements.

We also considered the completeness and clarity of disclosures with reference to the requirements of the applicable accounting standards regarding the valuation of investments in the financial statements.

Key observations:

Based on the procedures performed we consider the unquoted investment valuations to be within an appropriate range, and the estimates made by management in valuing the unquoted investments to be reasonable. The disclosures meet the requirements of the relevant accounting standards.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements
	2022 £m
Materiality	3.512
Basis for determining materiality	1.5% of Net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is considered to be the key measure of performance for users of the financial statements.
Performance materiality	2.282
Basis for determining performance materiality	65% of materiality based on our risk assessment, consideration of the control environment, and the fact that this is a first-year audit.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £175,600. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statement other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

(continued)

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

GOING CONCERN AND LONGER-TERM VIABILITY

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 73; and
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 73 and 74.

OTHER CODE PROVISIONS

- Directors' statement on fair, balanced and understandable set out on page 114;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 99;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 103; and
- The section describing the work of the audit committee set out on pages 101 to 105.

INDEPENDENT AUDITOR'S REPORT

(continued)

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

(continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

INDEPENDENT AUDITOR'S REPORT

(continued)

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas to be the valuation of unquoted investments and management override of controls.

Our tests included, but were not limited to:

- The procedures set out in the Key audit matters section above;
- Obtaining independent evidence to support the ownership of a sample of investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT

(continued)

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ERAN WIEDER (SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

16 October 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF
COMPREHENSIVE INCOME

For the period from inception to 30 June 2022

		2022		
	Note	Revenue £'000	Capital £'000	Total £'000
Investment gain				
Net gain on investments held at fair value through profit or loss	8	-	7,655	7,655
		-	7,655	7,655
Expenses				
Management fee	4	(2,744)	-	(2,744)
Performance fee	4	-	-	-
Other operating expenses	5	(1,626)	-	(1,626)
Total expenses		(4,370)	-	(4,370)
Operating (loss)/profit for the period		(4,370)	7,655	3,285
Finance income				
Interest income		84	-	84
Total finance income		84	-	84
(Loss)/profit for the period before tax		(4,286)	7,655	3,369
Tax	6	-	-	-
(Loss)/profit for the period after tax		(4,286)	7,655	3,369
(Loss)/profit and total comprehensive income for the period attributable to equity holders of the Company		(4,286)	7,655	3,369
Earnings per share				
Basic and diluted earnings per Share (pence)	7	(1.94)	3.47	1.53

All Revenue and Capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The Total column of this statement is the profit and loss account of the Company, and the Revenue and Capital columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

The accompanying notes on pages 133 to 151 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 £'000
Non-current assets		
Investments held at fair value through profit or loss	8	186,083
		186,083
Current assets		
Trade and other receivables	9	121
Cash and cash equivalents		57,650
		57,771
Current liabilities		
Trade and other payables	10	(4,538)
		(4,538)
Net current assets		53,233
Net assets		239,316
Equity		
Share capital	11	2,394
Share premium	11	60,377
Other reserves	11	173,176
Retained earnings		3,369
Total shareholders' funds		239,316
Number of shares in issue at period end		239,384,928
Net asset value per share (pence)	12	99.97

The financial statements on pages 129 to 151 were approved and authorised for issue by the Board of Directors on 15 October 2022 and signed on its behalf by:

WILL WHITEHORN
Chair

SUE INGLIS
Director

The accompanying notes on pages 133 to 151 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the period from inception to 30 June 2022

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Total shareholders' funds at 14 May 2021	-	-	-	-	-
Issue of redeemable preference shares	50	-	-	-	50
Issues of ordinary shares	2,394	236,991	-	-	239,385
Redemption of redeemable preference shares	(50)	-	-	-	(50)
Share issue costs	-	(3,438)	-	-	(3,438)
Cancellation of share premium	-	(173,176)	173,176	-	-
Total comprehensive income for the period	-	-	-	3,369	3,369
Total shareholders' funds at 30 June 2022	2,394	60,377	173,176	3,369	239,316

The accompanying notes on pages 133 to 151 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the period from inception to 30 June 2022

	Note	2022 £'000
Cash flows from operating activities		
Profit for the period before tax		3,369
Adjustments for:		
Purchase of investments		(84,815)
Unrealised movement in fair value of investments	8	(7,655)
Movement in payables		310
Movement in receivables		(121)
Net cash used in operating activities		(88,912)
Cash flows from financing activities		
Proceeds of share capital issuance	11	147,639
Payment of issue costs		(1,077)
Net cash generated from financing activities		146,562
Net movement in cash and cash equivalents during the period		57,650
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		57,650

The accompanying notes on pages 133 to 151 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

1. GENERAL INFORMATION

The Company is a newly established, externally managed closed-ended investment company, incorporated in England and Wales on 14 May 2021 with registered number 13395698. The Company's ordinary shares were admitted to trading on the London Stock Exchange's main market on 14 July 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

The information in the financial statements covers the period from the Company's incorporation on 14 May 2021 to 30 June 2022. During that period the meaningful activities of the Company took place from the Company's admission to trading on the London Stock Exchange on 14 July 2021 to 30 June 2022.

Basis of preparation

These financial statements have been prepared on the historic cost basis, as modified for the measurement of certain financial instruments held at fair value through profit or loss and in accordance with UK-adopted International Accounting Standards and those parts of the Companies Act 2006 applicable to companies under International Financial Reporting Standards.

Where presentational guidance set out in the AIC SORP is consistent with the requirements of UK-adopted International Accounting Standards, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the AIC SORP. In particular, supplementary information which analyses the Statement of Comprehensive Income between items of revenue and capital nature has been presented alongside the total Statement of Comprehensive Income. The determination of whether an item should be recognised as revenue or capital is carried out in accordance with the principles and recommendations set out in the AIC SORP. The Directors have chosen to apply the non-allocation approach, so all indirect costs are charged to the revenue column of the Statement of Comprehensive Income.

In these financial statements values are rounded to the nearest thousand (£'000).

Going concern

The Company's cash balance at 30 June 2022 was £57.7m, which was sufficient to cover its liabilities of £4.5m at that date (including £4.2m investment settled post period-end) and any foreseeable expenses for a period of at least 12 months from the date of approval of these financial statements, including in severe but plausible downside scenarios.

The Company's cash balance is comprised of cash held on deposit with substantial global financial institutions with strong credit ratings and the risk of default by the counterparties is considered extremely low. The major cash outflows of the Company are expected to be for the acquisition of new investments, which are discretionary. The Company is closed-ended and there is no requirement for the Company to buy back or redeem shares.

The COVID-19 pandemic has caused severe disruptions in global economies and capital markets. The pandemic is not yet over and may continue to materially and adversely affect the performance of the global economy which could impact on the Company's operations and investments in the future. The war in Ukraine has also had, and is expected to continue for some time to have, substantial additional impacts on the global economy, in particular in respect of increasing inflation rates.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Board has inquired, and it is satisfied, that the Company's service providers have had robust processes in place in order to continue to provide the required level of services to the Company, and to maintain compliance with laws and regulations, in the face of the challenges arising as a result of COVID-19. There have been no operational difficulties encountered or disruption in service to date.

Foreign currency movements have also been significant in recent months, particularly weakness of Sterling against the US Dollar. Given the ongoing nature of both the COVID-19 pandemic and the war in Ukraine, it is currently not possible to determine the potential scale and scope of the ultimate effects on the global economy, capital markets and the Company's operations and investments. As the situation continues to evolve, this will remain a risk to the Company. In the meantime, the Directors and Investment Manager are actively monitoring the situation. In addition, they have considered the following specific key potential impacts:

- unavailability of key personnel at the Investment Manager or Administrator due to illness;
- increased volatility in the fair value of investments; and
- uncertainty regarding the ability to raise additional capital and support the existing portfolio; and
- disruptions to business activities of the underlying investments.

In considering these key potential impacts, the Directors and Investment Manager have assessed them with reference to the Company's risk framework and mitigation measures in place.

Based on the assessment outlined above, including the various risk mitigation measures in place, the Directors do not consider that the effects of COVID-19, the war in Ukraine or Sterling weakness have created a material uncertainty over the assessment of the Company as a going concern.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Segmental reporting

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the Company's NAV, as calculated under UK-adopted International Accounting Standards, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Annual Report.

For management purposes, the Company is organised into one main operating segment, which invests predominantly in early and growth stage privately financed SpaceTech businesses globally.

All of the Company's current bank interest income is derived from within the UK.

The Company's non-current assets are located in the US, the UK, the EU, Israel and Japan. Due to the Company's nature, it has no customers.

Functional currency and foreign currency transactions

These financial statements are presented in Sterling. As the majority of the Company's transactions are in Sterling, it is appropriate for the Company's functional reporting currency to be Sterling. However, the Company holds investments denominated in currencies other than Sterling, including US Dollars. In addition, an element of the income from the Company's investments will be generated in currencies other than Sterling.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. The Company may employ derivatives for currency hedging purposes, but the Board has not done so in the Period.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards and interpretations not applied

Accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 July 2022 or later periods. The following are the new or amended accounting standards or interpretations applicable to the Company:

- amendments to IAS 1 'Presentation of Financial Statements' on classification of liabilities, effective for annual periods beginning on or after 1 January 2023;
- amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' on disclosure of accounting policies, effective for annual periods beginning on or after 1 January 2023; and
- amendments to IFRS 12 'Income taxes' on deferred tax relating to assets and liabilities arising from a single transaction, effective for annual periods beginning on or after 1 January 2023.

The Company has considered the IFRS accounting standards and interpretations that have been issued but are not yet effective. None of these standards or interpretations are likely to have a material effect on the Company, as it is the belief of the Board that the activities of the Company are unlikely to be affected by the changes to these standards, although any disclosures recommended by these standards, where applicable, will be provided as required.

Assessment as an investment entity

IFRS 10 'Consolidated Financial Statements' sets out the following three essential criteria that must be met, if a company is to be considered as an investment entity:

- it must obtain funds from multiple investors for the purpose of providing those investors with investment management services;
- it must commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- it must measure and evaluate the performance of substantially all of its investments on a fair value basis.

In satisfying the second essential criteria, the notion of an investment time frame is critical and an investment entity should have an exit strategy for the realisation of its investments. Also as set out in IFRS 10, further consideration should be given to the typical characteristics of an investment entity, which are that:

- it should have more than one investment to diversify the portfolio risk and maximise returns;
- it should have multiple investors, who pool their funds to maximise investment opportunities;
- it should have investors that are not related parties of the entity; and
- it should have ownership interests in the form of equity or similar interests.

The Directors are of the opinion that the Company meets the essential criteria and typical characteristics of an investment entity as it obtains funds from investors to invest for returns from capital appreciation and the performance of substantially all of its investments are not consolidated, but held at fair value through profit or loss, in accordance with IFRS 9 'Financial Instruments'. Fair value is measured in accordance with IFRS 13 'Fair Value Measurement'.

The Company has one unconsolidated subsidiary, Seraphim Space Ventures LP. As the Company is regarded as an investment entity, this subsidiary has not been consolidated in the preparation of the financial statements.

The registered office of the subsidiary is 1209 Orange Street, Wilmington, 19801, Delaware. The amount invested in the Company's unconsolidated subsidiary during the period and its carrying value at 31 December 2021 was \$1.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Income recognition**

Interest income is accounted for on an accruals basis using the effective interest rate method.

Fair value movement

Gains or losses resulting from the movement in fair value of the Company's investments held at fair value through profit or loss are recognised in the Capital column of the Statement of Comprehensive Income at each valuation point.

Expenses

Expenses are accounted for on an accruals basis. The Company's management, administration and all other expenses are charged through the Revenue column and performance fee is charged to the Capital column of the Statement of Comprehensive Income.

Share issue expenses of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

Taxation

The Company has received confirmation from HMRC that it has been accepted as an approved investment trust with effect from 14 July 2021, provided it continues to meet the eligibility conditions of section 1158 of the Corporation Tax Act 2010 ("s.1158") and the ongoing requirements for approved companies in the Investment Trust (Approved Company) (Tax) Regulations 2011. The Directors believe that the Company has conducted its affairs in compliance with s.1158 since approval was granted and intends to continue to do so.

In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. The Company will, however, be subject to UK corporation tax on its income (currently at a rate of 19%).

In principle, the Company will be liable to UK corporation tax on any dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most of the dividends the Company may receive.

A company that is an approved investment trust in respect of an accounting period is able to take advantage of modified UK tax treatment in respect of its 'qualifying interest income' for an accounting period. This is subject to HMRC being notified that the Company intends to classify its income distributions as interest distributions.

To the extent that the Company receives income from, or realises amounts on the disposal of, investments in foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to taxable income, this foreign tax may, to the extent not relievable under a double tax treaty, be able to be treated as an expense for UK corporation tax purposes, or if the Company has a tax liability it may be treated as a credit against UK corporation tax up to certain limits and subject to certain conditions.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments, except where the Company is able to control the timing of the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset, and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income, when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

At 30 June 2022, the carrying amounts of cash and cash equivalents, receivables, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the original instruments and their expected realisation.

Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

All financial assets are initially recognised at fair value. All purchases of financial assets are recorded at the date on which the Company became party to the contractual requirements of the financial asset.

The Company's financial assets principally comprise of cash and cash equivalents and investments held at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments held at fair value through profit or loss

Investments are designated upon initial recognition as held at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income at each valuation point.

Financial assets are recognised/derecognised at the date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given. Transaction costs are recognised in the Statement of Comprehensive Income as incurred.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The value of the Company's investments is calculated on the following bases:

- the value of investments that are not publicly traded are valued using recognised valuation methodologies in accordance with the International Private Equity and Venture Capital Association Valuation Guidelines. These methods include primary valuation techniques, revenue or earnings multiples, mark to market, milestones or recent transactions;
- where an investment in an unlisted business has been made recently, the Company may use the calibrated price of recent investment as the best indicator of fair value. In such a case, changes or events subsequent to the relevant transaction date are assessed to ascertain if they imply a change in the investment's fair value;

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- publicly traded securities are valued by reference to their bid price or last traded price, if applicable, on the relevant exchange in accordance with the AIC's valuation guidelines and applicable accounting standards. Where trading in the securities of a portfolio company is suspended, the investment in those securities would be valued at the estimate of its net realisable value. In preparing these valuations, account is taken, where appropriate, of latest dealing prices, valuations from reliable sources, comparable asset values and other relevant factors; and
- any value otherwise than in Sterling is converted into Sterling at the prevailing rate.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cashflow has expired.

Purchases of investments for cash are classified as operating activities in the Statement of Cash Flows as the Company's objective is to generate capital growth over the long term through investment in a portfolio of predominantly early and growth stage privately financed SpaceTech businesses.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into and are recorded on the date on which the Company becomes party to the contractual requirements of the financial liability.

The Company's financial liabilities are measured at amortised cost and include trade and other payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, or it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Provisions

A provision is recognised when there is an expected future economic outflow on which the timing or amount is uncertain.

Share capital

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments.

For the issue of each Ordinary Share, £0.01 has been recognised in share capital and the remaining amount received has been recognised in share premium. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from proceeds. Amounts in the share capital and share premium accounts are not distributable.

As disclosed in note 11, the amount standing to the credit of the share premium account of the Company on completion of the IPO, less issue expenses set off against the share premium account, was cancelled by a court order dated 14 December 2021 and credited to other reserves, which are distributable. Retained earnings include cumulative unrealised movements in investments which are classified as capital on the Statement of Comprehensive Income and not distributable; and cumulative revenue items which are classified as distributable to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the application of estimates which may affect the results reported in the financial statements. Estimates, by their nature, are based on judgement and available information.

Investment entity

As disclosed in note 2, the Directors have concluded that the Company meets the definition of an investment entity as defined in IFRS 10, IFRS 12 and IAS 27. This conclusion involved a degree of judgement and assessment as to whether the Company met the criteria outlined in the accounting standards.

Valuation

The key area involving a high degree of estimation or complexity that is significant to the financial statements has been identified as the risk of misstatement of the valuation of the Company's unlisted investments (see note 8). In addition, as disclosed in note 4, amounts payable as management fee or performance fee to the Investment Manager are dependent on NAV and therefore, valuation of investments.

The Company's unlisted investments are early or growth stage companies. Given the nature of these investments, there are often no current or short-term future earnings or positive cash flows. Consequently, the Company abides by the IPEV Valuation Guidelines in determining fair value. Although not considered to be the default valuation technique, the appropriate approach to determine fair value may be based on a methodology with reference to a calibrated price of recent investment, or, in the case of terms for a future round being agreed, fair value may be based with reference to a calibrated price of such future round, discounted for execution risk. This will be of greater reliability than methods based on estimates and assumptions and accordingly, where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation. Recent transactions may include post year-end (if terms agreed pre year-end) as well as pre year-end transactions depending on their nature and timing. Where a significant milestone is achieved by a portfolio company and there has not yet been a subsequent funding round, the fair value will be determined using comparable metrics. Where relevant, such as in cases where portfolio companies are profitable or have stable and predictable revenues, fair value may be determined using a multiples approach (earnings or revenue, respectively). It may be necessary to apply discounts to some or all of the comparables due to differences between the portfolio company and the comparables (such as size, margin, liquidity, marketability etc). In addition, in the case of underperformance, fair value write-downs will be taken. Publicly traded securities are valued by reference to their bid price or last traded price.

The Company will consider whether the basis for the last valuation remains appropriate each time valuations are reviewed. In addition, inputs to the fair value calculation will be recalibrated to assess the appropriateness of the methodology used in relation to the market performance since the round, such as the portfolio company's trading performance relative to the expectations of the round and macro-economic conditions and general market performance.

In all cases, valuations of unlisted investments are based on the judgement of the Directors after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material. Due to this uncertainty, the Company may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. MANAGEMENT AND PERFORMANCE FEES

Management fee

Under the Investment Management Agreement, the Investment Manager is entitled to a management fee of 1.25% per annum of NAV up to £300m and 1.00% per annum of NAV above £300m, payable quarterly in advance.

Management fees incurred in the period were £2.7m, of which £NIL was payable to the Investment Manager as at 30 June 2022.

Performance fee

Under the Investment Management Agreement, the Investment Manager is also entitled to a performance fee of 15% over an 8% hurdle with full catch-up, calculated on NAV annually. The performance fee is only payable where the adjusted NAV at the end of a performance period exceeds the higher of the performance hurdle and a high water mark. The accrued performance fee will only be paid to the extent that the aggregate of the net realised profits on unlisted investments, net unrealised gains on listed investments and income received from investments during the relevant performance period is greater than the performance fee payable and, to the extent that such aggregate is less than the performance fee payable, an amount equal to the difference shall be carried forward and included in the performance fee payable as at the end of the next performance period. Subject to the Takeover Code, the Investment Manager is required to reinvest 15% of any performance fee paid in shares of the Company. Full details of the performance fee are set out in the Company's IPO prospectus, which is available on the Company's website (<https://investors.seraphim.vc/>).

No performance fee was accrued for or paid to the Investment Manager for the Period.

5. OPERATING EXPENSES

	2022 £'000
Legal & professional fees	298
Administration & depositary fees	215
Directors' fees	170
Insurance expense	168
Irrecoverable VAT	98
Audit of statutory financial statements	80
Other operating expenses	597
Total operating expenses	1,626

During the period, the Company's external Auditor, BDO LLP were also paid £210k (including VAT), in relation to share issue and valuation work, completed before the IPO, which was recognised in share premium.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. TAX

As an investment trust, the Company is exempt from UK corporation tax on capital gains arising on the disposal of shares. Capital profits from creditor loan relationships and derivative contracts are exempt from UK tax where the profits are accounted for through the Capital column of the Statement of Comprehensive Income, in accordance with the AIC SORP.

Therefore, no tax liability has been recognised in the financial statements.

	2022		
	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before tax	(4,286)	7,655	3,369
Tax at UK corporation tax rate of 19%	(814)	1,454	640
Effects of:			
Non-taxable gains on investments	-	(1,454)	(1,454)
Disallowable expenses	39	-	39
Excess management expenses not utilised in the period	775	0	775
Total tax charge	-	-	-

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1 April 2023 and, as the Finance Act 2021 was enacted on 24 May 2021 and the accounting period ends after this date, deferred tax is recognised at this new increased rate. Based on this prospective corporation tax rate of 25%, the Company has an unrecognised deferred tax asset of £1,019,196 arising as a result of having unutilised management expenses carried forward at the period-end of £4,076,786. These expenses will only be utilised if the tax treatment of the Company's income and chargeable gains changes or if the Company's investment profile changes.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue to meet for the foreseeable future) the conditions for approval as an investment trust.

7. EARNINGS PER SHARE

	2022		
	Revenue	Capital	Total
(Loss)/profit attributable to equity - (£'000)	(4,286)	7,655	3,369
Weighted average number of ordinary shares in issue			220,621,858
Basic and diluted earnings per share in the period (pence)	(1.94)	3.47	1.53

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Level 1	Level 3	2022 £'000
Opening balance			-
Investment additions	2,478	86,565	89,043
Investment additions – shares issued (note 11)	39,189	50,196	89,385
Change in fair value	(23,058)	30,713	7,655
Closing balance	18,609	167,474	186,083

Fair value measurements

The Company measures fair value using the following fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs that are not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The objective of the valuation techniques used is to arrive at a fair value measurement that reflects the price that would be received if an asset was sold or a liability transferred in an orderly transaction between market participants at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS
(CONTINUED)

The following table analyses, within the fair value hierarchy, the Company's investments measured at fair value at 30 June 2022.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed investments	18,609	-	-	18,609
Unlisted investments	-	-	167,474	167,474
	18,609	-	167,474	186,083

The Level 1 investments were valued by reference to the closing bid prices of each portfolio company on the reporting date.

Due to their nature, the unlisted investments are always expected to be classified as Level 3 as these are not traded and their fair values will contain unobservable inputs.

There were no transfers between levels during the period ended 30 June 2022.

Significant unobservable inputs for Level 3 valuations

The fair value of unlisted securities is established with reference to the International Private Equity and Venture Capital Association Valuation Guidelines and the Company may base valuations on the calibrated price of recent investment in the portfolio companies, comparable milestones or multiples of earnings or revenues where applicable. An assessment will be made at each measurement date as to the most appropriate valuation methodology.

The valuation methodologies applied involve subjectivity in their significant unobservable inputs and the table below outlines these inputs. Note 13 below illustrates the sensitivity that flexing these inputs has on fair value ("FV").

Valuation methodology	FV (£m)	Unobservable input
Level 1		
Available market price	18,609	n/a
Level 3		
Calibrated price of recent investment (<3 months)	5,197	Transaction price
Calibrated price of recent investment (3-6 months)	56,102	Transaction price
Calibrated price of recent investment (>6 months)	65,452	Transaction price
Partial write down to price of recent investment (>6 months)	10,191	Write down percentage
Discount to price of recent investment (post period)	8,830	Uncertainty discount
Milestone multiples	21,703	Weightings and discount to comparables
Total	186,083	

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Details of significant holdings as required by Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 are set out below.

Name	Country of Incorporation	Class of Share Held	% of Nominal Value	Capital & Reserves (£)	Profit/(Loss) (£)	Year-end of Data	Notes
Altitude Angel Ltd	UK	A1 Preference	52%	4,272,201	Not publicly available	31/13/2021	
		A2 Preference	80%				
TransRobotics, Inc.	US	Series A Preferred	67%	Not publicly available	Not publicly available	Not publicly available	
Bamboo Systems Group Limited	UK	A Preference	47%	(1,355,598)	Not publicly available	31/12/2020	In administration as of 21/11/2021
PlantWatchers (UK) Limited	UK	Series Seed 2 Preference	78%	6,082,609	Not publicly available	31/12/2021	
		Pre-Series A Preference	29%				

9. TRADE AND OTHER RECEIVABLES

	2022 £'000
Prepayments	80
VAT input	41
	121

10. TRADE AND OTHER PAYABLES

	2022 £'000
Accruals	228
Amounts payable for investments	4,228
Trade creditors	82
	4,538

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. SHARE CAPITAL

Date	Issued and fully paid	Number of shares issued	Share capital £'000	Share premium £'000	Other reserves £'000	Total £'000
14-May-21	Incorporation – ordinary shares	1	0	-	-	0
10-Jun-21	Redeemable preference shares	50,000	50	-	-	50
14-Jul-21	IPO – redeemable preference shares	(50,000)	(50)	-	-	(50)
		1	0	-	-	0
14-Jul-21	IPO – Cash ⁽¹⁾	150,000,000	1,500	148,500	-	150,000
14-Jul-21	IPO – Initial portfolio ⁽²⁾	28,414,561	284	28,130	-	28,414
	Share issue costs	-	-	(3,438)	-	(3,438)
		178,414,561	1,784	173,192	-	174,976
10-Sep-21	Subsequent share issue ⁽³⁾	7,418,890	74	7,345	-	7,419
22-Sep-21	Subsequent share issue ⁽³⁾	26,296,402	263	26,033	-	26,296
14-Dec-21	Cancellation of share premium			(173,176)	173,176	-
20-Dec-21	Subsequent share issue ⁽³⁾	27,255,074	273	26,983	-	27,256
		60,970,366	610	(112,815)	173,176	60,971
30 June 2022		239,384,928	2,394	60,377	173,176	235,947

⁽¹⁾ Cash received by the Company was £147,639k after the direct deduction of certain share issuance costs of £2,361k. Other share issuance costs of £1,077k were subsequently paid in cash and total share issuance costs of £3,438k were deducted from share premium.

⁽²⁾ Shares issued by way of direct subscriptions in connection with the Company's acquisition of the Initial Portfolio as outlined on page 28.

⁽³⁾ Shares issued by way of direct subscriptions in connection with the Company's acquisition of the Retained Assets as outlined on page 29.

On incorporation, the issued share capital of the Company was £0.01 represented by one ordinary share, as the subscriber to the Company's Memorandum of Association. The ordinary share was fully paid up.

To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under section 761 of the Companies Act 2006, on 10 June 2021, 50,000 redeemable preference shares were allotted to the Investment Manager. The redeemable preference shares were considered to be paid up as to one quarter of their nominal value and redeemed immediately following the IPO out of the IPO proceeds. A holder of the redeemable preference shares is entitled (in priority to any payment of dividend on any other class of share) to a fixed cumulative preferential dividend of 0.01% per annum on the nominal amount of the redeemable preference shares held by that person, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 days of the end of such period.

The amount standing to the credit of the share premium account of the Company on completion of the IPO, less issue expenses set off against the share premium account, was cancelled by a court order dated 14 December 2021 and credited to other reserves. This amount shall be capable of being applied in any manner in which the Company's profits available for distribution, as determined in accordance with the Companies Act 2006, are able to be applied.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. NET ASSET VALUE PER SHARE

	2022
Net assets (£'000) (per Statement of Financial Position)	£239.3m
Number of ordinary shares issued	239,384,928
Net asset value per share (pence)	99.97p

13. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Company's investing activities intentionally expose it to a variety of financial risks. The Company makes investments in order to generate returns, in accordance with its investment policy and objectives.

The most important types of financial risks to which the Company is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board of Directors has overall responsibility for the determination of the Company's risk management and sets policies to manage financial risks at an acceptable level to achieve the Company's objective. The policy and process for measuring and mitigating each of the main risks are described below.

The Investment Manager and the Administrator provide advice to the Board which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. The Investment Manager and the Administrator report to the Board on a quarterly basis.

Categories of financial instrument

For financial assets and liabilities carried at amortised cost, the Directors are of the opinion that their carrying value approximates to their fair value.

Financial assets/liabilities are as follows:

	2022 £'000
Financial assets	
Investments held at fair value through profit or loss:	
Investments	186,083
Other financial assets:	
Cash and cash equivalents	57,650
Trade and other receivables	121
Financial liabilities	
Current liabilities	
Trade and other payables	4,538

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the capital return to shareholders. The capital structure of the Company consists of issued share capital, share premium, retained earnings and other reserves, as stated in the Statement of Financial Position.

In order to maintain or adjust the capital structure, the Company may buy back shares or issue new shares. There are no external capital requirements imposed on the Company.

During the period ended 30 June 2022, the Company had no borrowings.

The Company's investment policy is set out in the Strategic Report on pages 65 to 66.

Market risk

Market risk includes price risk (impact of the general market on the price of any listed holdings or the uncertainty associated with the price of unlisted holdings), foreign currency risk and interest rate risk.

a) Price risk

The investments held by the Company present a potential risk of loss of capital to the Company. Price risk arises from uncertainty about future prices of the underlying financial investments held by the Company. See note 8 for quantitative information about the fair value measurement of the Company's Level 3 investments.

The table below outlines that the valuation methodologies employed involve subjectivity in their significant unobservable inputs and illustrates sensitivity of the valuations to these inputs. The inputs have been flexed by the percentages outlined.

Valuation methodology	FV (£m)	Unobservable input	Reasonable possible shift in input		Change in FV (£m)	
			(+)	(-)	(+)	(-)
Level 1						
Available market price	18,609	n/a	5%	-5%	930	(930)
Level 3						
Calibrated price of recent investment (<3 months)	5,197	Transaction price	5%	-5%	260	(260)
Calibrated price of recent investment (3-6 months)	56,102	Transaction price	10%	-10%	5,610	(5,610)
Calibrated price of recent investment (>6 months)	65,452	Transaction price	20%	-20%	13,090	(13,090)
Partial write down to price of recent investment (>6 months)	10,191	Write down percentage	25%	-25%	2,548	(2,548)
Discount to price of recent investment (post period)	8,830	Uncertainty discount	20%	-5%	1,766	(441)
Milestone multiples	21,703	Weightings and discount to comparables	10%	-10%	2,170	(2,170)
TOTAL	186,083				25,185	(23,860)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Variable input shifts are explained as follows:

- Investments valued using Level 1 methodologies or the calibrated price of recent transactions which completed in the three months ended 30 June 2022 are flexed up and down by 5% as we believe these do not involve significant subjectivity.
- Investments valued using the calibrated price of recent transactions which completed more than three months but less than six months before 30 June 2022 are flexed up and down by 10% as the subjectivity is thought to be greater than the above, but still not very material.
- Investments valued using the calibrated price of recent transactions which completed more than six months before 30 June 2022 are flexed up and down by 20% as there is a greater chance that market movements would impact the price of private transactions.
- Partial write downs used in the Period were 25%, and therefore, the inputs are flexed up and down by this amount to account for a similar level of improvement or deterioration in the portfolio companies' performance.
- Uncertainty discounts of 15% were applied where a funding round was completed after the end of the Period. In an upside scenario, this input is flexed up by 20% to remove the applied uncertainty discount and account for a 5% flex up in relation to the underlying price which we do not believe involves significant subjectivity. In the downside scenario, the input is flexed down by 5% in relation to the underlying price (similar to the flex used for investments valued using the calibrated price of recent investment which completed in the three months prior to 30 June 2022).
- Investments valued using milestone multiples relative to comparable companies or M&A transactions, with the discount factor flexed up and down by 10%. 10% flex is considered reasonable as a result of judgement in relation to the comparable multiples.

The Company is exposed to a variety of risks which may have an impact on the carrying value of the Company's investments.

i. Not actively traded

The majority of Company's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The Company's investments vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

Although the investments are in the same industry, the risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Investment Manager.

ii. Concentration

The Company invests in early and growth-stage unquoted SpaceTech businesses. This means that the Company is exposed to the concentration risk of only making investments in the SpaceTech sector, of which concentration risk may further relate to sub-sector, geography, the relative size of an investment or other factors.

The Board and the Investment Manager monitor the concentration of the investment portfolio on a quarterly and ongoing basis respectively to ensure compliance with the investment policy.

iii. Liquidity

The Company's liquidity risk lies with the amount of cash and cash equivalents invested in the investments as it is dynamic in nature. The Company maintains flexibility in funding by keeping sufficient liquidity in cash, short term deposits and other cash equivalents, which may be invested on a temporary basis in line with the cash management policy as agreed by the Board from time to time.

As at 30 June 2022, £57.7m, or 23.9% of Company's financial assets, were money market fixed deposits and cash balances held on deposit with banks with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Foreign currency risk

The Company has exposure to foreign currency risk due to the acquisition of some investments and payment of some expenses in currencies other than Sterling. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than Sterling. The following table shows the sensitivity of the fair value of the portfolio and NAVs as at 30 June 2022 to the recent movement in Sterling, using FX rates as at 27 September 2022 (when Sterling hit a low) and 14 October 2022 (last available rates) with all other variables held constant.

	30 June 2022 FX rates	27 September 2022 FX rates	27 September 2022 % change	14 October 2022 FX rates	14 October 2022 % change
Fair value	186,083	206,371	10.9%	199,834	7.4%
NAV	239,316	259,604	8.5%	253,067	5.7%
NAV/share (pence)	99.97	108.45	8.5%	105.72	5.7%
FX rate (£<>\$)	1.2149	1.0841	-10.8%	1.1234	-7.5%
FX rate (£<>€)	1.1621	1.1183	-3.8%	1.1520	-0.9%
FX rate (£<>DKK)	8.6405	8.3124	-3.8%	8.5682	-0.8%

Source: XE; Seraphim Space analysis

The following table sets out, in Sterling, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities.

As at 30 June 2022	£ £'000	\$ £'000	€ £'000	DKK £'000	Total £'000
Non-current assets					
Investment at fair value through profit or loss	20,018	152,067	12,942	1,056	186,083
Total non-current assets	20,018	152,067	12,942	1,056	186,083
Current assets					
Trade and other receivables	121	-	-	-	121
Cash and cash equivalents	57,650	-	-	-	57,650
Total current assets	57,771	-	-	-	57,771
Current liabilities					
Trade and other payables	(4,538)	-	-	-	(4,538)
Total current liabilities	(4,538)	-	-	-	(4,538)
Total net assets	73,251	152,067	12,942	1,056	239,316

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Interest rate risk

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents. The Company is subject to risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. As at the date of the Statement of Financial Position, the majority of the Company's cash and cash equivalents were held in interest bearing fixed deposit accounts.

The Company had no other interest-bearing assets or liabilities as at the reporting date. As a consequence, the Company is only exposed to variable market interest rate risk. As at 30 June 2022, the cash balance held by the Company was £57.7m. A 0.5% increase/(decrease) in interest rates with all other variables held constant would result in a change to interest received of +/- £288k per annum.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet a demand for cash or fund an obligation when due. The Investment Manager and the Board monitor forecast and actual cash flows to consider further investing activities.

The Company adopts a prudent approach to liquidity management and through the preparation of budgets and cash flow forecasts maintains sufficient cash reserves to meet its obligations.

Credit risk

Credit risk refers to the risk that a counterparty to a financial instrument will default on a contractual obligation or commitment that it has entered into with the Company, resulting in financial loss to the Company. It arises principally from investments in money market funds held and also from derivative financial assets, cash and cash equivalents and other receivables balances.

The Company's policy for credit risk is to minimise its exposure to counterparties with perceived higher risk of default by only dealing with counterparties that meet certain credit standards.

Credit risk is monitored on an ongoing basis by the Investment Manager in accordance with the procedures and policies in place.

The table below shows the material cash and short-term deposit balances and credit rating for the counterparties used by the Company at the year-end date.

Counterparty	Location	Rating S&P	2022 £'000
Barclays	UK	A+	47,640
JPMorgan Asset Management	UK	A-	10,010

The Company's maximum exposure to loss of capital at the period end is shown below:

	2022 £'000
Investments held at fair value through profit or loss	186,083
Other financial assets	
Cash and cash equivalents	57,650
Trade and other receivables (less prepayments)	41

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. RELATED PARTY AND INVESTMENT MANAGER TRANSACTIONS

Directors

As at 30 June 2022, the Company had four non-executive Directors. Directors' fees for the period ended 30 June 2022 amounted to £170k, of which £NIL was outstanding at the period end.

Investment Manager

Seraphim Space Manager LLP has been appointed as the Company's exclusive Investment Manager and AIFM and is responsible for the day-to-day operation and management of the Company's investment portfolio, subject at all times to the overall supervision of the Board. The Investment Manager is considered to be a related party in accordance with the Financial Conduct Authority's Listing Rules.

For the provision of services under the Investment Management Agreement, the Investment Manager earns a management fee and performance fee, as disclosed in note 4. Further details of the Investment Management Agreement are included under 'Investment Manager' in the Corporate Governance Report on page 93.

15. ULTIMATE CONTROLLING PARTY

In the opinion of the Board, on the basis of the shareholdings advised to it, the Company has no ultimate controlling party.

16. SUBSEQUENT EVENTS

Please refer to page 33 for details of subsequent events in the normal course of business. There are no other significant subsequent events.

ALTERNATIVE PERFORMANCE MEASURES

We assess the Company's performance using a variety of measures, some of which are not specifically defined under UK-adopted International Accounting Standards and are therefore termed 'APMs'. Our APMs, which are shown below, are reconciled, where appropriate, to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the listed investment company sector, provide additional useful information to shareholders to help assess the Company's performance.

Share price movement

Share price movement in the Period, expressed as a percentage of the opening share price/NAV per ordinary share.

		2022
Share price on 14 July 2021	a	100.0p
Share price on 30 June 2022	b	53.0p
Movement	(b-a)/a	-47.0%

NAV per share movement

Net asset value per share movement in period.

		2022
NAV per share on 14 July 2021	a	98.15p
NAV per share on 30 June 2022	b	99.97p
Movement	(b-a)/a	1.9%

-Discount/+Premium

The amount by which the market price per share of a listed investment company is either lower (discount) or higher (premium) than the NAV per share, expressed as a percentage of the NAV per ordinary share.

		2022
NAV per share (note 12 to the financial statements)	a	99.97p
Share price	b	53.0p
-Discount/+Premium	(b-a)/a	-47.0%

ALTERNATIVE PERFORMANCE MEASURES

(continued)

Ongoing Charges

Operating costs incurred in the Period, charged to Revenue or Capital in the Statement of Comprehensive Income, calculated as a percentage of the average published net assets in respect of the Period. Operating costs exclude, for this purpose, the costs of acquiring and disposing of investments, any finance costs, taxation and any costs not expected to recur in the foreseeable future. The calculation is performed in accordance with the guidelines issued by the AIC.

		2022 £'000
Investment management fee (note 4 to the financial statements)		2,744
Other operating expenses (note 5 to the financial statements)		1,626
Interest income		(84)
Less non-recurring operating expenses		(167)
Ongoing charges	a	4,119
Average quarterly NAV	b	240,014
Operating charges ratio	a/b	1.72%

The ongoing charges calculated above are different from the ongoing costs provided in the Company's Key Information Document ('KID'), which are calculated in line with the Packaged Retail and Insurance-based Investment Products Regulation. The ongoing costs in the KID include investment transaction costs.

Portfolio Fair Value vs. Initial Cost

The amount by which the fair value of the assets in the portfolio has changed in relation to the initial cost of the assets, expressed as a percentage of the initial cost.

		2022
Portfolio fair value (note 8 to the financial statements)	a	186.1m
Initial cost	b	178.4m
Portfolio fair value vs. initial cost	a/b	104.3%

GLOSSARY

Administrator or Company Secretary: Ocorian Administration (UK) Limited.

AGM: Annual General Meeting.

AI: artificial intelligence.

AIC: The Association of Investment Companies, the trade body for listed closed-ended investment companies.

AIC SORP: The Statement of Recommended Practice for the Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the AIC as amended from time to time.

Amazon AWS Space Accelerator: the accelerator programme run by an affiliate of the Investment Manager in 2021 on behalf of Amazon Web Services.

Auditor: BDO LLP.

Board: the Board of Directors of the Company.

Bookings: contracted future revenues.

Company or SSIT: Seraphim Space Investment Trust PLC.

Directors: the Directors of the Company.

Discount: the share price of a listed investment company is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV.

ESG: environmental, social and governance.

Fair value-weighted average growth: average growth rates for multiple portfolio companies, weighted by each portfolio companies' relative fair value.

FCA: Fellow Chartered Accountant.

FV: fair value.

FX: foreign exchange.

GEO: geosynchronous equatorial orbit (35,786km from Earth); equatorial orbit with a 24-hour period.

GP: general partner.

GPS: global positioning system.

Gross Asset Value: the value of the gross assets of the Company, determined in accordance with its accounting policies.

HEO: high Earth orbit being any orbit beyond 35,786km from Earth.

IAS: International Accounting Standard.

IFRS: the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board, to the extent they have been adopted by the UK.

IoT: the interconnection via the internet of computing devices embedded in everyday objects, enabling them to send and receive data.

Initial Portfolio: the portfolio of investments acquired from the LP Fund by the Company on completion of its IPO, details of which are set out in the IPO prospectus, which is available on the Company's website (<https://investors.seraphim.vc/>).

Investment Management Agreement: the Investment Management Agreement entered into between the Investment Manager and the Company, details of which are included under 'Investment Manager' in the Corporate Governance Report on page 93.

Investment Manager or Seraphim Space: Seraphim Space Manager LLP.

IPEV: the International Private Equity and Venture Capital Association.

IPO: initial public offering, being an offering by a company of its share capital to the public with a view to seeking an admission of its shares to a recognised stock exchange.

LEO: low Earth orbit being an orbit that is relatively close to the Earth's surface, extending from 160km to 2,000km above Earth.

GLOSSARY

(continued)

London Stock Exchange: London Stock Exchange PLC.

LP Fund: Seraphim Space LP.

MEO: medium Earth orbit, extending from 2,000km to below 35,786km; all orbits above low Earth orbit and below geostationary equatorial orbit are said to be in medium Earth orbit.

NASDAQ: National Association of Securities Dealers Automated Quotations

NAV or net asset value: the value of the assets of the Company less its liabilities as calculated in accordance with its accounting policies (or, in the context of an ordinary share, the NAV of the Company divided by the number of ordinary shares in issue).

New Space: the emerging commercial Space industry.

Period: the Company's first accounting period, being the period commencing on 14 May 2021 (the date of incorporation of the Company) and ending on 30 June 2022.

Premium: a premium occurs when the share price of a listed investment company is higher than the NAV. The premium is the difference between the share price and the NAV, expressed as a percentage of the NAV.

Retained Assets: the investments acquired from the LP Fund by the Company subsequent to its IPO, details of which are set out in the IPO prospectus, which is available on the Company's website (<https://investors.seraphim.vc/>).

RF: radio frequency; the use of electromagnetic radiation for transferring information between two circuits that have no direct electrical connection.

Seraphim Space Accelerator: accelerator programme for early stage SpaceTech companies run by an affiliate of the Investment Manager.

Smallsat: small spacecraft with a mass less than 180kg and about the size of a large kitchen fridge.

SPAC: special purpose acquisition company.

Space Prime: multi-capability Space prime contractor offering a wide range of services to government customers.

SpaceTech: in the context of a business, an organisation which relies on Space-based connectivity and/or precision, navigation and timing signals or whose technology or services are already addressing, originally derived from or of potential benefit to the Space sector.

Total return: The Total Return on an investment comprises both changes in the NAV per share or share price and dividends paid to shareholders and is calculated on the basis that all historic dividends have been reinvested in the NAV or shares on the date the dividend is paid.

VHF: very high frequency (denoting radio waves of a frequency of c.30-300 MHz and a wavelength of c.1-10 metres).

CORPORATE INFORMATION

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Sue Inglis (Senior Independent Director)
Christina McComb
Angela Lane

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EC1N 8SB

Identifiers

Website: <https://investors.seraphim.vc/>
ISIN: GB00BKPG0138
Ticker: SSIT
SEDOL: BKPG013
GIIN: GXNBCF.99999.SL.826

Registered Company Number: 13395698

CORPORATE INFORMATION

(continued)

Cautionary Statement

The Annual Report may include statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements are sometimes, but not always, identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding the intentions, beliefs or current expectations of the Directors or Investment Manager concerning, amongst other things, the investment objective and investment policy, investment performance, results of operations, financial condition, liquidity, financing strategies and prospects of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, financing strategies and prospects may differ materially from the impression created by the forward-looking statements contained in this Annual Report.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained in this Annual Report to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

